

**MOREHOUSE PARISH SCHOOL BOARD  
BASTROP, LOUISIANA**

**Financial Report  
As of and for the Year Ended June 30, 2017**

MOREHOUSE PARISH SCHOOL BOARD  
Bastrop, LA

Financial Report  
For The Year Ended June 30, 2017

Table of Contents

	Page
Independent Auditors' Report	1
<b>Required Supplemental Information (Part A)</b>	
Management's Discussion and Analysis (Unaudited)	5
<b>Basic Financial Statements</b>	
Government-Wide Financial Statements (GWFS):	
Governmental Activities:	
Statement of Net Position	17
Statement of Activities	18
Fund Financial Statements (FFS):	
Governmental Funds:	
Balance Sheet	20
Reconciliation of the Governmental Funds' Balance Sheet to the Statement of Net Position	21
Statement of Revenues, Expenditures, and Changes in Fund Balances	22
Reconciliation of the Governmental Funds' Statements of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	23
Fiduciary Fund – Agency Funds:	
Statement of Fiduciary Assets and Liabilities	24
Discretely Presented Component Unit – Excellence Academy	
Statement of Net Position	25
Statement of Activities	26
Notes to the Basic Financial Statements	27
<b>Required Supplemental Information (Part B)</b>	
Budgetary Comparison Schedules:	
General Fund (Unaudited)	67
Title I (Unaudited)	68
School Food Service (Unaudited)	69
Notes to Budgetary Comparison Schedules (Unaudited)	70
Other Postemployment Benefits Schedule Funding Progress (Unaudited)	74

MOREHOUSE PARISH SCHOOL BOARD  
Bastrop, LA

Financial Report  
For The Year Ended June 30, 2017

Table of Contents

Other Postemployment Benefits Schedule of Employer Contributions (Unaudited)	75
Schedule of Employer's Proportionate Share of Net Pension Liability	76
Schedule of Employer's Contributions	77
Notes to the Required Supplementary Information	78
 <b>Supplemental Information</b>	
Non-major Funds:	
Fund Descriptions	81
Combining Balance Sheet	83
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance	84
Special Revenue Funds:	
Combining Balance Sheet	86
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance	87
Capital Projects Funds:	
Combining Balance Sheet	89
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance	90
Schedule of Compensation Paid to Board Members	91
Schedule of Compensation, Benefits and Other Payments to Agency Head	92
 <b>Single Audit Information</b>	
Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .	94
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	96
Schedule of Expenditures of Federal Awards	99
Notes to Schedule of Expenditures of Federal Awards	101
Schedule of Findings and Questioned Costs	103

MOREHOUSE PARISH SCHOOL BOARD  
Bastrop, LA

Financial Report  
For The Year Ended June 30, 2017

Table of Contents

Summary Schedule of Prior Year Findings	111
<b><i>Other Information</i></b>	
Independent Accountants' Report on Applying Agreed-Upon Procedures	113
Schedule Descriptions	113
Schedule 1 – General Fund Instructional and Support Expenditures and Certain Local Resources	116
Schedule 2 – Education Levels of Public School Staff	117
Schedule 3 – Number and Type of Public Schools	118
Schedule 4 – Experience of Public Principals, Assistant Principals, and Full-Time Classroom Teachers	119
Schedule 5 – Public School Staff Data: Average Salaries	120
Schedule 6 – Class Size Characteristics	121
Schedule 7 – Louisiana Educational Assessment Program (LEAP)	122
Schedule 8 – Graduation Exit Exam (GEE) (No Longer Applicable)	124
Schedule 9 – iLeap Tests	125

## **Independent Auditors' Report**

Board Members  
Morehouse Parish School Board  
Bastrop, Louisiana

## **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Morehouse Parish School Board (the School Board) as of and for the year ended June 30, 2017, and related notes to the financial statements, which collectively comprise the School Board's basic financial statements as listed in the table of contents.

## **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Beekman Alumni and Friends, Inc., which represents the discretely presented component unit. Those financial statements were audited by other auditors, whose reports thereon were furnished to us, and our opinion, insofar as it relates to the amounts included for Beekman Alumni and Friends Inc., is based upon the reports of the other auditors. 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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Morehouse Parish School Board, as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Funding Progress for Other Postemployment Benefits Plan, Schedule of Employer Contributions for Other Postemployment Benefit Plan, Schedule of Employer's Proportionate Share of Net Pension Liability, Schedule of Employer's Contributions, and the budgetary comparison schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the School Board's financial statements as a whole. The accompanying supplementary information and the other information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompany supplementary information, as listed in the table of contents, is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information, as listed in the table of contents, is fairly stated, in all material respects in relation to the financial statements as a whole.

The accompanying other information, as listed in the table of contents including the introductory and statistical sections, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2018, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Board's internal control over financial reporting and compliance.

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS & INGRAM, LLC  
Shreveport, Louisiana

January 31, 2018

**REQUIRED SUPPLEMENTAL INFORMATION  
(PART A)**



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**MOREHOUSE PARISH SCHOOL BOARD**  
**Management's Discussion and Analysis**  
**(Unaudited)**

**For The Year Ended June 30, 2017**

We offer readers of the Morehouse Parish School Board's financial statements this narrative overview and analysis of the financial activities of the Morehouse Parish School Board for the fiscal year ended June 30, 2017. It is designed to assist the reader in focusing on significant financial issues and identifying changes in the School Board's financial position.

**Financial Highlights**

Government-wide financial highlights for the 2016-17 fiscal year include the following:

- Statement of Net Position – The liabilities of the Morehouse Parish School Board exceeded its assets at the close of the most recent fiscal year by \$68.4 million (net position).
- Capital Assets – Total capital assets (net of depreciation) were \$20.7 million or 63% of the total assets. Morehouse Parish School Board uses these assets to provide educational services to children and adults; consequently, these assets are not available for future spending.
- Long-Term Obligations – The School Board's total obligations increased by approximately \$5.0 million.
- Statement of Activities – The total net position of the Morehouse Parish School Board increased by approximately \$3.0 million for the year ended June 30, 2017.

Morehouse Parish School Board ended the 2016-2017 fiscal year with a fund balance in the General Fund of approximately \$6.0 million.

- Governmental Funds Balance Sheet – As of the close of the 2016-2017 fiscal year, Morehouse Parish School Board's governmental funds reported combined ending fund balance of \$9.3 million, a decrease of approximately \$0.9 million in comparison with the prior fiscal year. This fund balance is comprised of approximately (1) \$6.0 million in General Fund, (2) \$2.1 million in the school food service fund, (3) \$1.0 million in the debt service fund and (4) \$0.1 million in the remaining special revenue and capital projects funds.
- Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances – Total revenues for the year ended June 30, 2017 for the governmental funds of Morehouse Parish School Board amounted to \$50.2 million. Approximately 97% of this amount is received from four major revenue sources: (1) \$27.3 million from Minimum Foundation Program, (2) \$9.0 million from federal grants, (2) \$6.6 million from local ad valorem taxes and (3) \$5.6 million from local sales and use taxes.

**MOREHOUSE PARISH SCHOOL BOARD**  
**Management's Discussion and Analysis**  
**(Unaudited)**

**For The Year Ended June 30, 2017**

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the School Board's basic financial statements. Morehouse Parish 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 Morehouse Parish School Board's finances, in a manner similar to a private-sector business.

- The Statement of Net Position presents information on all of the School Board's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Morehouse Parish School Board is improving or deteriorating.
- The Statement of Activities presents information showing how the School Board's net position changed during the most recent fiscal year. All changes in net position 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. Morehouse 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 Morehouse 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 Morehouse Parish School Board near-term financing requirements.

**MOREHOUSE PARISH SCHOOL BOARD**  
**Management's Discussion and Analysis**  
**(Unaudited)**

**For The Year Ended June 30, 2017**

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 Morehouse Parish School Board's near-term financing decision. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Morehouse Parish School Board maintains seventeen 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 1, and School Food Service funds, all of which are considered to be major funds. Data for the other twelve governmental fund groups 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.

Morehouse Parish School Board adopts an annual appropriated budget for its General Fund and all Special Revenue Funds. Budgetary comparison schedules 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 Morehouse 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 Morehouse Parish School Board's own programs. The School Board maintains one fiduciary fund named the School Activity 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.

**MOREHOUSE PARISH SCHOOL BOARD**  
**Management's Discussion and Analysis**  
**(Unaudited)**

**For The Year Ended June 30, 2017**

**Financial Analysis of Government-wide Activities**

The largest portion of Morehouse Parish School Board's total assets, totaling approximately \$6.4 million, reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding, of \$14.3 million. 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 Morehouse Parish School Board's investment in its capital assets net position 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.

The following analysis focuses on the net position of the School Board's governmental-wide activities:

<i>June 30,</i>	2017	2016	Variance
Current and other assets	\$ 12,145,790	\$ 13,899,829	\$ (1,754,039)
Capital assets	<u>20,689,955</u>	<u>20,195,382</u>	<u>494,573</u>
<b>Total assets</b>	32,835,745	34,095,211	(1,259,466)
Deferred outflows of resources	12,024,981	6,294,116	5,730,865
Current and other liabilities	3,031,317	3,771,997	(740,680)
Long-term liabilities	<u>99,553,519</u>	<u>93,790,440</u>	<u>5,763,079</u>
<b>Total liabilities</b>	102,584,836	97,562,437	5,022,399
Deferred inflows of resources	10,633,059	13,965,876	(3,332,817)
<b>Net position</b>			
Net invested in capital assets	6,423,393	5,017,529	1,405,864
Restricted	3,021,264	3,150,313	(129,049)
Unrestricted	<u>(77,801,826)</u>	<u>(79,306,828)</u>	<u>1,505,002</u>
<b>Total net position (deficit)</b>	<u>\$ (68,357,169)</u>	<u>\$ (71,138,986)</u>	<u>\$ 2,781,817</u>

Restricted net position of \$3.0 million is reported separately to show the legal constraints for the payment of food services and outstanding long-term debt obligations and future construction projects and to limit the School Board from using these funds for day-to-day operations. The food service fund accounts for \$1.8 million of the total with the debt service fund accounting for \$1.0 million. The remaining balance is monies restricted for capital projects, maintenance, and instructional costs.

**MOREHOUSE PARISH SCHOOL BOARD**  
**Management's Discussion and Analysis**  
**(Unaudited)**

**For The Year Ended June 30, 2017**

The following analysis focuses on the change in net position of the School Board's governmental activities:

<i>For the years ended June 30,</i>	Governmental Activities		
	2017	2016	Variance
<b>Revenues</b>			
Program revenues			
Charges for services	\$ 17,561	\$ 25,064	\$ (7,503)
Operating and capital grants and contributions	9,584,611	11,145,600	(1,560,989)
General revenues			
Ad valorem taxes	5,571,976	5,365,666	206,310
Sales taxes	6,588,752	6,445,668	143,084
Minimum foundation program	27,365,294	28,476,678	(1,111,384)
Other general revenues	1,207,211	1,116,387	90,824
Total revenues	50,335,405	52,575,063	(2,239,658)
<b>Expenses</b>			
Instruction			
Regular programs	17,483,432	20,951,389	(3,467,957)
Special programs	3,890,733	3,954,950	(64,217)
Other instructional programs	5,067,916	5,266,615	(198,699)
Support services			
Pupil support services	2,231,232	2,175,921	55,311
Instructional staff support	2,450,346	2,765,023	(314,677)
General administration	1,023,853	1,195,693	(171,840)
School administration	2,082,635	1,733,052	349,583
Business services	909,453	730,145	179,308
Plant services	3,663,538	3,659,985	3,553
Student transportation services	3,006,329	3,157,962	(151,633)
Central services	846,764	751,371	95,393
Other support services	2,333	-	2,333
School food services	2,950,948	3,144,888	(193,940)
Facility acquisition and construction	1,284,026	-	1,284,026
Debt service - interest on long-term obligations	382,650	766,084	(383,434)
Total expenses	47,276,188	50,253,078	(2,976,890)
Increase (decrease) in net position (deficit)	3,059,217	2,321,985	737,232
Net position (deficit) - beginning, as originally stated	(71,138,986)	(73,460,971)	2,321,985
Prior period adjustment	(277,400)	-	(277,400)
Net position (deficit) - beginning, as restated	(71,416,386)	(73,460,971)	2,044,585
Net position (deficit) - ending	\$ (68,357,169)	\$ (71,138,986)	\$ 2,781,817

**MOREHOUSE PARISH SCHOOL BOARD**  
**Management's Discussion and Analysis**  
**(Unaudited)**

**For The Year Ended June 30, 2017**

**Governmental Activities**

Expenses are classified by functions/programs. Instructional services for fiscal 2017 totaled \$26,442,081, compared to a total of \$30,172,954 for 2016. The remaining functions are considered support services and relate to those functions that support the instructional services provided, such as pupil support, instructional staff support, administration, transportation, and plant services. Support services for fiscal 2017 totaled \$16,216,483 compared to \$ 16,269,152 for 2016.

The remaining expenditures of \$4,617,624 consist of \$1,284,026 for facility acquisition and construction, \$2,950,948 for food and service operations and \$382,650 for interest expense on long-term obligations.

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

<i>June 30,</i>	Total Cost of Services		Net Cost of Services	
	2017	2016	2017	2016
Regular programs	\$ 17,483,432	\$ 20,951,389	\$ 16,986,351	\$ 20,650,904
Special programs	3,890,733	3,954,950	3,376,776	3,397,153
Other instructional programs	5,067,916	5,266,615	1,722,766	1,687,835
Plant services	3,663,538	3,659,985	3,663,538	3,624,771
Student transportation services	3,006,329	3,157,962	2,953,446	3,070,728
Food services	2,950,948	3,144,888	(22,653)	73,499
All others	11,213,292	10,117,289	8,993,792	6,577,524
Totals	<u>\$ 47,276,188</u>	<u>\$ 50,253,078</u>	<u>\$ 37,674,016</u>	<u>\$ 39,082,414</u>

The related program revenues for fiscal year 2017 directly related to these expenses totaled \$9,602,172, including \$17,561 in charges for such services. The balance of expenses represents the cost to the taxpayers. The costs of governmental activities exceeding restricted state and federal grants are paid primarily from the following sources:

- **Minimum Foundation Program (MFP)** – MFP is the funding formula for the 69 school districts in the state of Louisiana. The School Board was allocated \$27,365,294 in MFP funds in fiscal year FY17; with \$7,684,556 passed through to the district's Type 3 Charter, Beekman Alumni and Friends, Inc., and \$90,221 was deducted from the district's allocation by the Louisiana Department of Education, for other LEA's as an equivalent to the local representation of the School Board. The net amount received by the School Board was \$19,590,517, which is 38.9% of the total revenues received by the School Board.

**MOREHOUSE PARISH SCHOOL BOARD**  
**Management's Discussion and Analysis**  
**(Unaudited)**

**For The Year Ended June 30, 2017**

- **Federal grant revenues** – Federal grant revenues are the second largest source of revenue for the School Board, generating \$8,989,730 in revenue, or 17.9% of total revenue.
- **Sales Tax revenues** – Sales tax revenues are the third largest source of revenue for the School Board, generating \$6,588,752, in revenue, or 13.1% of total revenue.
- **Ad Valorem tax revenues** – Ad valorem, or property tax revenues, the fourth largest source of revenues, accounts for \$5,571,976, in revenue, or 11.1% of total revenues.

**Financial Analysis of Governmental Funds**

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

The focus of Morehouse Parish School Board's government funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Morehouse 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, Morehouse Parish School Board's governmental funds reported a combined ending fund balance of \$9,256,017; a decrease of \$865,009 in comparison with the prior fiscal year.
- The General Fund is the chief operating fund of Morehouse Parish School Board. At the end of the current fiscal year, the fund balance of the General Fund is \$6,008,178
- The Special Revenue Funds, including nonmajor special revenue funds, have a total fund balance of \$2,169,952 of which \$226,575 is nonspendable, \$37,399 is restricted for instructional costs and \$1,848,776 is restricted for food services and \$57,202 is restricted for construction and maintenance..
- The Debt Service Funds have a total fund balance of \$1,022,696 all of which is restricted for the payment of debt service.
- The Capital Projects Funds have a fund balance of \$55,191 all of which is restricted for construction projects.

**General Fund Budgetary Highlights**

In accordance with Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget



**MOREHOUSE PARISH SCHOOL BOARD**  
**Management's Discussion and Analysis**  
**(Unaudited)**

**For The Year Ended June 30, 2017**

Act (LSA-R.S 39:1301 et seq), Morehouse Parish School Board must adopt a budget for the General Fund and all Special Revenue funds prior to September 15th. The original budget for the School Board was adopted on September 6, 2016.

The original General Fund Budget projected an ending fund balance of \$6.7 million, with the amended budget projecting to end the year with a positive balance of \$6.1 million. The actual ending balance for the General Fund came in at \$6.0 million.

**Capital Assets and Debt Administration**

**Capital Assets:** Morehouse Parish School Board's investment in capital assets as of June 30, 2017, amounts to \$20,689,955 (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 the fiscal year.

<i>June 30,</i>	2017	2016
Land	\$ 319,013	\$ 319,013
Construction in progress	805,397	599,518
Buildings and improvements	17,155,041	18,271,287
Furniture and equipment	2,410,504	1,005,564
	<u>\$ 20,689,955</u>	<u>\$ 20,195,382</u>

**Long-Term Debt:** At the end of the current fiscal year, Morehouse Parish School Board had total debt outstanding of \$15.3 million. Of the amount, \$12.9 million comprises debt back by the full faith and credit of the government. The following table summarizes bonds outstanding at June 30, 2017 and 2016.

<i>June 30,</i>	2017	2016
<b>General Obligation Bonds</b>		
Series 2007	\$ -	\$ 170,000
Series 2011, refunding	6,005,000	6,435,000
Series 2012, refunding	3,220,000	3,435,000
Series 2016, refunding	3,670,000	3,725,000
<b>Limited Tax Bonds</b>		
Series 2016, refunding	1,220,000	1,270,000
<b>Capital Leases</b>		
Bus Lease	<u>1,205,580</u>	<u>-</u>
<b>Total outstanding debt</b>	<u>\$ 15,320,580</u>	<u>\$ 15,035,000</u>

**MOREHOUSE PARISH SCHOOL BOARD  
Management's Discussion and Analysis  
(Unaudited)**

**For The Year Ended June 30, 2017**

**Future Operations**

The School Board adopted a General Fund budget for 2017-2018 with an operating surplus of \$202,302. For the upcoming fiscal year, listed below are several factors considered for 2017-2018 operations and budget preparations.

- The 2017-2018 Minimum Foundation Program funding reflects the Department of Education's model with no growth. The state and local base cost per pupil remains at \$4,001. The district is required to sustain the certificated classroom teacher pay raises from the 2016-2017 appropriation.
- As a participant of the Louisiana Office of Group Benefits, employer group insurance premiums increased by more than 10%, as the provisions of the Affordable Care Act continue to be implemented and as changes to premium options occurred.
- Sales Tax revenue is projected to increase by 4% based on historical trends.
- Out of state travel suspended unless determined to be necessary or required by grantor
- Partial hiring freeze for all positions through the end of the 2017-2018 fiscal year.

**Contacting the School Board's Financial Management**

If you have questions about this report or need additional financial information, contact Ersula Downs of Morehouse Parish School Board, P.O. Box 872, Bastrop, LA 71221-0872, or call at (318) 281-5784.

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS (GWFS)**

**Morehouse Parish School Board  
Bastrop, Louisiana**

**Statement of Net Position  
Governmental Activities**

**June 30, 2017**

	<b>Primary Government Governmental Activities</b>	<b>Component Unit Beekman Alumni and Friends, Inc.</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 9,709,738	\$ 1,565,101
Restricted cash	-	113,547
Investments	79,796	7,188
Restricted investments	-	575,000
Receivables		
Ad valorem taxes	9,689	-
Sales and use taxes	503,877	-
Federal grants	1,532,124	-
State grants	41,769	-
Other	9,976	3,712
Inventory	258,821	-
Other assets	-	14,333
Capital assets, net	20,689,955	1,396,836
Total assets	<u>32,835,745</u>	<u>3,675,717</u>
<b>Deferred outflows of resources</b>		
Deferred outflows	<u>12,024,981</u>	<u>-</u>
<b>Liabilities</b>		
Accounts payable	424,106	55,067
Salaries and wages payable	2,447,149	681,713
Deferred revenue	18,518	-
Interest payable - bonds	141,544	-
Long-term liabilities		
Due within one year	1,269,716	169,231
Due in more than one year	98,283,803	558,092
Total liabilities	<u>102,584,836</u>	<u>1,464,103</u>
<b>Deferred inflows of resources</b>		
Deferred inflows	<u>10,633,059</u>	<u>-</u>
<b>Net position</b>		
Net investment in capital assets	6,423,393	1,396,836
Restricted for		
Instructional costs	37,399	-
Capital projects	55,191	-
Debt service	1,022,696	7,294
School food service	1,848,776	-
Salaries and related benefits	-	-
Instructional and maintenance costs	57,202	-
Student activity funds	-	113,547
Unrestricted	(77,801,826)	693,937
Total net position (deficit)	<u>\$ (68,357,169)</u>	<u>\$ 2,211,614</u>

The accompanying notes are an integral part of the financial statements

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## **FUND FINANCIAL STATEMENTS (FFS)**

**Morehouse Parish School Board  
Bastrop, Louisiana**

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

June 30, 2017

	MAJOR FUNDS				AGGREGATE REMAINING FUNDS	
	GENERAL	SPECIAL REVENUE		DEBT	NONMAJOR	
	FUND	TITLE I	SCHOOL FOOD SERVICE	SERVICE	GOVERNMENTAL	TOTAL
Assets						
Cash and cash equivalents	\$ 6,537,747	\$ -	\$ 1,901,280	\$ 1,021,069	\$ 249,642	\$ 9,709,738
Investments	79,796	-	-	-	-	79,796
Accounts receivable	597,594	899,969	45,418	1,627	552,827	2,097,435
Due from other funds	2,830,256	-	198	-	-	2,830,454
Inventory	32,245	-	226,575	-	-	258,820
Total assets	10,077,638	899,969	2,173,471	1,022,696	802,469	14,976,243
Liabilities and fund balances						
Liabilities						
Accounts payable	347,317	3,026	15,449	-	58,314	424,106
Salaries and wages payable	2,105,053	160,125	65,772	-	116,199	2,447,149
Due to other funds	1,617,090	736,818	-	-	476,546	2,830,454
Other liabilities	-	-	16,899	-	1,618	18,517
Total liabilities	4,069,460	899,969	98,120	-	652,677	5,720,226
Fund balances						
Nonspendable						
Inventory and other assets	32,245	-	226,575	-	-	258,820
Restricted for						
Instructional costs	-	-	-	-	37,399	37,399
Construction and maintenance costs	-	-	-	-	57,202	57,202
Food services	-	-	1,848,776	-	-	1,848,776
Debt service	-	-	-	1,022,696	-	1,022,696
Capital projects	-	-	-	-	55,191	55,191
Unassigned	5,975,933	-	-	-	-	5,975,933
Total fund balances	6,008,178	-	2,075,351	1,022,696	149,792	9,256,017
Total liabilities and fund balances	\$ 10,077,638	\$ 899,969	\$ 2,173,471	\$ 1,022,696	\$ 802,469	\$ 14,976,243

The accompanying notes are an integral part of the financial statements.



**Morehouse Parish School Board  
Bastrop, Louisiana**

**Reconciliation of the Governmental Funds'  
Balance Sheet to Statement of Net Position**

**June 30, 2017**

Total fund balances - governmental funds	\$	9,256,017
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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 Position includes those capital assets among the assets of the School Board as a whole. The cost of those capital assets is allocated over their estimated useful lives (as depreciation expense) to the various programs 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	49,736,715	
Accumulated depreciation	<u>(29,046,760)</u>	20,689,955

Investment in land and school building that is closed		-
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Elimination of interfund assets and liabilities

Interfund assets	2,830,454	
Interfund liabilities	<u>(2,830,454)</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 Position.

Balances at June 30, 2017 are

Long-term liabilities		
Compensated absences payable	(893,669)	
General obligation bonds payable	(12,895,000)	
Capital lease payable	(1,205,580)	
Sales tax bonds payable	(1,220,000)	
Worker's Compensation IBRN	(89,113)	
Other post employment benefits	(36,618,705)	
Bond premium	<u>(151,562)</u>	(53,073,629)

Net pension obligations are not due and payable in the current period and, therefore, are not reported in the governmental funds		(46,479,890)
--	--	--------------

Interest on outstanding bonds in the Governmental Funds is recorded as an expenditure when paid. Bond interest in the Statement of Net Position is recognized as a liability as it accrues.		(141,544)
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Deferred outflows of resources related to pensions are not due and payable in the current period and accordingly are not reported in the governmental funds.		12,024,981
--	--	------------

Deferred inflows of resources related to pensions are not available to pay current period expenditures and therefore are not reported in the governmental funds.		<u>(10,633,059)</u>
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<b>Net Position (Deficit)</b>	<b>\$</b>	<b><u>(68,357,169)</u></b>
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The accompanying notes are an integral part of the financial statements.

**Morehouse Parish School Board  
Bastrop, Louisiana**

**GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
For the Year Ended June 30, 2017**

	MAJOR FUNDS				AGGREGATE REMAINING FUNDS	
	GENERAL FUND	SPECIAL REVENUE TITLE 1	SCHOOL FOOD SERVICE	DEBT SERVICE	NONMAJOR GOVERNMENTAL	TOTAL
<b>REVENUES</b>						
Local sources						
Ad valorem taxes	\$ 4,103,829	\$ -	\$ -	\$ 848,520	\$ 619,628	\$ 5,571,977
Sales and use taxes	6,588,752	-	-	-	-	6,588,752
Earnings on investments	10,719	-	-	1,255	349	12,323
Cash payments for meals	-	-	16,478	-	-	16,478
Other local revenue	728,678	-	747	-	178,891	908,316
State sources						
State equalization	27,325,169	-	40,125	-	-	27,365,294
Revenue sharing	166,462	-	-	-	-	166,462
Other unrestricted revenue	189,622	-	-	-	281,811	471,433
Other restricted revenue	94,414	-	-	-	-	94,414
Federal sources						
Federal restricted grants-in-aid	165,419	3,214,582	2,957,665	-	2,652,064	8,989,730
Total revenues	<u>39,373,064</u>	<u>3,214,582</u>	<u>3,015,015</u>	<u>849,775</u>	<u>3,732,743</u>	<u>50,185,179</u>
<b>EXPENDITURES</b>						
Current						
Instructional services						
Regular programs	21,165,958	576	-	-	141,028	21,307,562
Special education programs	3,344,656	-	-	-	531,480	3,876,136
Vocational programs	523,407	-	-	-	176,586	699,993
Other instructional programs	1,272,701	-	-	-	307,237	1,579,938
Special programs	137,439	2,040,280	-	-	499,102	2,676,821
Adult/Continuing education programs	14,771	-	-	-	-	14,771
Support services						
Pupil support services	2,027,358	-	-	-	173,414	2,200,772
Instructional staff support	805,278	623,142	-	-	997,529	2,425,949
General administration	971,851	-	-	27,014	18,249	1,017,114
School administration	1,923,627	22,420	-	-	109,899	2,055,946
Business services	899,034	-	-	-	687	899,721
Plant services	3,675,273	-	-	-	87,411	3,762,684
Student transportation services	2,505,045	6,942	-	-	60,949	2,572,936
Central services	643,505	184,608	-	-	4,347	832,460
Other support services	2,333	-	-	-	-	2,333
Noninstructional services						
Food service operations	419,470	-	2,498,573	-	10,116	2,928,159
Debt service						
Principal	151,577	-	-	870,000	50,000	1,071,577
Interest	4,573	-	-	387,490	52,981	445,044
Capital outlay	1,750,525	25,976	52,630	-	210,920	2,040,051
Total expenditures	<u>42,238,381</u>	<u>2,903,944</u>	<u>2,551,203</u>	<u>1,284,504</u>	<u>3,431,935</u>	<u>52,409,967</u>
Excess (deficiency) of revenues over expenditures	<u>(2,865,317)</u>	<u>310,638</u>	<u>463,812</u>	<u>(434,729)</u>	<u>300,808</u>	<u>(2,224,788)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from sale of assets	25,350	-	-	-	-	25,350
Proceeds from issuance of debt	1,361,730	-	-	-	-	1,361,730
Transfers in	811,936	-	-	-	-	811,936
Payments to bond escrow	-	-	-	(2,300)	-	(2,300)
Transfers out	-	(310,638)	-	-	(501,298)	(811,936)
Total other financing sources (uses)	<u>2,199,016</u>	<u>(310,638)</u>	<u>-</u>	<u>(2,300)</u>	<u>(501,298)</u>	<u>1,384,780</u>
Net change in fund balances	(666,301)	-	463,812	(437,029)	(200,490)	(840,008)
Fund balances as originally stated	6,699,479	-	1,611,539	1,459,725	350,282	10,121,025
Prior Period Adjustment	(25,000)	-	-	-	-	(25,000)
Fund balances at beginning of year, restated	<u>6,674,479</u>	<u>-</u>	<u>1,611,539</u>	<u>1,459,725</u>	<u>350,282</u>	<u>10,096,025</u>
Fund balances at end of year	<u>\$ 6,008,178</u>	<u>\$ -</u>	<u>\$ 2,075,351</u>	<u>\$ 1,022,696</u>	<u>\$ 149,792</u>	<u>\$ 9,256,017</u>

The accompanying notes are an integral part of the financial statements.

**Morehouse Parish School Board  
Bastrop, Louisiana**

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

**For the Year Ended June 30, 2017**

Total net change in fund balances - Governmental Funds		\$	(840,008)
Amounts reported for governmental activities in the Statement of Activities are different because:			
Elimination of operating transfers in and out:			
Transfers in	\$	(811,936)	
Transfers out		<u>811,936</u>	-
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 exceed capital outlays in the period:			
Capital Outlays		2,040,051	
Depreciation		<u>(1,636,522)</u>	403,529
Neither capital assets nor depreciation are reported in the Governmental Funds. Capital assets and accumulated depreciation are reported in the Statement of Net Position. When an asset is disposed, it results in a gain or loss on the disposal of the asset in the Statement of Activities. During the current year the School Board disposed of assets resulting in a loss on disposal of capital assets of \$11,264.			
			(11,264)
The proceeds from the issuance of new debt is recorded as other financing sources in the Governmental Funds. However, the incurrence of debt increases long-term liabilities in the Statement of Net Position.			
			(1,361,730)
Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position.			
			1,071,577
In the Statement of Activities, certain operating expenses - compensated absences (vacations and sick leave) - are measured by the 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). In the current year, vacation and sick time used (\$83,454) exceeded the amounts earned (\$78,624).			
			4,830
Other post employment benefits are reported in the Governmental funds as expenditures when paid. The unfunded annual contribution is reported in the Statements of Activities as it accrues.			
			(355,627)
Worker's compensation benefits are reported in the Governmental funds as expenditures when paid. The expenses are recorded in the Statements of Activities as incurred.			
			(89,113)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because accrued interest received from bond sales is recognized as Other Financing Sources when received and interest on outstanding bonds is recognized as an expenditure in the governmental funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expenses are recognized as the interest accrues, regardless of when it is due.			
Interest expense payable as of June 30, 2017		141,544	
Interest expense payable as of June 30, 2016		<u>190,666</u>	49,122
Bond premium from bond sales is reported in the Governmental Funds as Other Financing Sources when received. Bond premium is reported in the Government-wide Financial Statements as a liability and amortized over the life of the bonds.			
Current year bond premium amortization			10,999
Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.			
District pension contributions		5,659,295	
Cost of benefits earned net of employee contributions (pension expense from the pension schedules)		<u>(1,618,534)</u>	4,040,761
Revenue included in the Statement of Activities due to Non-Contributing Entity revenues for GASB 68 implementation.			
			<u>136,141</u>
<b>Change in net position of governmental activities</b>		<b>\$</b>	<b><u>3,059,217</u></b>

The accompanying notes are an integral part of the financial statements.

**Morehouse Parish School Board  
Bastrop, Louisiana**

**Statement of Fiduciary Assets and Liabilities  
Fiduciary Fund Type - Agency Funds  
School Activity Funds**

**June 30, 2017**

**Assets**

Cash and cash equivalents	<u>\$ 72,121</u>
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**Liabilities**

Amounts held for other organizations	<u>\$ 72,121</u>
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The accompanying notes are an integral part of the financial statements.

**Morehouse Parish School Board  
Bastrop, Louisiana**

**Statement of Net Position  
Beekman Alumni and Friends, Inc.  
Discretely Presented Component Unit  
June 30, 2017**

**Assets**

Current assets	
Cash	\$ 1,565,101
Restricted cash	113,547
Investments	7,188
Restricted investments	575,000
Receivables	3,712
Total current assets	<u>2,264,548</u>
Other assets	14,333
Capital assets, net of accumulated depreciation	<u>1,396,836</u>
Total assets	<u>3,675,717</u>

**Liabilities**

Current liabilities	
Accounts payable	55,067
Salaries and wages payable	681,713
Contract payable	15,844
Accrued interest payable	371
Current portion of long term debt	111,360
Current portion of compensated absences	41,656
Total current liabilities	<u>906,011</u>
Long term debt	416,290
Compensated absences	<u>141,802</u>
Total liabilities	<u>1,464,103</u>

**Net Position**

Net investment in capital assets	1,396,836
Unrestricted	<u>814,778</u>
Total Net Position	<u><u>\$ 2,211,614</u></u>

The accompanying notes are an integral part of the financial statements.

**Morehouse Parish School Board  
Bastrop, Louisiana**

**Statement of Activities  
Beekman Alumni and Friends, Inc.  
Discretely Presented Component Unit  
For the Year Ended June 30, 2017**

**Expenses**

Instructional	\$ 4,819,151
Support services	2,715,804
Operation on non-instructional service	17,961
Total expenses	<u>7,552,916</u>

**Program Revenues**

Charges for services	111,226
Operating grants and contributions	43,022
Total program revenues	<u>154,248</u>

Net program expense 7,398,668

**General Revenues**

Grants not restricted to specific purposes	
Minimum Foundation Program	7,893,206
Interest and investment earnings	7,226
Student activity funds	136,923
Other revenue	43,429
Total general revenues	<u>8,080,784</u>

Change in net position 682,116

**Net Position**

Beginning of year	1,529,498
End of year	<u><u>\$ 2,211,614</u></u>

The accompanying notes are an integral part of the financial statements.

**MOREHOUSE PARISH SCHOOL BOARD**  
**Bastrop, Louisiana**

**Notes To The Basic Financial Statements**  
**June 30, 2017**

**Note 1: Summary of Significant Accounting Policies**

*ORGANIZATION*

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

The School Board operates eight schools within the parish with a total enrollment of approximately 3,300 pupils. In conjunction with the regular educational programs, some of these schools offer special education and/or adult education programs. In addition, the School Board provides transportation and school food services for the students.

*A. Financial Reporting Entity*

The School Board is considered a primary government, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Fiscally independent means that the School Board may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The School Board has one component unit, Beekman Alumni and Friends, Inc. Beekman Alumni and Friends, Inc. is presented as a discretely presented component unit. Component units are defined as legally separate organizations for which the elected officials of the primary government are financially accountable. The criteria used in determining whether financial accountability exists include the appointment of a voting majority of an organization's governing board, the ability of the primary government to impose its will on that organization or whether there is a potential for the organization to provide specific financial benefits or burdens to the primary government. Fiscal dependency may also play a part in determining financial accountability. In addition, a component unit can be another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Beekman Alumni and Friends, Inc. is included in the reporting entity because it is fiscally dependent on the School Board for the majority of its revenue, and because exclusion would render the School System's financial statements incomplete or misleading. However, Beekman Alumni and Friends, Inc. is a legally separately entity and, as such, appoints its own Board. Beekman Alumni and Friends, Inc. is a Type 3 Charter School that opened in the Fall of 2013. It has a June 30 year-end. Complete financial statements of this component unit can be obtained from Beekman Alumni and Friends, Inc. or the School Board. The School Board and its component unit represent the reporting entity. Additionally, the School Board is a legally separate elected governing body and does not meet the definition of a component unit of any other entity.

**MOREHOUSE PARISH SCHOOL BOARD**  
**Bastrop, Louisiana**

**Notes To The Basic Financial Statements**  
**June 30, 2017**

*B. Fund Accounting*

The financial transactions of the School Board are recorded in individual 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 includes its assets, liabilities, fund equity, revenues and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The School Board uses the following fund categories and fund types:

***Governmental Funds***

Governmental funds account for the School Board's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt.

Governmental funds are divided into major and nonmajor funds. Major funds are funds that meet certain dollar tests of their assets, liabilities, revenues and expenditures. Major funds are larger, more significant funds. Nonmajor funds are the governmental funds that do not meet the dollar tests for major funds. The major and nonmajor funds are described below.

**Major Funds:**

*General Fund* - The General Fund is the general operating fund of the School Board. It accounts for all financial resources except those required to be accounted for in another fund. The General Fund is always a major fund.

*Special Revenue Funds* – Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The following Special Revenue Funds are major funds:

Title I of the Elementary and Secondary Education Act (ESEA) is a federally financed program which provides for the needs of children who are at risk of not meeting challenging academic standards and who reside in areas of high concentrations of children from low-income families.

School Food Service is designed to assist in providing a nutritious breakfast and lunch service for school students and to encourage the domestic consumption of nutritious agricultural commodities.



**MOREHOUSE PARISH SCHOOL BOARD**  
**Bastrop, Louisiana**

**Notes To The Basic Financial Statements**  
**June 30, 2017**

*Debt Service Fund* – Revenues received from ad valorem taxes and interest earnings are used to make principal and interest payments on bond indebtedness.

**Nonmajor Funds:**

The School Board has ten nonmajor Special Revenue Funds, and three nonmajor Capital Projects Funds. For a description of these funds, see the Nonmajor Funds section of this report.

***Fiduciary Funds***

*Agency Funds* – The Agency Funds account for assets held by the School Board in a trustee capacity or as an agent for individuals, private or school organizations, other governmental units and/or other funds. The School Activity Fund accounts for all individual school activity funds. While these funds are under the supervision of the School Board, they belong to the individual schools or their student bodies and are not available for use by the School Board.

**C. *Basis of Accounting / Measurement Focus***

***Government-Wide Financial Statements (GWFS)***

The Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

The Statement of Net Position 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. Non-exchange transactions are recognized when the School Board has an enforceable legal claim to the revenues, expenses, gains, losses, assets and liabilities.

**MOREHOUSE PARISH SCHOOL BOARD**  
**Bastrop, Louisiana**

**Notes To The Basic Financial Statements**  
**June 30, 2017**

*Program Revenues*

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the School Board's taxpayers or citizenry as a whole; program revenues reduce the cost of the function to be financed from the School Board's general revenues.

*General Revenues*

General revenues included in the Statement of Activities derive directly from local property and sales taxes and from unrestricted state grants. General revenues finance the remaining balance of a function not covered by program revenues.

*Allocation of indirect expenses*

The School Board reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses (long-term debt interest) of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense is specifically identified by function and is included in the direct expense of each function.

*Fund Financial Statements (FFS)*

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds reported in the fund financial statements are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and 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.

Governmental funds reported in the fund financial statements 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 in the calendar year of the tax levy. Ad valorem taxes are considered available because they are substantially collected within 60 days subsequent to year end. Sales taxes are considered measurable and available when collected by the vendors. Revenue from state and Federal grants are recorded when the reimbursable expenditure have been incurred.

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.

**MOREHOUSE PARISH SCHOOL BOARD**  
**Bastrop, Louisiana**

**Notes To The Basic Financial Statements**  
**June 30, 2017**

*D. Cash and Cash Equivalents*

Cash and cash equivalents include amounts in interest-bearing demand deposits as well as short-term investments with a maturity date within three months of the date acquired. Short-term investments are stated at cost, which approximates fair value.

Interest earned on balances maintained in the pooled bank account was distributed to the individual funds based on the cash balance maintained by the unrestricted participating fund during the year.

The School Board maintains separate “book” cash accounts for each fund that is pooled within the master bank account. Negative book cash balances appear in the financial statements as a liability, “Due to Other Funds.” The balance of these amounts will be paid primarily through collections of grants receivable reimbursements from the Federal and State Departments of Education.

*E. Investments*

Investments, consisting of certificates of deposit, are stated at market value in accordance with the provisions of GASB Statement No. 31.

*F. 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.

*G. Elimination and Reclassifications*

In the process of aggregating data for the statement of net position 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.

*H. Bond Issuance Costs/Bond Premiums*

Costs associated with issuing bonds (bond rating fees, attorney fees, printing, etc.) are expensed as incurred and are reported as expenditures in the fund financial statements. Bond premium from bond sales is reported in the governmental funds as Other Financing Sources when received. Bond premium is reported in the Government-wide Financial Statements as a liability and amortized over the life of the bonds.

**MOREHOUSE PARISH SCHOOL BOARD**  
**Bastrop, Louisiana**

**Notes To The Basic Financial Statements**  
**June 30, 2017**

*I. Inventory*

Inventory of the School Food Service Fund consists of food and supplies. Inventory is recorded as an expenditure as it is consumed. Inventory is valued at cost on the first-in, first-out (FIFO) method. Commodities provided to the School Board by the United States Department of Agriculture (USDA) through the State Department of Education are reflected as revenue when received and as an expenditure when consumed. Commodities are valued at amounts assigned by the USDA.

*J. Capital Assets*

Capital Assets, which include land, buildings, and equipment, are reported in the governmental-wide financial statements. The School Board considers assets with an initial individual cost of \$5,000 or more and an estimated life of one year or more as a capital asset.

Capital assets are recorded at historical cost and depreciated over their estimated useful lives. Donated capital assets are recorded at their estimated fair value at the date of donation.

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 used based on the following useful lives:

Buildings	40 years
Furniture and equipment	3-15 years

*K. Interfund Activity*

Interfund activity is reported as loans, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the Government-Wide Financial Statements.

*L. Fund Balance of Fund Financial Statements*

GASB 54 requires the fund balance amounts to be reported within the fund balance categories as follows:

Nonspendable fund balance represents resources that cannot be physically used to settle obligations of the school system, such as food inventory.

**MOREHOUSE PARISH SCHOOL BOARD**  
**Bastrop, Louisiana**

**Notes To The Basic Financial Statements**  
**June 30, 2017**

Restricted fund balances represent resources restricted by tax ordinances or by local, state or Federal grant regulations for future use and are, therefore, not available for future appropriation or expenditure.

Committed fund balances indicate the School Board's tentative plans for the use of financial resources in a future period. Fund balance commitments are made by Board approved resolutions.

Assigned fund balances are those determined by the Superintendent and Business Manager, under authority given under a resolution of the Board, as needed for the payment of future commitment.

The School Board had no committed or assigned fund balances at June 30, 2017.

Sometimes the School Board will make expenditures for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as *restricted*, *committed*, *assigned*, and *unassigned* fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the School Board's practice to consider *restricted* fund balance to have been depleted before using any of the components of *unrestricted* fund balance. Further, when the components of *unrestricted* fund balance can be used for the same purpose, *committed* fund balance is depleted first, followed by *assigned* fund balance. *Unassigned* fund balance is applied last.

*M. Compensated Absences*

All employees receive ten sick days each year, with any unused portion being carried forward. Upon retirement, employees with twenty years of service or more are paid for up to 25 days of accumulated sick leave. Only employees who work 12 calendar months per year earn vacation days. The School Board's policy regarding payment of accumulated vacation days is to allow for a maximum accumulation and payment of no more than 30 days with persons credited with days in excess of 30 as of the effective date (July 1, 1994) being grandfathered in at their then-current accumulation.

*N. Long-Term Liabilities*

Bond premiums and discounts, as well as issuance costs, are recognized in the fund financial statements in the period the bonds are issued. Bond proceeds are reported as an Other Financing Source. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

**MOREHOUSE PARISH SCHOOL BOARD**  
**Bastrop, Louisiana**

**Notes To The Basic Financial Statements**  
**June 30, 2017**

*O. Restricted Net Position*

For the Government-Wide Statement of Net Position, 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.

In the Statement of Net Position, the following items are considered restricted:

Capital projects are restricted because the proceeds from issuance of bonded debt are dedicated to acquiring and improving school property.

Debt service is considered restricted because an ad valorem tax has been levied specifically to meet the principal and interest payments of various bond issues.

Salaries and related benefits are considered restricted as it represents undistributed salaries and related benefits from sales taxes restricted exclusively for this purpose.

Sometimes the School Board will make expenditures for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as *restricted* – net position and *unrestricted* – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School Board's practice to consider *restricted* – net position to have been depleted before *unrestricted* – net position is applied.

*P. Sales and Use Taxes*

Morehouse Parish School Board has three sales tax ordinances as follows:

The School Board has a one cent parish-wide sales and use tax as authorized in a special election held November 18, 1989. In accordance with the proposition approved by the voters of the parish, the net revenues derived from said sales and use tax is "to be dedicated and used solely for the purpose of providing funds for the payment of salaries of school employees in the Parish of Morehouse."

**MOREHOUSE PARISH SCHOOL BOARD**  
**Bastrop, Louisiana**

**Notes To The Basic Financial Statements**  
**June 30, 2017**

The School has a one half cent parish-wide sales and use tax. It was authorized in a special election held July 18, 1992. In accordance with the proposition approved by the voters of the parish, the net revenues derived from said sales and use tax is "to be dedicated and used for the purpose of acquiring, constructing, renovating, improving, equipping, furnishing, maintaining, and operating public schools and school-related facilities in Morehouse Parish and for paying salaries and benefits for teachers and other personnel employed by the Morehouse Parish School Board." The tax was renewed in a special election held April 21, 2012 for a period of ten years commencing on October 1, 2014 and ending September 30, 2024.

An additional one half cent parish-wide sales and use tax was approved by the voters in a special election held July 19, 2003. The net revenues derived from this additional tax are "to be dedicated and used for acquiring, constructing, renovating, improving, equipping, furnishing, maintaining and operating public schools and school-related facilities in Morehouse Parish, and for paying salaries and benefits for teachers and other personnel employed by the Morehouse Parish School Board." The tax was renewed in a special election held April 21, 2012 for a period of ten years commencing on October 1, 2014 and ending on September 30, 2024.

*Q. Use of Estimates*

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

*R. Future Accounting Pronouncements*

The Governmental Accounting Standards Board has issued statements that will become effective for the year ending June 30, 2018.

- GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions
- GASB Statement No. 85, Omnibus 2017

The statements address:

- Accounting and financial Reporting for Postemployment Benefit Plans Other than Pension Plans
- Practice issues that have been identified during implementation and application of certain GASB statements.

The School Board is currently evaluating the effects that these statements will have on its accounting practices and financial statements.

**MOREHOUSE PARISH SCHOOL BOARD**  
**Bastrop, Louisiana**

**Notes To The Basic Financial Statements**  
**June 30, 2017**

**Note 2: Cash and Cash Equivalents and Investments**

*Custodial credit risk - deposits.* The School Board's cash and cash equivalents and investments consist of deposits with financial institutions. State statutes govern the School Board's investment policy. Permissible investments include direct obligations of the U.S. Government and agency securities, certificates of deposit, and savings accounts or savings certificates of savings and loan associations and repurchase agreements. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates the local government investment pool. Collateral is required for demand deposits, certificates of deposit, savings certificates of savings and loan associations and repurchase agreements at 100% of all amounts not covered by deposit insurance.

Obligations that may be pledged as collateral are obligations of the United States government and its agencies and obligations of the state and its subdivisions. Per Louisiana State law, collateral is not required for funds invested in LAMP.

Differences between School Board balances and the bank balances arise because of the net effect of deposits-in-transit and outstanding checks. The following is a schedule of the School Board's cash and cash equivalents at June 30, 2017.

	School Board Balances	Bank Balance
Cash on deposit	\$ 9,709,638	\$ 11,934,982
Petty cash	100	-
Cash equivalents:		
LAMP investments	-	-
Total cash and cash equivalents	<u>\$ 9,709,738</u>	<u>\$ 11,934,982</u>

The School Board's deposits are collateralized as follows:

Federal Deposit Insurance	\$ 250,000
Pledged Securities	<u>11,684,982</u>
Total collateralized deposits	<u>\$ 11,934,982</u>

The School Board's investments at June 30, 2017, consist of a certificate of deposit with a carrying and market value of \$79,796. It is held by the School Board's agent in the School Board's name and is collateralized.



**MOREHOUSE PARISH SCHOOL BOARD**  
**Bastrop, Louisiana**

**Notes To The Basic Financial Statements**  
**June 30, 2017**

*Credit risk.* The School Board's investments consist of the certificate of deposit mentioned above and State and Local Government Series (SLGS) securities held by the paying agent thus limiting the School Board's credit risk at June 30, 2017.

*Concentration of credit risk.* The School Board does not limit the amount that may be invested in securities of any one issuer. Applicable state statutes do not place limits on credit concentration.

*Interest rate risk.* The School Board manages its exposure to declines in fair values by limiting the maturity of its investments to no longer than one year.

**Note 3: Fair Value Measurements**

Beginning with the fiscal year ended June 30, 2016, the School Board was required by GASB 72 to begin categorizing its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The implementation of this new statement did not change the method of measuring the fair value of the School Board's assets. These guidelines recognize a three-tiered fair value hierarchy.

- Level 1—Investments reflect prices quoted in active markets.
- Level 2—Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3—Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk. Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix and market-corroborate pricing and inputs such as yield curves and indices. Matrix pricing is used to value securities based on the securities' relationship to benchmark quote prices.

		Fair Value Measurements Using		
Investments by Fair Value Level	June 30, 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of Deposit	\$ 79,796	\$ 79,796	\$ -	\$ -
	<u>\$ 79,796</u>	<u>\$ 79,796</u>	<u>\$ -</u>	<u>\$ -</u>

**MOREHOUSE PARISH SCHOOL BOARD**  
**Bastrop, Louisiana**

**Notes To The Basic Financial Statements**  
**June 30, 2017**

**Note 4: Ad Valorem Taxes**

The Sheriff of Morehouse Parish, as provided by State law, bills and collects property taxes on behalf of the School Board using the assessed values determined by the tax assessor of Morehouse Parish. For the year ended June 30, 2017, taxes of 53.63 mills were levied on property with assessed valuations totaling \$179,363,085 and were dedicated as follows:

	Authorized Millage	Levied Millage	Expiration Date
Parish-wide taxes:			
Constitutional	5.96	5.86	Statutory
Maintenance and operation	6.45	6.34	2024
Special leeway maintenance and operations	6.01	5.91	2024
Special 1998 capital program tax	10.00	9.83	2023
General obligation bonds debt service	Variable	6.00	2028
District taxes:			
School District No. 12 Consolidated	10.00	9.81	2048
East Morehouse School District	9.95	9.88	2024

The School Board's portion of the total taxes originally levied was \$6,827,962 of which \$5,533,033 was assessed on property owners and \$1,294,929 was assessed under Homestead Exemption. The School Board collected \$5,443,733 through June 30, 2017, of which a nominal amount was for prior year(s) levies. Approximately 85% of the homestead exemption is not appropriated by the State of Louisiana and therefore is not collected. Collections are remitted to the School Board monthly.

Below is the property tax calendar in effect for the year ended June 30, 2017:

Property Tax Calendar

	<u>Parish (Except City of Bastrop)</u>	<u>City of Batrop</u>
Tax bills mailed	December 1, 2016	December 2016
Total taxes are due	December 31, 2016	December 31, 2016
Lien date	July 2017	July 2017
Penalties and interest are added	January 1, 2017	January 1, 2017
Tax sale date(s)	June 2017	June 2017

Assessed values are established by the Morehouse Parish Tax Assessor each year on a uniform basis at the following ratios to fair market value:

10% land	25% public service properties, excluding land
10% residential improvements	15% other property
15% electronic cooperative properties, excluding land	

**MOREHOUSE PARISH SCHOOL BOARD**  
**Bastrop, Louisiana**

**Notes To The Basic Financial Statements**  
**June 30, 2017**

Historically, virtually all ad valorem taxes receivable were collected since they are secured by property; therefore, there is no allowance for uncollectible taxes.

**Note 5: Receivables**

The receivables as of June 30, 2017, are as follows:

Class of Receivables	General	Title I	School Food Service	Debt Service	Nonmajor Governmental	Total
Taxes:						
Ad Valorem	\$ 7,287	\$ -	\$ -	\$ 1,627	\$ 775	\$ 9,689
Sales Tax	503,877	-	-		-	503,877
Intergovernmental - grants:						
Federal	62,849	899,969	45,418	-	523,888	1,532,124
State	13,605	-	-	-	28,164	41,769
Other	9,976	-	-	-	-	9,976
Total	<u>\$ 597,594</u>	<u>\$ 899,969</u>	<u>\$ 45,418</u>	<u>\$ 1,627</u>	<u>\$ 552,827</u>	<u>\$ 2,097,435</u>

**Note 6: Capital Assets**

A summary of the changes in capital assets for the year ended June 30, 2017, is as follows:

	Balance June 30, 2016 as Restated	Additions	Deletions	Balance June 30, 2017
Governmental activities				
Capital assets not being depreciated				
Land	\$ 319,013	\$ -	\$ -	\$ 319,013
Construction in progress	599,518	205,879	-	805,397
Total capital assets not being depreciated	918,531	205,879	-	1,124,410
Capital assets being depreciated				
Buildings and improvements	41,988,757	-	-	41,988,757
Furniture and equipment	5,732,910	1,834,172	943,534	6,623,548
Total capital assets being depreciated	47,721,667	1,834,172	943,534	48,612,305
Less accumulated depreciation				
Building and improvements	23,684,913	1,148,803	-	24,833,716
Furniture and equipment	4,657,595	487,719	932,270	4,213,044
Total accumulated depreciation	28,342,508	1,636,522	932,270	29,046,760
Total capital assets being depreciated, net	19,379,159	197,650	11,264	19,565,545
Governmental activities capital assets, net	<u>\$ 20,297,690</u>	<u>\$ 403,529</u>	<u>\$ 11,264</u>	<u>\$ 20,689,955</u>

**MOREHOUSE PARISH SCHOOL BOARD**  
**Bastrop, Louisiana**

**Notes To The Basic Financial Statements**  
**June 30, 2017**

Depreciation expense for the year ended June 30, 2017, was charged to governmental activities as follows:

Depreciation expense was charged to governmental activities as follows:

Instructional services:

Regular programs	\$ 25,095
Special education programs	747
Vocational programs	1,737
Other instructional programs	2,504
Special programs	21,008

Support services:

General administration	470
Plant services	87,410
Student transportation services	411,464
Central services	6,686

Noninstructional services:

Food service operations	12,075
Facility acquisition and construction	1,067,326

Total depreciation expense	<u>\$ 1,636,522</u>
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**Note 6: Significant Concentrations of Risk**

Amounts due from governmental agencies represent substantially all of receivables from outside sources. The School Board derives a majority of its revenue from grants by governmental agencies and is, therefore, economically dependent upon these grants.

**Note 7: Pension and Retirement Plans**

*Plan Description*

Substantially all employees of the School Board are provided with pensions through cost-sharing multiple-employer defined benefit pension plans administered by the Teachers' Retirement System Louisiana ("TRSL"), or the Louisiana School Employees' Retirement System ("LSERS"), both of which are administered on a statewide basis. The authority to establish and amend the benefit terms of TRSL, and LSERS, was granted to the respective Board of Trustees and the Louisiana Legislature by Title 11 of the Louisiana Revised Statutes. TRSL and LSERS each issue publicly available financial reports that can be obtained at [www.trsl.org](http://www.trsl.org), [www.lasers.net](http://www.lasers.net), and [www.lasersonline.org](http://www.lasersonline.org), respectively.

**MOREHOUSE PARISH SCHOOL BOARD**  
**Bastrop, Louisiana**

**Notes To The Basic Financial Statements**  
**June 30, 2017**

**TRSL**

TRSL provides retirement, deferred retirement option (DROP), disability, and survivor's benefits. Participants should refer to the appropriate statutes for more complete information. Regular Plan - Members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after January 1, 2011 may retire with a 2.5% accrual rate after attaining age sixty with at least 5 years of service credit and are eligible for an actuarially reduced benefit with 20 years of service at any age. All other members, if initially hired on or after July 1, 1999, are eligible for a 2.5% accrual rate at the earliest of age 60 with 5 years of service, age 55 with 25 years of service, or at any age with 30 years of service. Members may retire with an actuarially reduced benefit with 20 years of service at any age.

If hired before July 1, 1999, members are eligible for a 2% accrual rate at the earliest of age 60 with 5 years of service, or at any age with 20 years of service and are eligible for a 2.5% accrual rate at the earliest of age 65 with 20 years of service, age 55 with 25 years of service, or at any age with 30 years of service. Plan A - Members may retire with a 3.0% annual accrual rate at age 55 with 25 years of service, age 60 with 5 years of service or 30 years of service, regardless of age. Plan A is closed to new entrants. Plan B - Members may retire with a 2.0% annual accrual rate at age 55 with 30 years of service, or age 60 with 5 years of service.

For all plans, retirement benefits are based on a formula which multiplies the final average compensation by the applicable accrual rate, and by the years of creditable service. For Regular Plan and Lunch Plan B members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after January 1, 2011, final average compensation is defined as the highest average 60-month period. For all other members, final average compensation is defined as the highest average 36-month period.

A retiring member is entitled to receive the maximum benefit payable until the member's death. In lieu of the maximum benefit, the member may elect to receive a reduced benefit payable in the form of a Joint and Survivor Option, or as a lump sum that can't exceed 36 months of the members' maximum monthly benefit amount.

Effective July 1, 2009, members may make an irrevocable election at retirement to receive an actuarially reduced benefit which increases 2.5% annually, beginning on the first retirement anniversary date, but not before age 55 or before the retiree would have attained age 55 in the case of a surviving spouse. This option can be chosen in combination with the above options.

In lieu of terminating employment and accepting a service retirement, an eligible member can begin participation in the Deferred Retirement Option Program (DROP) on the first retirement eligibility date for a period not to exceed the 3rd anniversary of retirement eligibility. Delayed participation reduces the three year participation period. During participation, benefits otherwise payable are fixed, and deposited in an individual DROP account. Upon termination of DROP, the member can continue employment and earn additional accruals to be added to the fixed pre-DROP benefit.

**MOREHOUSE PARISH SCHOOL BOARD**  
**Bastrop, Louisiana**

**Notes To The Basic Financial Statements**  
**June 30, 2017**

Upon termination of employment, the member is entitled to the fixed benefit, an additional benefit based on post -DROP service (if any), and the individual DROP account balance which can be paid in a lump sum or an additional annuity based on the account balance.

Active members whose first employment makes them eligible for membership in a Louisiana state retirement system before January 1, 2011, and who have five or more years of service credit are eligible for disability retirement benefits if certified by the State Medical Disability Board (SMDB) to be disabled from performing their job. All other members must have at least 10 years of service to be eligible for a disability benefit. Calculation of the disability benefit as well as the availability of a minor child benefit is determined by the plan to which the member belongs and the date on which the member's first employment made them eligible for membership in a Louisiana state retirement system.

A surviving spouse with minor children of an active member with five years of creditable service (2 years immediately prior to death) or 20 years of creditable service is entitled to a benefit equal to the greater of (a) \$600 per month, or (b) 50% of the member's benefit calculated at the 2.5% accrual rate for all creditable service. When a minor child(ren) is no longer eligible to receive survivor benefits, the spouse's benefit reverts to a survivor benefit in accordance with the provisions for a surviving spouse with no minor child(ren). Benefits for the minor child(ren) cease when he/she is no longer eligible. Each minor child (maximum of 2) shall receive an amount equal to the greater of (a) 50% of the spouse's benefit or (b) \$300 (up to 2 eligible children). Benefits to minors cease at attainment of age 18, marriage, or age 23 if enrolled in an approved institution of higher education. A surviving spouse without minor children of an active member with 10 years of creditable service (2 years immediately prior to death) or 20 years of creditable service is entitled to a benefit equal to the greater of (a) \$600 per month, or (b) the option 2 equivalent of the benefit calculated at the 2.5% accrual rate for all creditable service.

As fully described in Title 11 of the Louisiana Revised Statutes, the System allows for the payment of permanent benefit increases, also known as cost-of-living adjustments (COLAs), that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature.

The Optional Retirement Plan (ORP) was established for academic employees of public institutions of higher education who are eligible for membership in TRSL. This plan was designed to provide certain academic and unclassified employees of public institutions of higher education an optional method of funding for their retirement. The ORP is a defined contribution pension plan which provides for portability of assets and full and immediate vesting of all contributions submitted on behalf of the affected employees to the approved providers. These providers are selected by the TRSL Board of Trustees. Monthly employer and employee contributions are invested as directed by the employee to provide the employee with future retirement benefits. The amount of these benefits is entirely dependent upon the total contributions and investment returns accumulated during the employee's working lifetime. Employees in eligible positions of higher education can make an irrevocable election to participate in the ORP rather than TRSL and purchase annuity contracts—fixed, variable, or both—for benefits payable at retirement.

**MOREHOUSE PARISH SCHOOL BOARD**  
**Bastrop, Louisiana**

**Notes To The Basic Financial Statements**  
**June 30, 2017**

**LSERS**

LSERS provides retirement, deferred retirement option (DROP), disability, and survivor's benefits. Membership is mandatory for all persons employed by a Louisiana Parish or City School Board or by the Lafourche Special Education District #1 who work more than twenty hours per week as a school bus driver, school janitor, school custodian, school maintenance employee, or school bus aide, a monitor or attendant, or any other regular school employee who actually works on a school bus helping with the transportation of school children. If a person is employed by and is eligible to be a member of more than one public agency within the state, he must be a member of each such retirement system. Members are vested after 10 years of service or 5 years if enrolled after June 30, 2010. All temporary, seasonal and part-time employees as defined in federal Regulations 26 CFR 31:3121(b)(7)-2 are not eligible for membership in the Plan. Any part-time employees who work 20 hours or less per week and who are not vested will be refunded their contributions.

Benefit provisions are authorized and amended under Louisiana Revised Statutes. Benefit provisions are dictated by LA R.S. 11:1141 - 11:1153. A member who joined the system on or before June 30, 2010 is eligible for normal retirement if he has at least 30 years of creditable service regardless of age, 25 years of creditable service and is at least age 55, 20 years of creditable service regardless of age with an actuarially reduced benefit, or 10 years of creditable service and is at least age 60. A member who joined the system on or after July 1, 2010 is eligible for normal retirement if he has at least 5 years of creditable service and is at least age 60, or 20 years of creditable service regardless of age with an actuarially reduced benefit. For members who joined the system prior to July 1, 2006, the maximum retirement benefit is an amount equal to 3 1/3% of the average compensation for the three highest consecutive years of membership service, subject to the 10% salary limitation, multiplied by the number of years of service limited to 100% of final average compensation plus a supplementary allowance of \$2.00 per month for each year of service.

For members who joined the system on or after July 1, 2006 through June 30, 2010, 3 1/3% of the average compensation is used to calculate benefits; however, the calculation consists of the five highest consecutive years of membership service, subject to the 10% salary limitation. For members who join the system on or after July 1, 2010, 2 1/2% of the average compensation is used to calculate benefits and consists of the five highest consecutive years' average salary, subject to the 15% salary limitation. The supplemental allowance was eliminated for members entering the Plan on or after July 1, 1986. Effective January 1, 1992, the supplemental allowance was reinstated to all members whose service retirement became effective after July 1, 1971.

A member is eligible to retire and receive disability benefits if he has at least five years of creditable service, is not eligible for normal retirement and has become totally and permanently disabled and is certified as disabled by the Medical Board. A member who joins the system on or after July 1, 2006, must have at least ten years of service to qualify for disability benefits. Upon the death of a member with five or more years of creditable service, the Plan provides benefits for surviving spouses and minor children. Under certain conditions outlined in the statutes, a spouse is entitled to 75% of the member's benefit.

**MOREHOUSE PARISH SCHOOL BOARD**  
**Bastrop, Louisiana**

**Notes To The Basic Financial Statements**  
**June 30, 2017**

Members of the Plan may elect to participate in the Deferred Retirement Option Plan, (DROP) and defer the receipt of benefits. The election may be made only one time and the duration is limited to three years. Once an option has been selected, no change is permitted. Upon the effective date of the commencement of participation in the DROP Plan, active membership in the regular retirement plan of the system terminates. Average compensation and creditable service remain as they existed on the effective date of commencement of participation in the Plan. The monthly retirement benefits, that would have been payable had the person elected to cease employment and receive a service retirement allowance, are paid into the Deferred Retirement Option Plan Fund Account. The Plan maintains subaccounts within this account reflecting the credits attributed to each participant in the Plan. Interest credited and payments from the DROP account are made in accordance with LA R.S. 11:1152(E)(3). Upon termination of participation in both the Plan and employment, a participant may receive his DROP monies either in a lump sum payment from the account or systematic disbursements.

The Plan also provides for deferred benefits for vested members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable.

Effective January 1, 1996, the state legislature authorized the Plan to establish an Initial Benefit Retirement Plan (IBRP) program. IBRP is available to members who have not participated in DROP and who select the maximum benefit, Option 2 benefit, Option 3 benefit or Option 4 benefit. Thereafter, these members are ineligible to participate in the DROP. The IBRP program provides both a one-time single sum payment of up to 36 months of a regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest credited and payments from IBRP account are made in accordance with LA R.S. 11:1152(F)(3).

*Contributions*

**TRSL**

The employer contribution rate is established annually under LA R.S. 11:101 - 11:104 by the Public Retirement Systems Actuarial Committee (PRSACX) taking into consideration the recommendation of the System's actuary. Each sub plan pays a separate actuarially determined employer contribution rate. However, all assets of TRSL are used for the payment of benefits for all classes of members, regardless of their plan. The rates in effect during the fiscal year ended June 30, 2017 are as follows:

TRSL Sub Plan	Contribution Rates	
	School Board	Employees
K-12 Regular Plan	25.5%	8.0%
Plan A	30.7%	9.1%
Plan B	28.2%	5.0%

The School Board's contractually required composite contribution rate for the year ended June 30, 2017, was 25.5% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability.



**MOREHOUSE PARISH SCHOOL BOARD**  
**Bastrop, Louisiana**

**Notes To The Basic Financial Statements**  
**June 30, 2017**

Contributions to the pension plan from the School Board were \$5,197,237 for the year ended June 30, 2017.

**LSERS**

Contributions for members are established by state statute at 7.5% of their annual covered salary for members employed prior to July 1, 2010 and 8.0% for members employed subsequent to July 1, 2010. Contributions for all participating school boards are actuarially determined as required by Act 81 of 1988 but cannot be less than the rate required by the Constitution. The actuarial required contribution rate for June 30, 2017 was 27.3%. The actual employer rate for the year ended June 30, 2016 was 27.3%. A difference may exist due to the State Statute that requires the rate to be calculated in advance. Contributions to the pension plan from the School Board were \$462,058 for the year ended June 30, 2017.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

The net pension liabilities were measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School Board's proportion of the net pension liability for TRSL was based on a projection of the School Board's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Schools Board's proportion of the net pension liability of LSERS was based on the School Board's historical contributions.

The following table reflects the School Board's proportionate share of the Net Pension Liability for each of the pension plans, the proportion at June 30, 2016, and the change compared to the June 30, 2015 proportion:

	<b>Net Pension Liability at June 30, 2017</b>	<b>Proportion at June 30, 2016</b>	<b>Increase (Decrease) to June 30, 2016 Proportion</b>
LSERS	\$ 4,643,166	0.615521%	0.033023%
TRSL	41,836,724	0.356450%	0.005430%
	<u>\$ 46,479,890</u>		

**MOREHOUSE PARISH SCHOOL BOARD**  
**Bastrop, Louisiana**

**Notes To The Basic Financial Statements**  
**June 30, 2017**

The following table reflects the School Board's recognized pension expense plus the School Board's amortization of change in proportionate share and difference between employer contributions and proportionate share of contributions for each of the pension plans for the year ended June 30, 2017:

	<b>Pension Expense</b>	<b>Amortization</b>	<b>Total</b>
LSERS	\$ 561,070	\$ (149,182)	\$ 411,888
TRSL	4,268,240	(3,061,848)	1,206,392
	<u>\$ 4,829,310</u>		

At June 30, 2017, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>LSERS</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Experience	\$ -	\$ 126,708
Investment Earnings	588,211	-
Assumptions	109,997	122,723
Change in Proportions	148,507	92,017
Difference in Contributions	426,643	-
Employer Contributions	462,058	383,019
	<u>\$ 1,735,416</u>	<u>\$ 724,467</u>

<b>TRSL</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Experience	\$ -	\$ 825,973
Investment Earnings	3,045,616	-
Assumptions	-	-
Change in Proportions	904,097	-
Difference in Contributions	1,142,615	9,082,619
Employer Contributions	5,197,237	-
	<u>\$ 10,289,565</u>	<u>\$ 9,908,592</u>

**MOREHOUSE PARISH SCHOOL BOARD**  
**Bastrop, Louisiana**

**Notes To The Basic Financial Statements**  
**June 30, 2017**

Summary totals of deferred outflows of resources and deferred inflows of resources by pension plan:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
LSERS	\$ 1,735,416	\$ 724,467
TRSL	10,289,565	9,908,592
	<u>\$ 12,024,981</u>	<u>\$ 10,633,059</u>

Deferred outflows of resources related to pensions resulting from the School Board's contributions subsequent to the measurement date of \$5,659,295 will be recognized as a reduction of net pension liability in the year ending June 30, 2017. The following table lists the pension contributions made subsequent to the measure period for each pension plan:

	<b>Subsequent Contributions</b>
LSERS	\$ 462,058
TRSL	5,197,237
	<u>\$ 5,659,295</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<i>June 30,</i>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>Total</b>
TRSL	\$ (2,977,753)	\$ (2,977,753)	\$ 195,342	\$ 943,898	\$ (4,816,266)
LSERS	26,398	87,393	265,826	169,274	548,891
	<u>\$ (2,951,355)</u>	<u>\$ (2,890,360)</u>	<u>\$ 461,168</u>	<u>\$ 1,113,172</u>	<u>\$ (4,267,375)</u>

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**MOREHOUSE PARISH SCHOOL BOARD**  
**Bastrop, Louisiana**

**Notes To The Basic Financial Statements**  
**June 30, 2017**

*Actuarial Assumptions*

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2016, are as follows:

	<b>LSERS</b>	<b>TRSL</b>
<b>Valuation Date</b>	June 30, 2016	June 30, 2016
<b>Actuarial Cost Method</b>	Entry Age Normal	Entry Age Normal
<b>Amortization Approach</b>		Closed
<b>Actuarial Assumptions:</b>		
<b>Expected Remaining Service Lives</b>	3 years	5 years
<b>Investment Rate of Return</b>	7.125% net of investment expenses	7.75% net of investment and administrative expenses
<b>Inflation Rate</b>	2.625% per annum	2.50% per annum
<b>Projected Salary Increases</b>	3.075 % to 5.375% varied depending upon duration of service	3.50% - 10.00% varies depending on duration of service
<b>Cost of Living Adjustments</b>	The present value of future retirement benefits is based on benefits currently being paid by the system and includes perviously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.	
<b>Mortality</b>	RP-2000 Combined Healthy Sex Distinct Morality Tables	RP-2000 Mortality Table with projection to 2025 using Scale AA
<b>Termination, Disability, and Retirement</b>	Projected based on a five-year (2008-2012) experience study of the System's members.	

**MOREHOUSE PARISH SCHOOL BOARD**  
**Bastrop, Louisiana**

**Notes To The Basic Financial Statements**  
**June 30, 2017**

The following table lists the methods used by each of the pension plans in determining the long-term rate of return on pension plan investments:

LSERS	TRSL
The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.	The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

The following table provides a summary of the best estimates of arithmetic real rates of return for each major asset class included in each of the pension plans' target asset allocation as of June 30, 2016:

Asset Class	Target Allocation		Long-Term Expected Portfolio Real Rate of Return	
	TRSL	LSERS	TRSL	LSERS
Cash	-	-	-	-
Domestic equity	31.0%	51.0%	4.50%	3.10%
International equity	19.0%	-	5.31%	-
Domestic fixed income	14.0%	30.0%	2.45%	1.82%
International fixed income	7.0%	-	3.28%	-
Alternative investments	29.0%	13.0%	4.82%	0.79%
Global asset allocation	-	-	-	-
Real assets	-	6.0%	-	0.36%
Total	100.0%	100.0%	n/a	6.07%
International fixed income				2.00%
Expected Arithmetic Nominal Return				8.07%

n/a – amount not provided by Retirement System

**MOREHOUSE PARISH SCHOOL BOARD**  
**Bastrop, Louisiana**

**Notes To The Basic Financial Statements**  
**June 30, 2017**

**Discount Rate**

The discount rates used to measure the total pension liability for TRSL and LSERS, were 7.75% and 7.125%, respectively, for the year ended June 30, 2016.

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and member rate. Based on those assumptions, each of the pension plans' fiduciary net positions were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the School Board's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following table presents the School Board's proportionate share of the Net Pension Liability (NPL) using the discount rate of each pension plan as well as what the School Board's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
LSERS			
Discount rate	6.125%	7.125%	8.125%
Share of NPL	\$ 6,095,183	\$ 4,643,166	\$ 3,399,163
TRSL			
Discount rate	6.75%	7.75%	8.75%
Share of NPL	\$ 52,183,200	\$ 41,836,724	\$ 33,032,572

***Support of Non-employer Contributing Entities***

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The School Board recognizes revenue in an amount equal to their proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended June 30, 2017, the School Board recognized revenue as a result of support received from non-employer contributing entities of \$136,141 for its participation in TRSL. LSERS does not receive support from non-employer contributing entities and, as a result, no revenue was recorded for LSERS for the year ended June 30, 2017.

**MOREHOUSE PARISH SCHOOL BOARD**  
**Bastrop, Louisiana**

**Notes To The Basic Financial Statements**  
**June 30, 2017**

*Pension Plans Fiduciary Net Position*

Detailed information about the pension plans' fiduciary net position is available in the separately issued financial reports for TRSL and LSERS can be obtained on the pension plans' respective websites or on the Louisiana Legislative Auditor's website: [www.lla.la.gov](http://www.lla.la.gov).

*Payables to the Pension Plan*

As of June 30, 2017, the School Board had payables due to the pension plans totaling \$651,110. Payables are the School Board's legally required contributions to the pension plans. Outstanding balances will be applied the School Board's required monthly contributions. The balance due to each of the pension plans is as follows:

	<b>Payables</b>
LSERS	\$ 54,168
TRSL	596,942
	<u>\$ 651,110</u>

**Note 8: Other Post-employment Benefits**

*Plan Description*

The Morehouse Parish School Board's medical benefits are provided through the Louisiana Office of Group Benefits (OGB) and involve several statewide networks and one HMO with a premium structure by region.

The OGB plan is a fully insured, multiple employer arrangement and has been deemed to be an agent multiple-employer plan (within the meaning of paragraph 22 of GASB 45) for financial reporting purposes and for this valuation. Medical benefits are provided to employees upon actual retirement from either the Teachers' Retirement System of Louisiana (TRSL) or the Louisiana School Employees' Retirement System (LSERS). The retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age; age 55 and 25 years of service; age 60 and 5 years of service. For membership after January 1, 2011, the earliest allowable retirement age without actuarial reduction in benefits is age 60.

Life insurance coverage under the OGB program is available to retirees by election and the employer pays 50% of the cost of the retiree life insurance based on the blended active/retired OGB rates. Since GASB 45 requires the use of "unblended" rates, the 94GAR mortality table described below to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance.

**MOREHOUSE PARISH SCHOOL BOARD**  
**Bastrop, Louisiana**

**Notes To The Basic Financial Statements**  
**June 30, 2017**

All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance. Insurance coverage amounts are reduced at age 65 and again at age 70 according to the OGB plan provisions.

*Contribution Rates*

Employees do not contribute to their post-employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

*Fund Policy*

Until 2008, Morehouse Parish School Board recognized the cost of providing post-employment medical and life insurance benefits (Morehouse Parish School Board's portion of the retiree medical and life insurance benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2017, Morehouse Parish School Board's portion of the health care and life insurance funding cost for retired employees totaled \$2,827,809.

Effective July 1, 2008, Morehouse Parish School Board implemented Government Accounting Standards Board Codification P50, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions* (GASB Codification Section P50). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

*Annual Required Contribution*

The School Board's annual required contribution (ARC) is an amount actuarially determined in accordance with GASB Codification Section P50. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB Codification Section P50) has been used for the post-employment benefits. The actuarially computed ARC is as follows.

	<b>2017</b>
Normal cost	\$ 752,817
30-year UAL amortization amount	3,077,193
Annual required contribution (ARC)	\$ <u>3,830,010</u>



**MOREHOUSE PARISH SCHOOL BOARD**  
**Bastrop, Louisiana**

**Notes To The Basic Financial Statements**  
**June 30, 2017**

*Net Post-employment Benefit Obligation (Asset)*

The table below shows the School Board's Net Other Post-employment Benefit (OPEB) Obligation for the year ended June 30, 2017:

	<b>2017</b>
Beginning Net OPEB Obligation	\$ 36,263,078
Annual required contribution	3,830,010
Interest on Net OPEB Obligation	1,450,523
ARC Adjustment	(2,097,097)
OPEB Cost	3,183,436
Contribution to Irrevocable Trust	-
Current year retiree premium	(2,827,809)
Change in Net OPEB Obligation	355,627
Ending Net OPEB Obligation	\$ 36,618,704

The following table shows the School Board's annual other post-employment benefits (OPEB) cost, percentage of the cost contributed, and the net other post-employment benefits (OPEB) liability:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual Cost Contributed</b>	<b>Net OPEB Liability (Asset)</b>
June 30, 2017	\$ 3,183,436	88.83%	\$ 36,618,704

*Funded Status and Funding Progress*

In 2017, the School Board made no contributions to its post-employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the July 1, 2016 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year June 30, 2017 was \$55,339,206, which is defined as that portion, as determined by a particular actuarial cost method (the School Board uses the Projected Unit Credit Cost Method), of the actuarial present value of post-employment plan benefits and expenses which is not provided by normal cost.

	<b>2017</b>
Actuarial Accrued Liability (AAL)	\$ 53,210,775
Actuarial Value of Plan Assets (AVP)	-
Unfunded Act. Accrued Liability (UAAL)	\$ 53,210,775
Funded Ratio (AVP/AAL)	0.00%
Covered Payroll (active plan members)	\$ 19,872,198
UAAL as a percentage of covered payroll	278.48%

**MOREHOUSE PARISH SCHOOL BOARD**  
**Bastrop, Louisiana**

**Notes To The Basic Financial Statements**  
**June 30, 2017**

*Actuarial Methods and Assumptions*

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post-employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the School Board and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the School Board and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the School Board and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

*Actuarial Cost Method*

The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality and turnover.

*Actuarial Value of Plan Assets*

There are not any plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Codification Section P50.

*Turnover Rate*

An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 10%.

*Post-employment Benefit Plan Eligibility Requirements*

It is assumed that entitlement to benefits will commence five years after earliest eligibility to enter the D.R.O.P. as described above under the heading "Plan Description." This consists of a three year D.R.O.P. period plus an additional two year delay. Medical benefits are provided to employees upon retirement.

**MOREHOUSE PARISH SCHOOL BOARD**  
**Bastrop, Louisiana**

**Notes To The Basic Financial Statements**  
**June 30, 2017**

*Investment Return Assumption (Discount Rate)*

GASB Codification Section P50 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

*Health Care Cost Trend Rate*

The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5.0% for ten years out and later.

*Mortality Rate*

The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates, is used. This is a recently published mortality table which has been used in determining the value of accrued benefits in defined benefit pension plans. Projected future mortality improvement has been used since this table contains sufficiently conservative margin for the population involved in this valuation.

*Method of Determining Value of Benefits*

The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The "State Share" premiums in the OGB medical rate schedule provided are "unblended" rates for active and retired as required by GASB 45 and have been used for valuation purposes.

*Inflation Rate*

Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

*Projected Salary Increases*

This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

*Post-retirement Benefit Increases*

The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

**MOREHOUSE PARISH SCHOOL BOARD**  
**Bastrop, Louisiana**

**Notes To The Basic Financial Statements**  
**June 30, 2017**

Below is a summary of OPEB cost and contributions for the last three fiscal years:

	FY 2015	FY 2016	FY 2017
OPEB Cost	\$ 7,719,389	\$ 7,598,813	\$ 3,183,436
Contribution	0	0	0
Retiree premium	3,006,997	3,263,998	2,827,809
Total contribution and premium	<u>3,006,997</u>	<u>3,263,998</u>	<u>2,827,809</u>
Change in net OPEB obligation	\$ <u>4,712,392</u>	\$ <u>4,334,815</u>	\$ <u>355,627</u>
% of contribution to cost	0.00%	0.00%	0.00%
% of contribution plus premium to cost	38.95%	42.95%	88.83%

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**MOREHOUSE PARISH SCHOOL BOARD**  
**Bastrop, Louisiana**

**Notes To The Basic Financial Statements**  
**June 30, 2017**

**Annual Postemployment Benefits Cost and Net Postemployment Benefits Liability**

The table below shows Morehouse Parish School Board's annual postemployment benefits for the year ended June 30, 2017, and changes in the unfunded postemployment benefits liability:

<u>June 30,</u>	<u>2017</u>	<u>2016</u>
Normal cost	\$ 752,817	\$ 3,874,097
30-year actuarial accrued liability amortization of medical and life insurance	<u>3,077,193</u>	<u>4,541,664</u>
Annual required contributions (ARC)	3,830,010	8,415,761
Interest on prior year net post employment benefits liability	1,450,523	1,277,131
Adjustments to the annual required contribution	<u>(2,097,097)</u>	<u>(2,094,079)</u>
OPEB cost - June 30,	3,183,436	7,598,813
Current year retiree premium	<u>(4,135,669)</u>	<u>(3,263,998)</u>
Increase (decrease) in net OPEB obligation	<u>(952,233)</u>	<u>4,334,815</u>
Beginning net OPEB obligation	<u>36,263,078</u>	<u>31,928,263</u>
Ending net OPEB obligation	<u><u>\$ 35,310,845</u></u>	<u><u>\$ 36,263,078</u></u>

**Required Contribution Rates**

As determined by the Office of Group Benefits and approved by the Louisiana Legislature, the employer paid 75% of the premium cost for postemployment benefits for retired employees and their families, and the retirees paid 25% of the premium cost. Employees do not contribute to their postemployment benefits costs until they become retirees and begin receiving those benefits.

**MOREHOUSE PARISH SCHOOL BOARD**  
**Bastrop, Louisiana**

**Notes To The Basic Financial Statements**  
**June 30, 2017**

Morehouse Parish School Board's annual medical and life postemployment benefits cost (expense) is calculated based on the annual required contribution of the employer, and amount actuarially determined in accordance with the parameters of GASB Statement Number 45. Morehouse Parish School Board's annual required contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize the unfunded actuarial liability (or funding excess) over a period of thirty (30) years for health and life insurance. The total annual required contribution for the year ended June 30, 2017, is \$3,830,010, none of which the School Board opted to fund in 2017. Since the plan was not funded in fiscal year 2017, the entire actuarial accrued liability of \$55,339,206 is unfunded.

**Funding Policy**

Currently, there are no requirements for employers to contribute to their postemployment benefits plans. In 2008-09, Morehouse Parish School Board started recognizing the cost of providing these benefits (Morehouse Parish School Board's portion of premiums) as an expense when the benefits premiums were due and thus financed the cost of postemployment benefits on a pay-as-you-go basis. The School Board implemented Governmental Accounting Standards Board Statement Number 45, Accounting and Financial Reporting by employers for postemployment Benefits Other than Pension (GASB Statement 45), prospectively in 2007-08 and at that time began to record its portion of premiums as an expense during the period of active service by the employee (normal cost). In 2017, Morehouse Parish School Board's portion of health care and life insurance benefit premium for retired employees totaled \$4,135,669 as shown in above table. The School Board at this time does not plan to fund the postemployment liability other than the monthly health and life insurance premiums as they become due.

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**MOREHOUSE PARISH SCHOOL BOARD**  
**Bastrop, Louisiana**

**Notes To The Basic Financial Statements**  
**June 30, 2017**

**Note 9: Long-Term Obligations**

The following is a summary of changes in Long-Term Obligations for the year ended June 30, 2017:

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds payable:					
General obligation debt	\$ 13,765,000	\$ -	\$ 870,000	\$ 12,895,000	\$ 880,000
Limited tax bond	1,270,000	-	50,000	1,220,000	50,000
Other liabilities:					
Capital lease payable	-	1,361,730	156,150	1,205,580	156,150
Compensated absences	893,669	78,624	78,624	893,669	83,454
Workers' Compensation IBNR	-	89,113	-	89,113	89,113
Net pension liability	41,436,132	11,337,874	6,294,116	46,479,890	-
Bond premium	162,561	-	10,999	151,562	10,999
Other post employment benefits	36,263,078	3,183,436	2,827,809	36,618,705	-
Total long-term obligations	\$ 93,790,440	\$ 16,050,777	\$ 10,287,698	\$ 99,553,519	\$ 1,269,716

Long-term bonds outstanding at June 30, 2017 are comprised of the following:

	Original Issue	Interest Rate	Range of Maturities	Principal Outstanding	Interest Outstanding
<b>Bonds Payable</b>					
Limited Tax Bonds					
Series 2016, refunding	\$ 1,270,000	1.50 - 5.00%	2016 - 2035	\$ 1,220,000	\$ 556,778
General Obligation Bonds					
Series 2011, refunding	\$ 7,775,000	3.17%	2012 - 2028	6,005,000	1,212,208
Series 2012, refunding	\$ 3,885,000	1.25 - 3.50%	2012 - 2029	3,220,000	721,837
Series 2016, refunding	\$ 3,725,000	1.00 - 3.00%	2016 - 2032	3,670,000	862,100
Total				\$ 14,115,000	\$ 3,352,923

**MOREHOUSE PARISH SCHOOL BOARD**  
**Bastrop, Louisiana**

**Notes To The Basic Financial Statements**  
**June 30, 2017**

Debt service requirements to maturity on all School Board bonds and certificates of indebtedness outstanding at June 30, 2017 are as follows:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 930,000	\$ 424,631	\$ 1,354,631
2019	955,000	402,975	1,357,975
2020	990,000	377,747	1,367,747
2021	1,020,000	350,822	1,370,822
2022	1,050,000	322,542	1,372,542
2023-2027	5,770,000	1,135,915	6,905,915
2028-2032	3,130,000	311,141	3,441,141
2033-2035	270,000	27,150	297,150
Total	<u>\$ 14,115,000</u>	<u>\$ 3,352,923</u>	<u>\$ 17,467,923</u>

**Note 10: Deferred Inflows and Outflows of Resources**

The balances of deferred inflows and outflows of resources as of June 30, 2017 consist of:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Net Pension Liabilities (GASB 68):		
Teachers' Retirement System of Louisiana (TRSL)	10,289,565	9,908,592
Louisiana School Employees' Retirement System (LSERS)	1,735,416	724,467
Balance as of June 30, 2017	<u>\$ 12,024,981</u>	<u>\$ 10,633,059</u>

**Note 11: Lease Commitments and Rental Expense**

*Capital Leases*

In June 2016, the School Board entered into a noncancellable lease purchase agreement for \$1,361,730 for the purpose of acquiring fifteen new school buses that expires in 2025. The buses were received and placed in service by the School Board during July 2016.



**MOREHOUSE PARISH SCHOOL BOARD**  
**Bastrop, Louisiana**

**Notes To The Basic Financial Statements**  
**June 30, 2017**

Future minimum lease payments under capital leases are as follows:

Year ending June 30,

2018	\$ 156,150
2019	156,150
2020	156,150
2021	156,150
2022	156,150
Thereafter	624,602
Total minimum lease payments	1,405,352
Less amount representing interest	199,772
Present value of minimum lease payments	\$ 1,205,580

**Note 12: Risk Financing Activities**

The School Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; 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.

The School Board is self-insured for workers' compensation. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. This liability is the School Board's best estimate based on available information. This liability does not include incremental costs, if any. The current amounts due and payable are recorded in the general fund in the government-wide financial statements.

Risk of loss under workers' compensation statutes is self-insured by the School Board for up to \$200,000 per occurrence, with reinsurance coverage in force for losses in excess of that amount. The self-insured plan is administered by a third party, with the claims under the self-insured amount paid by the General Fund; certain Special Revenue funds reimburse the General Fund for payment of their claims. Consistent with the provisions of GASB Statement No. 10 *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, the School Board uses the General Fund to account for its risk financing activities. During the year ended June 30, 2017, the School Board incurred and paid claims under the worker's compensation plan of approximately \$150,5530, net of reimbursements. The liability for worker's compensation claims is \$89,113 as of June 30, 2017.

**MOREHOUSE PARISH SCHOOL BOARD**  
**Bastrop, Louisiana**

**Notes To The Basic Financial Statements**  
**June 30, 2017**

**Note 13: Interfund Receivables and Payables (FFS level only)**

Individual balances due to/from other funds at June 30, 2017, are as follows:

	<u>Due From</u>	<u>Due To</u>
Major Funds:		
General Fund	\$ 2,830,256	\$ 1,617,090
Special Revenue:		
Title I	-	736,818
School Food Service	198.00	-
Non-major Funds:		
Special Revenue:		
Special Education	-	167,490
Title II	-	11,770
JAG / Vocational Education	-	65,840
LA 4	-	16,554
8 (g)	-	11,615
21st Century Grant	-	123,459
Rural Education Achievement	-	6,973
ROTC	-	-
East Morehouse Parish Tax District	-	72,845
Miscellaneous Grants	-	-
	<u>                    </u>	<u>                    </u>
Total	<u><u>\$ 2,830,454</u></u>	<u><u>\$ 2,830,454</u></u>

**MOREHOUSE PARISH SCHOOL BOARD**  
**Bastrop, Louisiana**

**Notes To The Basic Financial Statements**  
**June 30, 2017**

**Note 14: Interfund Transfers**

Transfers to/from other funds for the year ended June 30, 2017 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General Fund	\$ 811,936	\$ -
Special Revenue:		
Title I	-	310,638
Non-major Funds:		
Special Revenue:		
Special Education	-	118,823
Title II	-	35,661
JAG / Vocational Education	-	14,814
21st Century Grant	-	34,922
Rural Education Achievement	-	3,863
East Morehouse Parish Tax District	-	272,845
Miscellaneous Grants	-	20,370
Total	<u>\$ 811,936</u>	<u>\$ 811,936</u>

**Note 15: Litigation and Contingencies**

The School Board is a defendant in several lawsuits. Management and legal counsel for the School Board believe that the potential claims against the School Board, not covered by insurance, would not adversely affect the School Board's financial position.

**Note 16: Economic Dependency**

Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 280-10-50-42 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenue. The Minimum Foundation funding provided by the state to all public school systems in Louisiana is primarily based on October 1 student count. The state provided \$19,590,517, net of allocations to charter schools, to the School Board, which represents approximately 38.9% of the School Board's total revenues for the year.

**MOREHOUSE PARISH SCHOOL BOARD**  
**Bastrop, Louisiana**

**Notes To The Basic Financial Statements**  
**June 30, 2017**

**Note 17: Prior Period Adjustments**

Beginning net position of Morehouse Parish School Board was restated for prior period adjustments. A summary of the adjustments made to balances as of June 30, 2016 follows:

In July 2016, the School Board sold land and building for Carver Elementary; however, the funds were received in April 2016. An impairment to the carrying value of the investment in land and building should have been recorded in the amount \$172,472. The sales price of \$25,000 was received in fiscal year FY16; however, revenue should have been deferred in fiscal year FY16 and recognized at the time of closing in fiscal year FY17. The net adjustment to fund balance for the government-wide financial statements was a reduction \$197,472.

In prior years, assets were capitalized that was below the \$5,000 capitalization policy established by the School Board. The resulting correction to the capital asset balances was a decrease in asset cost of \$2,715,236 and a related reduction of accumulated depreciation of \$2,817,543, resulting in a net increase adjustment to fund balance for the government-wide financial statements of \$102,307.

Deferred inflows and outflows of resources related to pensions was corrected to fully account for changes in the net pension liability for the year ended June 30, 2016. Deferred outflows of resources increased \$1,026,659, deferred inflows of resources increased \$1,183,928, and net pension liability decreased \$34, resulting in a net decrease to fund balance for the government-wide financial statements of \$157,235.

Ending net position, June 30, 2016	\$ (71,138,986)
Impairment of investment in land and building	(197,472)
Deferred revenue related to sale of investment in land and building	(25,000)
Capital assets at cost	(2,715,236)
Accumulated depreciation	2,817,543
Deferred inflows of resources related to pensions	1,026,659
Net pension liability	34
Deferred outflows of resources related to pensions	(1,183,928)
	<u>(277,400)</u>
Beginning net position, July 1, 2016	<u>\$ (71,416,386)</u>

**MOREHOUSE PARISH SCHOOL BOARD**  
**Bastrop, Louisiana**

**Notes To The Basic Financial Statements**  
**June 30, 2017**

**Note 18: Subsequent Events**

The School Board has evaluated subsequent events through January 31, 2018, the date which the financial statements were available for issue and noted no events occurring subsequent to the reporting period requiring disclosure except as previously disclosed.

**REQUIRED SUPPLEMENTAL INFORMATION  
(PART B)**

**Morehouse Parish School Board**  
Bastrop, Louisiana

**General Fund**  
**Budgetary Comparison Schedule**

**For the Year Ended June 30, 2017**  
**(Unaudited)**

	<b>Budgeted Amounts</b>		<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance With Final Budget Over (Under)</b>
	<b>Original Budget</b>	<b>Final Budget</b>		
<b>Budgetary Fund Balance, Beginning</b>	\$ 6,593,792	\$ 6,452,712	\$ 6,699,479	246,767
<b>Prior period adjustment</b>	-	-	(25,000)	(25,000)
<b>Resources (inflows)</b>				
Local sources				
Ad valorem tax	4,265,965	4,103,830	4,103,829	(1)
Sales tax	6,430,359	6,588,752	6,588,752	-
Interest earnings	5,666	5,854	10,719	4,865
Other	1,233,744	698,547	728,678	30,131
State sources				
Equalization	28,341,729	27,350,169	27,325,169	(25,000)
Other	385,432	415,210	450,498	35,288
Federal sources	-	165,419	165,419	-
Other sources				
Proceeds from sale of assets	-	-	25,350	25,350
Proceeds from issuance of debt	-	-	1,361,730	1,361,730
Transfers in	512,821	711,055	811,936	100,881
<b>Total resources</b>	<b>41,175,716</b>	<b>40,038,836</b>	<b>41,572,080</b>	<b>1,533,244</b>
 Amounts available for appropriations	 47,769,508	 46,491,548	 48,246,559	 1,755,011
<b>Charges to appropriations (outflows)</b>				
Current				
Instruction				
Regular programs	21,540,630	20,954,385	21,165,958	211,573
Special education programs	3,452,637	3,357,550	3,344,656	(12,894)
Vocational programs	467,619	523,801	523,407	(394)
Other instructional programs	1,240,497	1,240,811	1,272,701	31,890
Special programs	190,081	133,399	137,439	4,040
Adult/Continuing education programs	13,791	18,137	14,771	(3,366)
Support Services				
Pupil support services	2,135,413	2,033,155	2,027,358	(5,797)
Instructional staff support	735,103	806,284	805,278	(1,006)
General administration	1,060,615	974,584	971,851	(2,733)
School administration	1,885,285	1,932,998	1,923,627	(9,371)
Business services	741,964	902,294	899,034	(3,260)
Plant services	3,549,640	3,530,085	3,836,482	306,397
Student transportation services	2,868,312	2,514,805	2,505,045	(9,760)
Central services	523,800	644,374	643,505	(869)
Other support services	2,513	2,333	2,333	-
Food service operations	360,794	423,673	419,470	(4,203)
Capital outlay	55,052	227,586	1,589,316	1,361,730
Debt service	258,727	186,513	156,150	(30,363)
 Total charges to appropriations	 41,082,473	 40,406,767	 42,238,381	 1,831,614

See notes to budgetary comparison schedules.

**Morehouse Parish School Board  
Bastrop, Louisiana**

**Title I  
Budgetary Comparison Schedule**

**For the Year Ended June 30, 2017  
(Unaudited)**

	<b>Budgeted Amounts</b>		<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance With Final Budget Over (Under)</b>
	<b>Original Budget</b>	<b>Final Budget</b>		
<b>Budgetary Fund Balance, Beginning</b>	\$ -	\$ -	\$ -	\$ -
<b>Resources (inflows)</b>				
Federal sources	3,602,867	3,951,205	3,214,582	(736,623)
Amounts available for appropriations	3,602,867	3,951,205	3,214,582	(736,623)
<b>Charges to appropriations (outflows)</b>				
Current				
Instruction				
Regular programs	-	-	576	576
Special programs	1,953,775	2,268,016	2,040,280	(227,736)
Support services				
Pupil support services	1,064	1,064	-	(1,064)
Instructional staff support	1,019,144	1,019,144	623,142	(396,002)
General administration	7,416	7,416	-	(7,416)
School administration	-	-	22,420	22,420
Student transportation services	24,496	24,496	6,942	(17,554)
Central services	244,309	244,309	184,608	(59,701)
Capital Outlay	-	-	25,976	25,976
Other uses				
Transfers out	352,663	386,760	310,638	(76,122)
Total charges to appropriations	3,602,867	3,951,205	3,214,582	(736,623)

See notes to budgetary comparison schedules.



**Morehouse Parish School Board  
Bastrop, Louisiana**

**School Food Service  
Budgetary Comparison Schedule**

**For the Year Ended June 30, 2017  
(Unaudited)**

	<b>Budgeted Amounts</b>		<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance With Final Budget Over (Under)</b>
	<b>Original Budget</b>	<b>Final Budget</b>		
<b>Budgetary Fund Balance, Beginning</b>	<u>\$ 1,619,824</u>	<u>\$ 1,611,539</u>	<u>\$ 1,611,539</u>	<u>\$ -</u>
<b>Resources (inflows)</b>				
Local sources				
Food services	21,356	17,784	16,478	(1,306)
Other			747	
State sources				
Equalization	45,000	40,125	40,125	-
Federal sources	2,652,913	2,807,730	2,957,665	149,935
Total resources	<u>2,719,269</u>	<u>2,865,639</u>	<u>3,015,015</u>	<u>148,629</u>
Amounts available for appropriations	<u>4,339,093</u>	<u>4,477,178</u>	<u>4,626,554</u>	<u>148,629</u>
<b>Charges to appropriations (outflows)</b>				
Current				
Support services				
Plant services	-	2,710	-	(2,710)
Student transportation services	129	-	-	-
Non-Instructional services				
Food service operations	2,667,092	2,414,625	2,498,573	83,948
Capital outlay	<u>-</u>	<u>-</u>	<u>52,630</u>	<u>52,630</u>
Total charges to appropriations	<u>2,667,221</u>	<u>2,417,335</u>	<u>2,551,203</u>	<u>133,868</u>
<b>Budgetary Fund Balances, Ending</b>	<u>\$ 1,671,872</u>	<u>\$ 2,059,843</u>	<u>\$ 2,075,351</u>	<u>\$ 14,761</u>

See notes to budgetary comparison schedules.

**Morehouse Parish School Board  
Bastrop, Louisiana**

**Notes to Budgetary Comparison Schedules  
Fiscal year Ended June 30, 2017  
(Unaudited)**

**Note A – BUDGETS**

**General Budget Policies** The School Board utilized the following procedures in establishing the budgetary data reflected in the financial statements:

In July, the Superintendent submits to the School Board proposed annual appropriated budgets for the General Fund and the Special Revenue 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 year, when deemed appropriate, but a balanced budget is always approved.

All budgets have annual appropriated budgets adopted on a basis consistent with GAAP. Except for grant-oriented funds, unencumbered appropriations lapse at the end of the fiscal year. Encumbered appropriations are utilized when goods or services are received. Grant-oriented fund budgets are adopted at the time the grant applications are approved by the grantor. Separate annual budgets are adopted for unencumbered appropriations of grant-oriented Special Revenue Funds at the beginning of the following fiscal year.

Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue 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 approval.

**Budget Basis of Accounting** All governmental funds' budgets are prepared on the modified accrual basis of accounting. Budgeted amounts are as originally adopted or as amended by the School Board members. Legally, the Board must adopt 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. State statutes require the School Board to amend its budgets when revenues plus projected revenues within a fund are expected to be less than budgeted revenues by five percent or more and/or expenditures plus projected expenditures within a fund are expected to exceed budgeted expenditures by five percent or more. The School Board approves budgets at the function level and management can transfer amounts between line items within a function. The effects of budget revisions to the general fund passed during the year were insignificant.

**Morehouse Parish School Board  
Bastrop, Louisiana**

**Notes to Budgetary Comparison Schedules  
Fiscal year Ended June 30, 2016  
(Unaudited)**

**Note B - Budget to GAAP Reconciliation**

Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures

	<u>General Fund</u>
<u>Sources/inflows of resources:</u>	
Actual amounts (budgetary basis) "available for appropriation" from the Budgetary Comparison Schedule	\$ 48,246,559
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(6,699,479)
Prior period adjustment related to revenue from sale of land and building recognized in the incorrect period	25,000
Other financing sources including proceeds from sale of assets, proceeds from issuance of debt and transfers in of indirect costs from other funds	<u>(2,199,016)</u>
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u><u>\$ 39,373,064</u></u>
<u>Charges to appropriations:</u>	
Actual amounts (budgetary basis) "Total charges to appropriations" from the Budgetary Comparison Schedule	\$ 42,238,381
Other financing uses	<u>-</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u><u>\$ 42,238,381</u></u>

**Morehouse Parish School Board  
Bastrop, Louisiana**

**Notes to Budgetary Comparison Schedules  
Fiscal year Ended June 30, 2016  
(Unaudited)**

Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures

	<u>Title I</u>
<u>Sources/inflows of resources:</u>	
Actual amounts (budgetary basis) "available for appropriation" from the Budgetary Comparison Schedule	\$ 3,214,582
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	-
Other financing sources	-
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 3,214,582</u>
<u>Charges to appropriations:</u>	
Actual amounts (budgetary basis) "Total charges to appropriations" from the Budgetary Comparison Schedule	\$ 3,214,582
Other financing uses including transfers out of direct costs to General Fund	<u>(310,638)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 2,903,944</u>

**Morehouse Parish School Board  
Bastrop, Louisiana**

**Notes to Budgetary Comparison Schedules  
Fiscal year Ended June 30, 2016  
(Unaudited)**

Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures

	<u>School Food Service</u>
<u>Sources/inflows of resources:</u>	
Actual amounts (budgetary basis) "available for appropriation" from the Budgetary Comparison Schedule	\$ 4,626,554
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(1,611,539)
Other financing sources	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 3,015,015</u>
<u>Charges to appropriations:</u>	
Actual amounts (budgetary basis) "Total charges to appropriations" from the Budgetary Comparison Schedule	\$ 2,551,203
Other financing uses	<u>-</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 2,551,203</u>

Morehouse Parish School Board

OTHER POST EMPLOYMENT BENEFITS  
SCHEDULE OF FUNDING PROGRESS  
(Unaudited)

Fiscal Year Ending	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as of Percentage of Covered Payroll ((b-a)/c)
6/30/2017	7/1/2016	\$ -	\$ 53,210,775	53,210,775	0.0%	\$ 19,872,198	267.8%
6/30/2016	7/1/2014	\$ -	\$ 69,246,411	69,246,411	0.0%	\$ 19,978,606	346.6%
6/30/2015	7/1/2014	\$ -	\$ 69,246,411	69,246,411	0.0%	\$ 20,283,417	341.4%
6/30/2014	7/1/2012	\$ -	\$ 67,693,694	67,693,694	0.0%	\$ 22,190,873	305.1%

**Morehouse Parish School Board**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**(Unaudited)**

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Amount Contributed</u>	<u>Percentage of Annual OPEB Costs Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2017	\$ 3,183,436	\$ 2,827,809	88.8%	\$ 36,618,705
6/30/2016	\$ 7,598,813	\$ 3,263,998	43.0%	\$ 36,263,078
6/30/2015	\$ 7,719,389	\$ 3,006,997	39.0%	\$ 31,928,263
6/30/2014	\$ 7,504,267	\$ 2,984,987	39.8%	\$ 27,215,871

**Morehouse Parish School Board**

**Schedule of the Employer's Proportionate Share of the Net Pension Liability  
June 30, 2017**

<u>Fiscal Year*</u>	<u>Employer's proportion of the net pension liability (asset)</u>	<u>Employer's proportionate share of the net pension liability (asset)</u>	<u>Employer's covered-employee payroll</u>	<u>Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
Louisiana School Employees' Retirement System					
2017	0.615521%	\$ 4,643,166	\$ 1,691,871	274%	62.5%
2016	0.621001%	\$ 3,605,857	\$ 1,742,055	207%	76.18%
2015	0.582450%	\$ 3,693,779	\$ 1,643,169	225%	74.49%
Teachers' Retirement System of Louisiana					
2017	0.356450%	\$ 41,836,724	\$ 16,790,919	249%	62.5%
2016	0.420120%	\$ 49,942,374	\$ 20,688,256	241%	63.7%
2015	0.351020%	\$ 37,742,353	\$ 18,044,523	209%	62.5%

\*Amounts presented were determined as of the measurement date (previous fiscal year end).

*This schedule is intended to show information for 10 years.  
Additional years will be displayed as they become available.*



**Morehouse Parish School Board**

**Schedule of Employer's Contributions to Pension Plans  
June 30, 2017**

<u>Fiscal Year*</u>	<u>(a) Statutorily Required Contribution</u>	<u>(b) Contributions in relation to the statutorily required contribution</u>	<u>(a-b) Contribution Deficiency (Excess)</u>	<u>Employer's covered-employee payroll</u>	<u>Contributions as a percentage of covered-employee payroll</u>
Louisiana School Employees' Retirement System					
2017	\$ 531,900	\$ 531,900	\$ -	\$ 1,691,871	31.4%
2016	\$ 542,245	\$ 542,245	\$ -	\$ 1,643,169	33.0%
2015	\$ 527,995	\$ 527,995	\$ -	\$ 1,748,324	30.2%
Teachers' Retirement System of Louisiana					
2017	\$ 4,127,362	\$ 4,127,362	\$ -	\$ 16,790,919	24.6%
2016	\$ 5,051,405	\$ 5,051,405	\$ -	\$ 18,044,523	28.0%
2015	\$ 4,653,492	\$ 4,653,492	\$ -	\$ 17,210,387	27.0%

\*Amounts presented were determined as of the end of the fiscal year.

*This schedule is intended to show information for 10 years.  
Additional years will be displayed as they become available.*

**Morehouse Parish School Board**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

***Changes of Benefit Terms***

**Louisiana School Employees' Retirement System**

There were no changes of benefit terms for the year ended June 30, 2016.

**Teachers' Retirement System of Louisiana**

Members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after 7/1/15 may retire with a 2.5% benefit factor after attaining age 62 with at least 5 years of service credit and are eligible for an actuarially reduced benefit with 20 years of service at any age.

***Changes of Assumptions***

**Louisiana School Employees' Retirement System**

For the actuarial valuation for the year ended June 30, 2015, the discount rate was reduced from 7.25% to 7.0%.

**Teachers' Retirement System of Louisiana**

There were no changes in assumptions for the year ended June 30, 2016.

## **SUPPLEMENTAL INFORMATION**

**NONMAJOR FUNDS**

## **Special Revenue Funds**

Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. These funds are primarily established for specific educational purposes and funded through the United States Department of Education or the Louisiana Department of Education.

- A. The Special Education funds is a Federal program that provides free appropriate education for all identified handicapped children from 3 to 21 years of age in the least restrictive environment.
- B. Title II is designed to improve the skills of teachers and the quality of instruction in mathematics and science, also to increase the accessibility of such instruction to all students.
- C. JAG/Vocational Education is a Federal program to make the United States more competitive in the world economy by developing more fully the academic and occupational skills of all segments of the population, principally through concentrating resources on improving educational programs leading to academic and occupational skills needed to work in a technologically advanced society.
- D. LA4 is a State program to provide financial assistance to develop educational programs for preschool children that are socially and economically deprived.
- E. 8(g) is a grant program used to improve student academic achievement or vocational-technical skills. Other uses are the purchase of superior textbooks and providing support for teachers in critical shortage areas.
- F. 21<sup>st</sup> Century (Community Learning Center) is a program providing assistance and targeted remediation, academics such as arts and technology, and recreational activities in an effort to provide safe, enriched environments to school communities.
- G. Rural Educational Achievement is a program designed to provide high poverty, rural local educational agencies with teacher professional development and educational technology.
- H. ROTC is a grant providing financial assistance to keep Reserve Officer Training Corps programs in high schools.
- I. East Morehouse Parish Tax District is a fund for ad valorem taxes used for maintenance and construction of school buildings and other school related facilities in East Morehouse Tax District.
- J. Miscellaneous Grants includes various small federal and state grants, such as Educational Excellence and the Believe and Prepare Grant.

**Capital Projects Funds:**

Capital Projects Funds account for the financial resources received and used for the acquisition, construction or improvements of capital facilities not reported in other governmental funds.

- A. School District 12 Construction is a capital project fund used to acquire and improve sites for school buildings and playgrounds, to purchase, erect, and/or improve school buildings and other school-related facilities, and to acquire the necessary equipment and furnishings for these facilities.
- B. School District 12 Bond Beekman is a capital project fund used for the purpose of acquiring, constructing, improving, maintaining, or equipping public elementary and secondary schools in the district.
- C. 2014 Construction Bond is a capital project fund used for the purpose of acquiring, constructing, improving or equipping public elementary and secondary schools in District 12.

**Morehouse Parish School Board  
Bastrop, Louisiana**

**NONMAJOR GOVERNMENTAL FUNDS  
Combining Balance Sheet**

**June 30, 2017**

	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 148,052	\$ 101,590	\$ 249,642
Accounts receivable	552,739	88	552,827
Total assets	<u>700,791</u>	<u>101,678</u>	<u>802,469</u>
<b>Liabilities and Fund Equity</b>			
<b>Liabilities</b>			
Accounts payable	11,827	46,487	58,314
Salaries and wages payable	116,199	-	116,199
Due to other funds	476,546	-	476,546
Other liabilities	1,618	-	1,618
Total liabilities	<u>606,190</u>	<u>46,487</u>	<u>652,677</u>
<b>Fund Balances</b>			
<b>Restricted for</b>			
Instructional costs	37,399	-	37,399
Construction and maintenance costs	57,202	-	57,202
Capital projects	-	55,191	55,191
Total fund balances	<u>94,601</u>	<u>55,191</u>	<u>149,792</u>
Total liabilities and fund balances	<u>\$ 700,791</u>	<u>\$ 101,678</u>	<u>\$ 802,469</u>

**Morehouse Parish School Board**

Bastrop, Louisiana

**NONMAJOR GOVERNMENTAL FUNDS**  
**Combining Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**

**For the Year Ended June 30, 2017**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
<b>Revenues</b>			
<b>Local Sources</b>			
Ad valorem tax	\$ 464,139	\$ 155,489	\$ 619,628
Interest	271	78	349
Other local revenue	532	178,359	178,891
<b>State Sources</b>			
State - other revenues	281,811		281,811
<b>Federal Sources</b>			
Restricted grants-in-aid	2,652,064	-	2,652,064
Total revenues	<u>3,398,817</u>	<u>333,926</u>	<u>3,732,743</u>
<b>Expenditures</b>			
Current			
Instructional			
Regular programs	141,028	-	141,028
Special education programs	531,480	-	531,480
Vocational programs	176,586	-	176,586
Other instructional programs	307,237	-	307,237
Special programs	499,102	-	499,102
Support Services			
Pupil support services	173,414	-	173,414
Instructional staff	997,529	-	997,529
General administration	14,396	3,853.00	18,249
School administration	109,899	-	109,899
Business services	-	687	687
Plant services	87,411	-	87,411
Student transportation services	60,949	-	60,949
Central services	4,347	-	4,347
Noninstructional			
Food service operations	10,116	-	10,116
Capital outlay	19,999	190,921	210,920
Debt service			
Principal	-	50,000	50,000
Interest	-	52,981	52,981
Total expenditures	<u>3,133,493</u>	<u>298,442</u>	<u>3,431,935</u>
<b>Excess (Deficiency) of Revenues</b>			
<b>Over Expenditures</b>	265,324	35,484	300,808
<b>Other Financing Sources (Uses)</b>			
Transfers out	<u>(501,298)</u>	-	<u>(501,298)</u>
Total other financing sources (Uses)	<u>(501,298)</u>	-	<u>(501,298)</u>
<b>Net Change in Fund Balances</b>	(235,974)	35,484	(200,490)
<b>Fund Balances at Beginning of Year</b>	<u>330,575</u>	<u>19,707</u>	<u>350,282</u>
<b>Fund Balances at End of Year</b>	<u><u>\$ 94,601</u></u>	<u><u>\$ 55,191</u></u>	<u><u>\$ 149,792</u></u>



## **SPECIAL REVENUE FUNDS**

**Morehouse Parish School Board  
Bastrop, Louisiana**

**NONMAJOR SPECIAL REVENUE FUNDS  
Combining Balance Sheet**

**June 30, 2017**

	Special Education	Title II	JAG / Vocational Education	LA 4	8 (g)	21st Century Grant	Rural Education Achievement	ROTC	East Morehouse Parish Tax District	Miscellaneous Grants	Total
<b>Assets</b>											
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 4,160	\$ -	\$ -	\$ -	\$ -	\$ 137,155	\$ 6,737	\$ 148,052
Accounts receivable	220,639	11,770	76,914	28,164	23,419	136,632	8,591	-	687	45,923	552,739
Total assets	<u>220,639</u>	<u>11,770</u>	<u>76,914</u>	<u>32,324</u>	<u>23,419</u>	<u>136,632</u>	<u>8,591</u>	<u>-</u>	<u>137,842</u>	<u>52,660</u>	<u>700,791</u>
<b>Liabilities and Fund Equity</b>											
<b>Liabilities</b>											
Accounts payable	2,398	-	49	-	-	1,585	-	-	7,795	-	11,827
Salaries and wages payable	50,751	-	11,025	15,770	11,804	11,588	-	-	-	15,261	116,199
Due to other funds	167,490	11,770	65,840	16,554	11,615	123,459	6,973	-	72,845	-	476,546
Other liabilities	-	-	-	-	-	-	1,618	-	-	-	1,618
Total liabilities	<u>220,639</u>	<u>11,770</u>	<u>76,914</u>	<u>32,324</u>	<u>23,419</u>	<u>136,632</u>	<u>8,591</u>	<u>-</u>	<u>80,640</u>	<u>15,261</u>	<u>606,190</u>
<b>Fund Equity</b>											
<b>Fund balances</b>											
Restricted for											
Instructional costs	-	-	-	-	-	-	-	-	-	37,399	37,399
Construction and maintenance costs	-	-	-	-	-	-	-	-	57,202	-	57,202
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,202</u>	<u>37,399</u>	<u>94,601</u>
Total liabilities and fund balances	<u>\$ 220,639</u>	<u>\$ 11,770</u>	<u>\$ 76,914</u>	<u>\$ 32,324</u>	<u>\$ 23,419</u>	<u>\$ 136,632</u>	<u>\$ 8,591</u>	<u>\$ -</u>	<u>\$ 137,842</u>	<u>\$ 52,660</u>	<u>\$ 700,791</u>

Morehouse Parish School Board  
Bastrop, Louisiana

NONMAJOR SPECIAL REVENUE FUNDS  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Year Ended June 30, 2017

Special Revenue Funds											
	Special Education	Title II	JAG/ Vocational Education	LA 4	8 (g)	21st Century Grant	Rural Education Achievement	ROTC	East Morehouse Parish Tax District	Miscellaneous Grants	Total
<b>Revenues</b>											
<b>Local Sources</b>											
Ad valorem tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 464,139	\$ -	\$ 464,139
Interest	-	-	-	-	-	-	-	-	271	-	271
Other local revenue	-	-	-	-	-	-	-	-	532	-	532
<b>State Sources</b>											
State - other revenues	-	-	-	73,261	89,219	-	-	-	-	119,331	281,811
<b>Federal Sources</b>											
Restricted grants-in-aid	1,216,990	365,286	208,667	86,665	-	357,338	46,152	90,545	-	280,421	2,652,064
Total revenues	1,216,990	365,286	208,667	159,926	89,219	357,338	46,152	90,545	464,942	399,752	3,398,817
<b>Expenditures</b>											
<b>Current</b>											
<b>Instructional</b>											
Regular programs	-	94	-	-	-	-	-	-	128,124	12,810	141,028
Special education programs	463,777	-	-	-	-	-	42,289	-	25,414	-	531,480
Vocational programs	-	-	176,586	-	-	-	-	-	-	-	176,586
Other instructional programs	-	-	-	-	-	197,022	-	90,545	19,670	-	307,237
Special programs	3,736	25,318	-	159,926	89,219	4,517	-	-	13,330	203,056	499,102
<b>Support Services</b>											
Pupil support services	170,748	-	-	-	-	-	-	-	2,666	-	173,414
Instructional staff	449,949	304,213	15,798	-	-	92,533	-	-	3,997	131,039	997,529
General administration	-	-	-	-	-	-	-	-	14,396	-	14,396
School administration	-	-	-	-	-	-	-	-	35,526	74,373	109,899
Plant services	-	-	-	-	-	-	-	-	87,411	-	87,411
Student transportation services	9,957	-	1,311	-	-	28,344	-	-	20,039	1,298	60,949
Central services	-	-	-	-	-	-	-	-	-	4,347	4,347
<b>Noninstructional</b>											
Food service operations	-	-	158	-	-	-	-	-	9,958	-	10,116
Capital outlay	-	-	-	-	-	-	-	-	14,958	5,041	19,999
Total expenditures	1,098,167	329,625	193,853	159,926	89,219	322,416	42,289	90,545	375,489	431,964	3,133,493
<b>Excess (Deficiency) of Revenues Over Expenditures</b>											
	118,823	35,661	14,814	-	-	34,922	3,863	-	89,453	(32,212)	265,324
<b>Other Financing Sources (Uses)</b>											
Transfers out	(118,823)	(35,661)	(14,814)	-	-	(34,922)	(3,863)	-	(272,845)	(20,370)	(501,298)
Total other financing sources (Uses)	(118,823)	(35,661)	(14,814)	-	-	(34,922)	(3,863)	-	(272,845)	(20,370)	(501,298)
<b>Net Change in Fund Balances</b>											
	-	-	-	-	-	-	-	-	(183,392)	(52,582)	(235,974)
<b>Fund Balances at Beginning of Year</b>											
	-	-	-	-	-	-	-	-	240,594	89,981	330,575
<b>Fund Balances at End of Year</b>											
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 57,202	\$ 37,399	\$ 94,601

## **CAPITAL PROJECTS FUNDS**

**Morehouse Parish School Board  
Bastrop, Louisiana**

**NONMAJOR CAPITAL PROJECTS FUND  
Combining Balance Sheet**

**June 30, 2017**

	<b>School District 12 Construction</b>	<b>School District 12 Bond Beekman</b>	<b>2014 Construction Bond</b>	<b>Total</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 101,590	-	-	\$ 101,590
Accounts Receivable	88	-	-	88
Total assets	<u>101,678</u>	<u>-</u>	<u>-</u>	<u>101,678</u>
<b>Liabilities and Fund Equity</b>				
Liabilities				
Accounts Payable	46,487.00	-	-	46,487
Fund Balances				
Restricted for Capital projects	<u>55,191</u>	<u>-</u>	<u>-</u>	<u>55,191</u>
Total liabilities and fund balances	<u>\$ 101,678</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 101,678</u>

**Morehouse Parish School Board  
Bastrop, Louisiana**

**NONMAJOR CAPITAL PROJECTS FUND  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances**

**For the Year Ended June 30, 2017**

	<b>School District 12 Construction</b>	<b>School District 12 Bond Beekman</b>	<b>2014 Construction Bond</b>	<b>Total</b>
<b>Revenues</b>				
Local sources				
Ad valorem tax	\$ 155,489	\$ -	\$ -	\$ 155,489
Interest	50	26	2	78
Other	96,448	81,911	-	178,359
Total revenues	<u>251,987</u>	<u>81,937</u>	<u>2</u>	<u>333,926</u>
<b>Expenditures</b>				
Current				
General administration	3,853	-	-	3,853
Business services	-	687	-	687
Capital outlay	118,245	70,372	2,304	190,921
Debt service:				
Principal	50,000			50,000
Interest	28,970	24,011	-	52,981
Total expenditures	<u>201,068</u>	<u>95,070</u>	<u>2,304</u>	<u>298,442</u>
<b>Excess (deficiency) of revenues over expenditures</b>	50,919	(13,133)	(2,302)	35,484
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	50,919	(13,133)	(2,302)	35,484
<b>Fund balances at beginning of year</b>	<u>4,272</u>	<u>13,133</u>	<u>2,302</u>	<u>19,707</u>
<b>Fund balances at end of year</b>	<u>\$ 55,191</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,191</u>

**Morehouse Parish School Board  
Bastrop, Louisiana  
Schedule of Compensation Paid to Board Members  
For the Year Ended June 30, 2017**

	<u>District</u>	<u>Compensation</u>
Karen T. Diel	1	\$ 9,600
Louis E. Melton	2	9,600
Colby R. Daniels	3	9,600
Richard W. Hixon, President	4	10,200
Leland G. Rawls	5	10,200
Chasity N. Kennedy	6	9,600
Rose M. Thompson, Vice-President	7	<u>9,600</u>
		<u><u>\$ 68,400</u></u>

**Morehouse Parish School Board  
Bastrop, Louisiana  
Schedule of Compensation, Benefits and Other Payments to Agency Head  
For the Year Ended June 30, 2017**

Agency Head Name: Hazel Sellers, Superintendent

Purpose	Amount
Salary	\$ 113,238
Benefits - insurance	6,411
Benefits - retirement	30,167
Car allowance	7,200
Cell phone	1,067
Dues	525
Per diem	108
Travel	367



## **SINGLE AUDIT INFORMATION**

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

Board Members  
Morehouse Parish School Board  
Bastrop, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of the Morehouse Parish School Board (the School Board), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements and have issued our report thereon dated January 31, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School Board's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Board's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as 2017-002, and 2017-006 that we consider to be significant deficiencies.

## **Compliance and Other Matters**

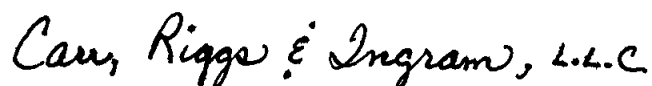
As part of obtaining reasonable assurance about whether the School Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed immaterial instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2017-001, 2017-003, 2017-004, 2017-005.

## **The School Board's Response to Findings**

The School Board's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The School Board's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this report is not suitable for any other purpose. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." in a cursive script.

**CARR, RIGGS & INGRAM, LLC**

Shreveport, Louisiana  
January 31, 2018

**Independent Auditors' Report on Compliance for  
Each Major Program and on Internal  
Control over Compliance Required by the *Uniform Guidance***

Board Members  
Morehouse Parish School Board  
Bastrop, Louisiana

**Report on Compliance for Each Major Federal Program**

We have audited the Morehouse Parish School Board's (the School Board) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School Board's major federal programs for the year ended June 30, 2017. 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.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the School Board's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the School Board's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the School Board, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

## Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2017-007 and 2017-008. Our opinion on each major federal program is not modified with respect to these matters.

The School Board's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The School Board's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## Report on Internal Control Over Compliance

Management of the School Board is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Board's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Board's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2017-007 and 2017-008 that we consider to be significant deficiencies.

The School Board's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The School Board's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the School Board as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements. We issued our report thereon dated January 31, 2018, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the School Board's basic financial statements. The schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by the Uniform Guidance, and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

*Carr, Riggs & Ingram, L.L.C.*

**CARR, RIGGS & INGRAM, LLC**

Shreveport, Louisiana  
January 31, 2018

**Morehouse Parish School Board  
Bastrop, Louisiana**

**Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2017**

<b>Federal Grantor/ Pass-Through Grantor/ Program Title</b>	<b>CFDA Number</b>	<b>Pass Through Grant Number</b>	<b>Expenditures</b>
<b>Direct Programs:</b>			
U.S. Department of Defense			
R.O.T.C.	12.UKN	N/A	\$ 90,545
<b>Total U.S. Department of Defense</b>			<b>90,545</b>
<b>Pass Through Programs:</b>			
<b>U. S. Department of Education</b>			
Passed through Louisiana Department of Education			
Title I Grants to Local Educational Agencies			
Grants to Local Educational Agencies	84.010	28-17-T1-34	3,192,162
Believe & Prepare - Cohort 3	84.010	28-15-BJ-34	1,927
School Improvement CCRS 1003A	84.010	28-16-TA-34	22,420
Special Education Cluster (IDEA):			
IDEA B	84.027	28-17-B1-34	1,134,925
Preschool	84.173	28-17-P1-34	40,882
JAG AIM High! Middle School Pilot Project	84.027	28-17-JP-34	52,853
Opportunity Grant	84.027	28-15-OG-34	5,557
<b>Total Special Education Cluster (IDEA)</b>			<b>1,234,217</b>
Improving Teacher Quality State Grants	84.367	28-17-50-34	365,286
21st Century	84.287	28-17-2C-34	357,338
Vocational Education - Basic Grants to States	84.048	28-17-02-34	55,814
State Personnel Development Grant	84.323	28-12-P7-34	35,625
Rural Education Achievement Program (REAP)	84.358	28-17-RE-34	46,152
Teacher Incentive Funds	84.274	28-17-TP-34	67,624
School Improvement Grant	84.377	28-16-BE-34	210,870
<b>Total U. S. Department of Education</b>			<b>5,589,435</b>
<b>U. S. Department of Health and Human Services</b>			
Passed through Louisiana Department of Education			
Temporary Assistance for Needy Families (TANF)			
The Cecil J. Picard LA 4 Early Childhood Program	93.558	28-17-36-34	86,665
JAG	93.558	28-17-JS-34	100,000
<b>Total U. S. Department of Health and Human Services</b>			<b>186,665</b>



**Morehouse Parish School Board  
Bastrop, Louisiana**

(continued)

**Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2017**

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Pass Through Grant Number	Expenditures
<b>U.S. Department of Agriculture (USDA)</b>			
Passed through Louisiana Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	N/A	683,504
School Lunch Program	10.555	N/A	1,693,073
School Snack Program	10.555	N/A	84,296
Commodities	10.555	N/A	308,749
Summer Feeding	10.559	N/A	38,108
Total Child Nutrition Cluster			<u>2,807,730</u>
 Fresh Fruit and Vegetable Program	 10.582	 N/A	 <u>149,935</u>
<b>Total U.S. Department of Agriculture</b>			<u>2,957,665</u>
 <b>U.S. Department of Homeland Security</b>			
Passed through Louisiana Governor's Office of Homeland Security and Emergency Preparedness			
Federal Emergency Management Agency	97.036	FEMA-4263-PA-LA	165,419
<b>Total U.S. Department of Homeland Security</b>			<u>165,419</u>
 <b>Total Expenditures of Federal Awards</b>			 <u><u>\$ 8,989,729</u></u>



**Morehouse Parish School Board  
Bastrop, Louisiana**

**Notes to Schedule of Expenditures of Federal Awards  
Fiscal year ended June 30, 2017  
(Unaudited)**

**A. General**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all Federal award programs of the Morehouse Parish School Board (the School Board). The information in the Schedule of Expenditures of Federal Awards is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The School Board reporting entity is defined in Note 1 to the School Board's basic financial statements. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the schedule. Because the Schedule of Expenditures of Federal Awards presents only a selected portion of the operations of the School Board, it is not intended to and does not present the financial information or change in net position of the Morehouse Parish School Board.

**B. Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the School Board's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**C. Relationship to Basic Financial Statements**

The following reconciliation is provided to help the reader of the School Board's financial statements and supplementary information relate such information to the Schedule of Expenditures of Federal Awards for the year ended June 30, 2017:

Major Funds:	
General Fund	\$ 165,419
Title I	3,214,582
School Food Service	2,957,665
Nonmajor Governmental:	
Special Education	1,216,989
Title II	365,286
JAG / Vocational Education	208,667
LA 4	86,665
21st Century	357,338
Rural Education Achievement	46,152
ROTC	90,545
Miscellaneous Grants	280,421
Total	<u>\$ 8,989,729</u>

Included in the Child Nutrition Cluster is \$308,749 of non-cash awards in the form of commodities provided by the United States Department of Agriculture.

**D. Relationship to Federal Financial Reports**

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

**E. Matching Revenues**

For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures.

**F. Noncash Programs**

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

**G. Federal Indirect Cost Rate**

Morehouse Parish School Board has not elect to use the 10% de minimis federal indirect cost rate allowed under the Uniform Guidance.

**H. Subrecipients**

Morehouse Parish School Board did not provide federal funds to any subrecipients during the year ended June 30, 2017.

**I. Federal Emergency Management Agency Grant**

Expenditures related to the Federal Emergency Management Agency Grant (CFDA #97.036) were incurred in the fiscal year ended June 30, 2016; however, the project worksheets that allow for reimbursement of funds to the School Board were approved in the fiscal year ended June 30, 2017.

**Morehouse Parish School Board  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2017**

**Section I - Summary of Auditors' Results**

**A. Financial Statement Audit**

Type of auditors' report issued on the basic financial statements: **Unmodified**

Internal control over financial reporting:

- Material weaknesses identified? **No**
- Significant deficiencies identified that are not considered to be material weaknesses?  
**Yes**

Noncompliance material to the basic financial statements noted? **No**

**B. Audit of Federal Awards**

Type of auditors' report issued on compliance for major programs: **Unmodified**

Internal control over major programs:

- Material weaknesses identified? **No**
- Significant deficiencies identified that are not considered to be material weaknesses?  
**Yes**

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? **Yes**

Any instances of material noncompliance in major programs disclosed during the audit? **No**

Identification of major programs:

<u>Name of federal program of cluster</u>	<u>CFDA number</u>
Title I Grants to Local Educational Agencies	84.010
Special Education Cluster (IDEA):	
IDEA B	84.027
Preschool	84.173
JAG AIM High! Middle School Pilot Project	84.027
Opportunity Grant	84.027
School Improvement Grant	84.377

The dollar threshold used to identify Type A programs: **\$750,000**

Auditee qualified as a low-risk auditee under the Uniform Guidance: **No**

## **Section II – Financial Statement Findings Reported in Accordance with *Governmental Auditing Standards***

### **2017-001 Late Submission of Audit Report to the Louisiana Legislative Auditor**

**Entity-Wide or Program/Department Specific:** This finding is entity-wide.

**Criteria or Specific Requirement:** The audit report should be filed timely to the Louisiana Legislative Auditor within six months after year-end, according to Louisiana R.S. 24:513A(5)(a)(i)

**Condition:** The School Board did not have the audited financial statements submitted to the Louisiana Legislative Auditor by the required deadline.

**Effect:** The School Board did not meet the compliance requirements with the State of Louisiana.

**Cause:** The trial balances provided for the audit were not completed in a timely manner. Additional time was needed for the School Board to finalize year-end account balances.

**Recommendation:** We recommend proper internal controls be implemented to ensure year-end trial balances are completed in a timely manner to ensure timely submission of the audited financial statements to the Louisiana Legislative Auditor.

**Views of responsible officials and corrective action plan:** We contracted with a new audit firm in August 2017. There were software conversion issues that resulted in delays as well. We will develop a time plan with our auditors to ensure that our audit is complete and filed by December 31<sup>st</sup>.

**Anticipated completion date:** Immediately.

**Person responsible for corrective actions:**

Ersula Downs, Business Manager  
Morehouse Parish School Board  
P.O. Box 872  
Bastrop, Louisiana 71221-0872  
Telephone: 318-281-5784  
Fax: 318-283-3456

### **2017-002 Account Balance Reconciliations**

**Entity-Wide or Program/Department Specific:** This finding is entity-wide.

**Criteria or Specific Requirement:** Account reconciliations should be performed in a timely manner for proper management and oversight of the accounting function.

**Condition:** Account reconciliations should be performed in a timely manner for proper management and oversight of the accounting function.

**Effect:** Accounting records, financial statements and statistical schedules may be materially misstated and not corrected in a timely manner.

**Cause:** Untimely account reconciliations

**Recommendation:** We recommend that the School Board perform a thorough review of all schedules / reconciliations in a timely manner.

**Views of responsible officials and corrective action plan:** Proper controls and procedures will be put in place for the Superintendent to review and sign all bank reconciliations. For cash adjustments, we will continue to work on these areas to ensure proper compliance with school board policy, which will negate these issues in the future. Also, personnel assigned for the responsibility of maintaining capital asset listings and depreciation schedules will receive training on the capital assets software program. We will put procedures in place to review capitalization thresholds to ensure assets are properly recorded and reported.

**Anticipated completion date:** Immediately

**Person responsible for corrective actions:**

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Morehouse Parish School Board  
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Bastrop, Louisiana 71221-0872  
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Fax: 318-283-3456

**2017-003 Timely Submission of Audited Financial Statements to EMMA**

**Entity-Wide or Program/Department Specific:** This finding is entity-wide

**Criteria or Specific Requirement:** Debt covenants in effect for outstanding bonds require audited financial statements to be submitted to the EMMA website ([emma.msrb.org](http://emma.msrb.org)) 210 days after the fiscal year end.

**Condition:** The audited financial statements for the year ended June 30, 2016 was not submitted within the required time frame.

**Effect:** The School Board did not meet the compliance requirements of its debt covenants

**Cause:** The audited financial statements for the year ended June 30, 2016 were not completed until January 31, 2017, which is the date the audited financial statements should be submitted to EMMA.

**Recommendation:** We recommend proper internal controls be implemented to ensure year-end trial balances are completed in a timely manner to ensure timely submission of the audited financial statements to the EMMA website.

**Views of responsible officials and corrective action plan:** The School Board will implement proper controls and procedures to ensure that accurate information is provided to the auditors in a timely manner and the School Board will ensure that the audited financial statements are filed to ensure debt compliance.

**Anticipated completion date:** Immediately

**Person responsible for corrective actions:**

Ersula Downs, Business Manager  
Morehouse Parish School Board  
P.O. Box 872  
Bastrop, Louisiana 71221-0872  
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Fax: 318-283-3456

**2017-004 Formal Budget Adoption**

**Entity-Wide or Program/Department Specific:** This finding is entity-wide.

**Criteria or Specific Requirement:** The Louisiana Local Government Budget Act (Louisiana R.S.39:1301-1315) requires the budgets of all special revenue funds with over \$500,000 in budgeted revenues be formally adopted by the Board by the September 30<sup>th</sup> deadline.

**Condition:** The School Board did not include the Title I program and the Special Education fund as major funds in the budget approval package.

**Effect:** The School Board is not in compliance with the Louisiana Local Government Budget Act.

**Cause:** The School Board was not aware of the Louisiana Local Government Budget Act guidelines regarding budgeting.

**Recommendation:** We recommend that proper controls are in place to ensure that all funds be evaluated for major fund determination in the budgeting process.

**Views of responsible officials and corrective action plan:** The School Board will implement proper controls and procedures to ensure that major funds are properly identified.

**Anticipated completion date:** Immediately

**Person responsible for corrective actions:**

Ersula Downs, Business Manager  
Morehouse Parish School Board  
P.O. Box 872  
Bastrop, Louisiana 71221-0872  
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Fax: 318-283-3456

**2017-005 Budget Violations (Five Percent Budget Variance)**

**Entity-Wide or Program/Department Specific:** This finding is entity-wide.

**Criteria or Specific Requirement:** The Louisiana Local Government Budget Act (Louisiana R.S.39:1301-1315) requires budgets to be formally amended if actual revenues and other sources are not within 95% of budgeted revenues and other sources and if actual expenditures and other uses are not within 105% of budgeted expenditures and other uses.

**Condition:** The Title I program fund's actual revenues were not at least 95% of the budgeted revenues and other sources and the School Food Service program fund's actual expenditures and other uses exceeded 105% of the budgeted expenditures and other uses and the budget was not adopted and amended.

**Effect:** The School Board is not in compliance with the Louisiana Local Government Budget Act.

**Cause:** The School Board was not aware that the Title I program fund was a major fund to be included in the formal budgeting process and adjustments were made after budget amendments were made to the School Food Service causing the fund to be noncompliant.

**Recommendation:** We recommend that proper controls are in place to ensure that all funds be reviewed and reconciled to the budget.

**Views of responsible officials and corrective action plan:** The School Board will implement proper controls and procedures to ensure that budgets are properly reviewed and adjusted, if necessary.

**Anticipated completion date:** Immediately

**Person responsible for corrective actions:**

Ersula Downs, Business Manager  
Morehouse Parish School Board  
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Bastrop, Louisiana 71221-0872  
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Fax: 318-283-3456

## **2017-006 Fraud Incident – Fund Misappropriation**

**Entity-Wide or Program/Department Specific:** This finding is specific to Bastrop High School.

**Criteria or Specific Requirement:** Management of the School Board is responsible for establishing and maintaining effective internal controls over financial reporting.

**Condition:** On July 11, 2017, an audit of Bastrop High School was performed and several concerns were raised regarding suspected misappropriation of assets of the school's activity fund. The cheerleading sponsor is accused of taking money from the cheerleaders and their parents. Funds were taken from cash payments, fundraisers, and various padded charges that were used to pay for trips and merchandise for the sponsor's family. The estimated range of misappropriation is approximately \$32,000 to \$36,000 from 2015-2017. The district attorney's office and the Louisiana Legislative Office was notified. The sponsor is no longer employed by Morehouse Parish School Board. An ongoing investigation is being performed by the Louisiana State Police. No restitution has been made by the accused and Morehouse Parish School Board has not filed a claim with their insurance company. During the time frame of the suspected fraud, the school and school board's lack of internal controls allowed for the suspected fraud to go undetected. The School Board has contracted with an outside independent auditing firm to perform annual audits on school accounting processes. Lead bookkeepers have been hired to assist with the overview of daily transactions with two other schools. Additional training of administration and school sponsors on the processes of collecting monies and school accounting procedures is being performed twice a year.

**Effect:** Bastrop High School experienced a weakness in internal control, which resulted in the misappropriation of funds.

**Cause:** The school did not have adequate internal controls in place to prevent or deter theft.

**Recommendation:** We believe the actions taken by the School Board are appropriate.

**Views of responsible officials and corrective action plan:** The School Board concurs and will implement additional controls to avoid a repeat in the future.

**Anticipated completion date:** Immediately

**Person responsible for corrective actions:**

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Morehouse Parish School Board  
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Bastrop, Louisiana 71221-0872  
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Fax: 318-283-3456



## Section III – Federal Award Findings and Responses

### 2017-007 Lack of Documentation

**Program Name and CFDA Number:** Title I, Grants to Local Educational Agencies, CFDA # 84.010

**Federal Agency:** Department of Education

**Pass-through Agency:** Louisiana Department of Education

**Federal Award Identification Number and Year:** 28-17-T1-34 2017

**Criteria or Specific Requirement:** Special Test Annual Report Card, High School Graduation Rate: Documentation should be maintained on file to support the removal of a student from the regulatory adjusted cohort based on the exit code used. The following documents are required: code 7, death of student, a letter from parent or obituary; code 10, transfer out of state or country, a request for records from the receiving school, request for records or a statement written and signed by the parent or documentation providing student was a foreign exchange student; and, code 16, transferred to BESE-approved home study, a LDE approval letter. For students transferred to early college admissions program, a school withdrawal form and request for records from the College or University and proof of full-time enrollment in an academic program should be obtained.

**Condition:** We selected a sample of forty (40) students to test from the 2016-2017 accountability year listing of students removed from the regulatory adjusted cohort. There were thirteen (13) exceptions with no supporting documentation.

**Effect:** The School Board is not compliant with the requirements of the Title I grant.

**Cause:** Procedures are not in place to ensure that the required documentation is obtained and maintained in the files.

**Recommendation:** We recommend that the School Board implement procedures to ensure that the required documentation is maintained in the file.

**Views of responsible officials and corrective action plan:** The official documentation to support exit codes for students dropped from our system will be the exit (withdrawal) form and/or the request for records from another system. Parents will be instructed on the proper procedure for removing a child from our system which requires the parent/guardian to come to the school and sign an exit (withdrawal) form. The school will retain a copy of the exit form. In the event the student is not properly withdrawn, the school should receive a request for records if the student enrolls in another school in the state or the student would show up as a duplicate error on the state report for MFP funding. This may not occur if the student transfers out of state. Schools are instructed to retain leavers on the roll until a request for records is received. At some point in time we have to drop the student with the status unknown to avoid counting the student for MFP funding and later having to repay the money. This occurs more often with 17 and 18 year old students that leave without properly exiting and never enroll in another school.

**Person responsible for corrective actions:**

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Fax: 318-283-3456

**2017-008 Lack of Documentation**

**Program Name and CFDA Number:** Title I, Grants to Local Educational Agencies, CFDA # 84.010

**Federal Agency:** Department of Education

**Pass-through Agency:** Louisiana Department of Education

**Federal Award Identification Number and Year:** 28-17-T1-34 2017

**Criteria or Specific Requirement:** Special Test Assessment System Security: Documentation should be maintained on file to support an assessment system that is valid, reliable, and consistent with professional and technical standards. Within their assessment system, Local Educational Agencies must have policies and procedures in place to maintain testing security.

**Condition:** We selected a sample of twenty (20) test administrators to determine if training was obtained. There were five (5) exceptions, specific to one school, that proper documentation was not obtained to ensure proper training.

**Effect:** The School Board is not compliant with the requirements of the Title I grant.

**Cause:** Procedures are not in place to ensure that the required documentation is obtained and maintained in the files.

**Recommendation:** We recommend that the School Board implement procedures to ensure that the required documentation is maintained in the file.

**Views of responsible officials and corrective action plan:** The School Board concurs and will implement additional controls and procedures for copies of all documentation to be submitted to the Testing and Accountability Coordinator. The Testing and Accountability Coordinator will utilize a checklist to ensure that all documents are submitted in a timely manner and retained.

**Anticipated completion date:** Immediately

**Person responsible for corrective actions:**

Ersula Downs, Business Manager  
Morehouse Parish School Board  
P.O. Box 872  
Bastrop, Louisiana 71221-0872  
Telephone: 318-281-5784  
Fax: 318-283-3456

**Morehouse Parish School Board  
Summary Schedule of Prior Year Audit Findings  
For the Year Ended June 30, 2017**

**2016-001 Internal Controls Over Financial Reporting**

**Year of Origination:** June 30, 2016

**Condition:** Strong internal controls over financial reporting requires that accounting records contain up-to-date, accurate, and complete information to ensure that the financial data can be relied upon to monitor the financial condition of the School Board. Financial records should be reviewed timely to supporting documentation to ensure that transactions are properly recorded and classified in the appropriate accounting period. Also, bank reconciliations should be prepared on a timely basis and should agree to the underlying financial data used to prepare the reconciliation.

**Corrective action taken:** Ongoing, repeat finding in FY17

**2016-002 Student Activity Funds**

**Year of Origination:** June 30, 2016

**Condition:** Schools should follow the School Board's student activity funds policy.

**Corrective action taken:** A separate audit was performed on Bastrop High School and the results were submitted to the Louisiana Legislative Auditor, the District Attorney and the Morehouse Parish Sheriff's Office. The investigation is ongoing related to Bastrop High School. See 2017-006

**2016-003 Five Percent Budget Variance**

**Year of Origination:** June 30, 2016

**Condition:** Louisiana R.S. 39:1311 requires the chief executive or administrative officer to advise the governing authority or independently elected official in writing when total expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more and when total revenues and other sources for the remainder of the year, within a fund, are failing to meet budgeted revenues and other sources by five percent or more.

For the year ended June 30, 2016, the School Food Service fund had expenses that exceed the budgeted amount by 7.3%.

**Corrective action taken:** Ongoing. Repeat finding in 2017.

## **2016-004 Five Percent Budget Variance**

**Year of Origination:** June 30, 2016

**Condition:** Louisiana R.S. 39:1311 requires the chief executive or administrative officer to advise the governing authority or independently elected official in writing when total expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more and when total revenues and other sources for the remainder of the year, within a fund, are failing to meet budgeted revenues and other sources by five percent or more.

For the year ended June 30, 2016, the School Food Service fund had expenses that exceed the budgeted amount by 7.3%.

**Corrective action taken:** Ongoing. Repeat finding in 2017.

**Independent Accountants' Report  
On Applying Agreed-Upon Procedures**

Board Members  
Morehouse Parish School Board  
Bastrop, Louisiana

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

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

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

1. We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:
  - Total General Fund Instructional Expenditures,
  - Total General Fund Equipment Expenditures,
  - Total Local Taxation Revenue,
  - Total Local Earnings on Investment in Real Property,
  - Total State Revenue in Lieu of Taxes,
  - Nonpublic Textbook Revenue, and
  - Nonpublic Transportation Revenue.

**Comment:** No exceptions were noted as a result of applying the agreed-upon procedure.

#### Education Levels of Public School Staff (Schedule 2)

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

**Comment:** No exceptions were noted as a result of applying the agreed-upon procedure.

3. We reconciled the combined total of principals and assistant principals per the schedule “Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers” (Schedule 4) to the combined total of principals and assistant principals per this schedule.

**Comment:** No exceptions were noted as a result of applying the agreed-upon procedure.

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

**Comment:** No exceptions were noted as a result of applying agreed-upon procedures.

#### Number and Type of Public Schools (Schedule 3)

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

**Comment:** No exceptions were noted as a result of applying agreed-upon procedures.

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

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

**Comment:** No exceptions were noted as a result of applying agreed-upon procedures.

#### Public School Staff Data: Average Salaries (Schedule 5)

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

**Comment:** No exceptions were noted as a result of applying agreed-upon procedures.

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

**Comment:** No exceptions were noted as a result of applying agreed-upon procedures.

#### Class Size Characteristics (Schedule 6)

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

**Comment:** No exceptions were noted as a result of applying the agreed-upon procedure.

#### Louisiana Educational Assessment Program (LEAP) (Schedule 7)

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

**Comment:** No exceptions were noted as a result of applying the agreed-upon procedure.

#### Graduation Exit Examination (GEE) (Schedule 8)

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

**Comment:** The Graduation Examination (GEE) is no longer administered. This schedule is no longer applicable.

#### iLEAP Tests (Schedule 9)

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

**Comment:** No exceptions were noted as a result of applying the agreed-upon procedure.

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

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

*Carr, Riggs & Ingram, L.L.C.*

**CARR, RIGGS & INGRAM, LLC**

Shreveport, Louisiana

January 31, 2018

**MOREHOUSE PARISH SCHOOL BOARD  
Bastrop, Louisiana**

**General Fund Instructional and Support Expenditures  
and Certain Local Revenue Sources  
For the Year Ended June 30, 2017**

**General Fund Instructional and Equipment Expenditures****General Fund Instructional Expenditures:****Teacher and Student Interaction Activities:**

Classroom Teacher Salaries	\$ 12,606,646	
Other Instructional Staff Activities	1,172,179	
Instructional Staff Employee Benefits	7,275,064	
Purchased Professional and Technical Services	90,598	
Instructional Materials and Supplies	889,376	
Instructional Equipment	8,968	
Total Teacher and Student Interaction Activities		\$ 22,042,831

**Other Instructional Activities****Pupil Support Activities**

Less: Equipment for Pupil Support Activities	2,171,118	
Net Pupil Support Activities	-	2,171,118

**Instructional Staff Services**

Less: Equipment for Instructional Staff Services	971,932	
Net Instructional Staff Services	-	971,932

**School Administration**

Less: Equipment for School Administration	2,430,543	
Net School Administration	-	2,430,543

Total General Fund Instructional Expenditures \$ 29,180,487

**Total General Fund Equipment Expenditures** **\$ 239,112**

**Certain Local Revenue Sources****Local Taxation Revenue:****Ad Valorem Taxes**

Constitutional Ad Valorem Taxes	\$ 842,009
Renewable Ad Valorem Tax	3,753,205
Debt Service Ad Valorem Tax	848,520
Up to 1% of Collections by the Sheriff on taxes other than School Taxes	128,243

**Sales Taxes**

Sales and Use Taxes - Gross	6,588,752
Total Local Taxation Revenue	\$ 12,160,729

**Local Earnings on Investment in Real Property:**

Earnings from 16th Section Property	\$ 358,008
Total Local Earnings on Investment in Real Property	\$ 358,008

**State Revenue in Lieu of Taxes:**

Revenue Sharing-Constitutional Tax	\$ 66,852
Revenue Sharing-Other Taxes	99,610
Total State Revenue in Lieu of Taxes	\$ 166,462

Nonpublic Textbook Revenue \$ 6,951



**MOREHOUSE PARISH SCHOOL BOARD  
Bastrop, Louisiana**

**Education Levels of Public School Staff  
As of October 1, 2016**

Category	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	1	1%	-	-	-	-	-	-
Bachelor's Degree	110	63%	47	90%	-	-	-	-
Master's Degree	41	23%	5	10%	4	29%	-	-
Master's Degree +30	20	11%	-	-	8	57%	-	-
Specialist in Education	1	1%	-	-	-	-	-	-
Ph.D. or Ed.D.	1	1%	-	-	2	14%	-	-
Total	174	100%	52	100%	14	100%	-	-

**Schedule 3**

**MOREHOUSE PARISH SCHOOL BOARD  
Bastrop, Louisiana**

**Number and Type of Public Schools  
Fiscal Year Ended June 30, 2017**

<b>Type</b>	<b>Number</b>
Elementary	6
Middle/Jr. High	0
Secondary	1
Combination	0
<b>Total</b>	<b>7</b>

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

**Schedule 4**

**MOREHOUSE PARISH SCHOOL BOARD  
Bastrop, Louisiana**

**Experience of Public Principals, Assistant Principals,  
and Full-time Classroom Teachers  
As of October 1, 2016**

	<b>0-1 Yr.</b>	<b>2-3 Yrs.</b>	<b>4-10 Yrs.</b>	<b>11-14 Yrs.</b>	<b>15-19 Yrs.</b>	<b>20-24 Yrs.</b>	<b>25+ Yrs.</b>	<b>Total</b>
<b>Assistant Principals</b>	-	-	-	2	2	1	3	8
<b>Principals</b>	-	-	-	1	-	2	3	6
<b>Classroom Teachers</b>	48	22	40	20	29	23	44	226
<b>Total</b>	48	22	40	23	31	26	50	240

**MOREHOUSE PARISH SCHOOL BOARD**  
**Bastrop, Louisiana**

**Public School Staff Data: Average Salaries**  
**As of June 30, 2017**

	All Classroom Teachers	Classroom Teachers Excluding ROTC and Rehired Retirees
<b>Average Classroom Teachers' Salary Including Extra Compensation</b>	\$48,966	\$48,243
<b>Average Classroom Teachers' Salary Excluding Extra Compensation</b>	\$47,678	\$46,975
<b>Number of Teacher full-time Equivalents (FTEs) used in Computation of Average Salaries</b>	213	205

**Note:** Figures reported include all sources of funding (i.e., federal, state, and local) but exclude stipends and employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers; some teachers may have been flagged as receiving reduced salaries (e.g., extended medical leave); and ROTC teachers usually receive more compensation because of a federal supplement. For these reasons, these teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes, temporary employees, and any teachers on sabbatical leave during any part of the school year.

**MOREHOUSE PARISH SCHOOL BOARD**  
**Bastrop, Louisiana**

**Class Size Characteristics**  
**As of October 1, 2016**

School Type	Class Size Range							
	1 - 20		21-26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	52%	174	43%	143	5%	16	0%	0
Elementary Activity Classes	51%	37	37%	27	4%	3	8%	6
Middle/Jr. High	37%	102	55%	155	8%	22	0%	1
Middle/Jr. High Activity Classes	83%	38	4%	2	2%	1	11%	5
High	59%	246	27%	111	13%	54	1%	5
High Activity Classes	95%	100	5%	5	0%	0	0%	0
Combination	72%	325	28%	123	0%	1	0%	0
Combination Activity Classes	83%	94	11%	12	0%	0	6%	7

**MOREHOUSE PARISH SCHOOL BOARD**  
**Bastrop, Louisiana**

**Louisiana Educational Assessment Program (LEAP)**  
**For the Year Ended June 30, 2017**

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 3 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	1	1	<1	3	2	3
Mastery	23	15	21	25	23	18
Basic	24	21	23	33	30	25
Approaching Basic	28	28	27	23	25	35
Unsatisfactory	24	35	29	16	20	19
Total	100	100	100	100	100	100

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 4 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	1	3	2	1	1	1
Mastery	17	17	19	21	20	20
Basic	29	26	35	32	32	33
Approaching Basic	28	30	32	28	34	34
Unsatisfactory	25	24	14	18	13	12
Total	100	100	100	100	100	100

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 5 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	1	2	1	1	1	1
Mastery	18	16	12	10	13	12
Basic	33	28	32	23	27	27
Approaching Basic	26	34	38	30	39	45
Unsatisfactory	22	20	18	36	20	15
Total	100	100	100	100	100	100

**MOREHOUSE PARISH SCHOOL BOARD**  
**Bastrop, Louisiana**

**Louisiana Educational Assessment Program (LEAP)**  
**For the Year Ended June 30, 2017**

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 6 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	4	1	<1	1	<1	<1
Mastery	14	22	14	9	8	10
Basic	28	38	38	24	24	25
Approaching Basic	30	29	38	41	47	48
Unsatisfactory	24	10	10	25	21	17
Total	100	100	100	100	100	100

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 7 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	2	2	<1	<1	<1	1
Mastery	18	19	13	10	11	5
Basic	24	28	31	36	30	29
Approaching Basic	30	37	34	39	48	45
Unsatisfactory	26	14	22	15	11	20
Total	100	100	100	100	100	100

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 8 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	3	3	2	<1	<1	1
Mastery	18	22	20	8	7	13
Basic	31	41	28	17	16	18
Approaching Basic	28	24	33	42	44	38
Unsatisfactory	20	10	17	33	33	30
Total	100	100	100	100	100	100

**MOREHOUSE PARISH SCHOOL BOARD  
Bastrop, Louisiana**

**Graduation Exit Examination (GEE)  
For the Year Ended June 30, 2017**

The Graduation Exit Examination (GEE) is no longer administered. This schedule is no longer applicable.



**MOREHOUSE PARISH SCHOOL BOARD**  
**Bastrop, Louisiana**

**iLEAP Tests**  
**For the Year Ended June 30, 2017**

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 3 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	3	3	3	3	N/A	1
Mastery	14	8	9	11	N/A	11
Basic	36	31	34	21	N/A	37
Approaching Basic	29	33	32	28	N/A	27
Unsatisfactory	18	25	22	37	N/A	24
Total	100	100	100	100	N/A	100

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 4 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	1	2	1	1	N/A	1
Mastery	9	8	10	9	N/A	6
Basic	30	36	41	17	N/A	42
Approaching Basic	34	35	34	30	N/A	26
Unsatisfactory	26	19	14	43	N/A	25
Total	100	100	100	100	N/A	100

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 5 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	1	2	1	<1	N/A	1
Mastery	4	3	6	4	N/A	3
Basic	31	28	35	15	N/A	40
Approaching Basic	26	38	30	31	N/A	30
Unsatisfactory	38	29	28	50	N/A	26

**MOREHOUSE PARISH SCHOOL BOARD**  
**Bastrop, Louisiana**

**iLEAP Tests**  
**For the Year Ended June 30, 2017**

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 6 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	1	1	1	3	N/A	1
Mastery	8	7	5	7	N/A	4
Basic	33	37	31	14	N/A	38
Approaching Basic	34	37	44	33	N/A	36
Unsatisfactory	24	18	19	43	N/A	21
Total	100	100	100	100	N/A	100

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 7 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	1	1	2	3	N/A	2
Mastery	11	9	9	11	N/A	5
Basic	36	29	29	18	N/A	35
Approaching Basic	30	38	32	24	N/A	37
Unsatisfactory	22	23	28	44	N/A	21
Total	100	100	100	100	N/A	100

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 8 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	<1	1	1	3	N/A	1
Mastery	8	5	3	8	N/A	4
Basic	33	33	31	23	N/A	24
Approaching Basic	33	37	40	26	N/A	39
Unsatisfactory	26	24	25	40	N/A	32
Total	100	100	100	100	N/A	100

Morehouse Parish School Board  
**Bastrop, Louisiana**

**STATEWIDE AGREED-UPON PROCEDURES REPORT**

For the fiscal period July 1, 2016 through June 30, 2017



**CRI** CARR  
RIGGS &  
INGRAM

CPAs and Advisors

[CRIcpa.com](http://CRIcpa.com)

**INDEPENDENT ACCOUNTANTS' REPORT**  
**ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors of Morehouse Parish School Board and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Morehouse Parish School Board ("MPSB") and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 to June 30, 2017. MPSB's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

***Written Policies and Procedures***

1. We obtained the entity's written policies and procedures and reported whether those written policies and procedures address each of the following financial/business functions (or reported that the entity does not have any written policies and procedures), as applicable:

- a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

***Comment:*** No exceptions were noted in the procedures performed.

- b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

***Comment:*** No exceptions were noted in the procedures performed.

- c) ***Disbursements***, including processing, reviewing, and approving.

***Comment:*** There are no written disbursement policies; however, the entity has implemented disbursement procedures.

- d) ***Receipts***, including receiving, recording, and preparing deposits.

***Comment:*** No exceptions were noted in the procedures performed.

- e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

***Comment:*** No exceptions were noted in the procedures performed.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

**Comment:** *No exceptions were noted in the procedures performed.*

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.

**Comment:** *There are no written credit card policies; however, the entity has implemented credit card procedures.*

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

**Comment:** *No exceptions were noted in the procedures performed.*

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

**Comment:** *No written policies for ethics were identified.*

- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

**Comment:** *No written policies for debt service were identified.*

**Board (or Finance Committee, if applicable)**

2. We obtained and reviewed the board/committee minutes for the fiscal period, and:

- a) We reported whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
- b) We reported whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, we reported whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, we reported whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
- c) We reported whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

**Comment:** *No exceptions noted in the procedures performed.*

### **Bank Reconciliations**

3. We obtained a listing of client bank accounts from management and management's representation that the listing is complete.

**Comment:** *No exceptions were noted in the procedures performed.*

4. Using the listing provided by management, we selected all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, we obtained bank statements and reconciliations for all months in the fiscal period and reported whether:

- a) Bank reconciliations have been prepared;

**Comment:** *No exceptions were noted in the procedures performed.*

- b) Bank reconciliations included evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation;

**Comment:** *We noted the General Fund and Sales Tax Master Fund bank reconciliations for the year had no evidence of being reviewed by management/board member.*

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

**Comment:** *We noted reconciling items were identified that have been outstanding for many years. However, the client has taken initiative to resolve the outstanding items.*

### **Collections**

5. We obtained a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

**Comment:** *No exceptions were noted in the procedures performed.*

6. Using the listing provided by management, we selected all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). For each cash collection location selected:

- a) We obtained existing written documentation (e.g. insurance policy, policy manual, job description) and reported whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

**Comment:** *We noted one cash collector receives cash, records the transaction to the general ledger, and also reconciles bank accounts.*

- b) We obtained existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and reported whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

**Comment:** *There is no formal process to reconcile cash collections to the general ledger/subsidiary ledgers; however, bank reconciliations are prepared.*

c) We selected the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, we traced daily collections to the deposit date on the corresponding bank statement and reported whether the deposits were made within one day of collection. If deposits were not made within one day of collection, we reported the number of days from receipt to deposit for each day at each collection location.
- Using sequentially numbered receipts, system reports, or other related collection documentation, we verified that daily cash collections are completely supported by documentation and reported any exceptions.

**Comment:** *CRI noted the entity had one cash collection location, and deposits were made within one day of collection. No findings were identified while performing the procedures above.*

7. We obtained existing written documentation (e.g. policy manual, written procedure) and reported whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

**Comment:** *In order to determine completeness of collections, bank reconciliations are prepared by the Accounting department, and the reconciliations are reviewed by the Superintendent.*

**Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)**

8. We obtained a listing of entity disbursements from management or, alternately, obtained the general ledger and sorted/filtered for entity disbursements. We obtained management's representation that the listing or general ledger population is complete.

**Comment:** *No exceptions were noted in the procedures performed.*

9. Using the disbursement population from #8 above, we randomly selected 25 disbursements (or randomly selected disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. We obtained supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and reported whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

**Comment:** We identified one instance where the invoice amount exceeded the not to exceed amount on the purchase order.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), we reported whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

**Comment:** No exceptions were noted in the procedures performed.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), we reported whether the persons with signatory authority or who makes the final authorization for disbursements have no responsibility for initiating or recording purchases.

**Comment:** No exceptions were noted in the procedures performed.

12. We inquired of management and observed whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and reported any exceptions. Alternately, if the checks were electronically printed on blank check stock, we reviewed entity documentation (electronic system control documentation) and reported whether the persons with signatory authority have system access to print checks.

**Comment:** No exceptions were noted in the procedures performed.

13. If a signature stamp or signature machine is used, we inquired of the signer whether his or her signature was maintained under his or her control or was used only with the knowledge and consent of the signer. We inquired of the signer whether signed checks were likewise maintained under the control of the signer or authorized user until mailed. We reported any exceptions.

**Comment:** No exceptions were noted in the procedures performed.

#### **Credit Cards/Debit Cards/Fuel Cards/P-Cards**

14. We obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. We obtained management's representation that the listing is complete.

**Comment:** No exceptions were noted in the procedures performed.

15. Using the listing prepared by management, we randomly selected 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. We obtained the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. We selected the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, selected the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) We reported whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

**Comment:** No exceptions were noted in the procedures performed.



- b) We reported whether finance charges and/or late fees were assessed on the selected statements.

**Comment:** *We identified finance charges for five months (July 2016, September 2016, October 2016, November 2016, and March 2017) for the Capital One credit card.*

16. Using the monthly statements or combined statements selected under #15 above, we obtained supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, we reported whether the transaction is supported by:
- An original itemized receipt (i.e., identifies precisely what was purchased)
  - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
  - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

**Comment:** *No exceptions were noted in the procedures performed.*

- b) For each transaction, we compared the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and reported any exceptions.

**Comment:** *No exceptions were noted in the procedures performed.*

- c) For each transaction, we compared the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and reported any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner reported the transaction as an exception.

**Comment:** *No exceptions were noted in the procedures performed.*

### **Travel and Expense Reimbursement**

17. We obtained from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtained the general ledger and sorted/filtered for travel reimbursements. We obtained management's representation that the listing or general ledger is complete.

**Comment:** *No exceptions were noted in the procedures performed.*

18. We obtained the entity's written policies related to travel and expense reimbursements. We compared the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and reported any amounts that exceed GSA rates.

**Comment:** *No exceptions were noted in the procedures performed.*

19. Using the listing or general ledger from #17 above, we selected the three persons who incurred the most travel costs during the fiscal period. We obtained the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and chose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
- a) We compared expense documentation to written policies and reported whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, we compared to the GSA rates (#18 above) and reported each reimbursement that exceeded those rates.
  - b) We reported whether each expense is supported by:
    - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
    - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
    - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)
  - c) We compared the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and reported any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner reported the transaction as an exception.
  - d) We reported whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Comment:** *No exceptions were noted in the procedures performed.*

### **Contracts**

20. We obtained a listing of all contracts in effect during the fiscal period or, alternately, obtained the general ledger and sorted/filtered for contract payments. We obtained management's representation that the listing or general ledger is complete.

**Comment:** *No exceptions were noted in the procedures performed.*

21. Using the listing above, we selected the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). We obtained the related contracts and paid invoices and:

- a) We reported whether there is a formal/written contract that supports the services arrangement and the amount paid.
- b) We compared each contract's detail to the Louisiana Public Bid Law or Procurement Code. We reported whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, we obtained/compared supporting contract documentation to legal requirements and reported whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
  - If no, we obtained supporting contract documentation and reported whether the entity solicited quotes as a best practice.
- c) We reported whether the contract was amended. If so, we reported the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
- e) We selected the largest payment from each of the five contracts, obtained the supporting invoice, compared the invoice to the contract terms, and reported whether the invoice and related payment complied with the terms and conditions of the contract.
- f) We obtained/reviewed contract documentation and board minutes and reported whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

**Comment:** *We noted the entity did not solicit quotes as a best practice for two contracts. No other exceptions were noted.*

### **Payroll and Personnel**

22. We obtained a listing of employees (and elected officials, if applicable) with their related salaries, and obtained management's representation that the listing is complete. We randomly selected five employees/officials, obtained their personnel files, and:

- a) We reviewed compensation paid to each employee during the fiscal period and reported whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
- b) We reviewed changes made to hourly pay rates/salaries during the fiscal period and reported whether those changes were approved in writing and in accordance with written policy.

**Comment:** *No exceptions were noted in the procedures performed.*

23. We obtained attendance and leave records and randomly selected one pay period in which leave has been taken by at least one employee. Within that pay period, we randomly selected 25 employees/officials (or randomly selected one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) We reported whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
- b) We reported whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
- c) We reported whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

**Comment:** *No exceptions were noted in the procedures performed.*

24. We obtained from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, we selected the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtained the personnel files for the two employees/officials. We reported whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

**Comment:** *No exceptions were noted in the procedures performed.*

25. We obtained supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. We reported whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

**Comment:** *No exceptions were noted in the procedures performed.*

### **Ethics**

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

**Comment:** *No exceptions were noted in the procedures performed.*

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

**Comment:** *Per inquiry of management, an instance of alleged fraud occurred at Bastrop High School in the fiscal year. We noted the entity reported the instance to the District Attorney as well as to the Louisiana Legislative Auditors. No other known instances of ethics violations were reported.*

### **Debt Service**

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.
29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.
30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

**Comment:** *We noted all debt service payments were made and debt reserves were maintained. No new debt was issued in the fiscal period tested. No exceptions noted.*

### **Other**

31. We inquired of management whether the entity had any misappropriations of public funds or assets. If so, we obtained/reviewed supporting documentation and reported whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

**Comment:** *Management represented that there was an instance of alleged fraud in the fiscal year at Bastrop High School. The entity properly communicated this instance to the District Attorney, officials, and the Louisiana Legislative Auditors.*

32. We observed and reported whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.lla.la.gov/hotline](http://www.lla.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

**Comment:** *We noted the entity has the notice posted on its premises and website.*

33. If we observed or otherwise identified any exceptions regarding management's representations in the procedures above, we reported the nature of each exception.

**Comment:** *No exceptions noted.*

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose.

This report is intended solely for the information and use of the board and management of Volunteers of America of North Louisiana and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS, & INGRAM, LLC  
Shreveport, Louisiana  
January 31, 2018



# MOREHOUSE PARISH SCHOOL BOARD

"Obtaining Excellence in Education Through Quality Teaching"

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*Mission: "Academic Excellence through Quality Teaching"*  
*Vision: "Continuing to a 'C' in 2017"*

**MRS. HAZEL SELLERS**  
Superintendent

December 31, 2017

Louisiana Legislative Auditor

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Baton Rouge, LA 70804-9397

And

Carr, Riggs & Ingram, LLC

1000 East Preston Avenue, Suite 200

Shreveport, Louisiana 71105

Re: Management Response to Agreed-Upon Procedures

Morehouse Parish School Board's management has reviewed the Independent Accountants' Report on Applying Agreed-upon Procedures. Management is in agreement with the report as provided by Carr, Riggs & Ingram, LLC. In addition, Morehouse Parish School Board has implemented changes/additions to policies and/or procedures where necessary to meet the expectations in the report.

Respectfully,

Hazel Sellers

Superintendent

Ersula Downs

Business Manager