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**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**Financial Statements and
Independent Auditors' Reports
As of and for the Year Ended June 30, 1997**

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

Release Date MAR 11 1998

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**Financial Statements and
Independent Auditors' Reports
As of and for the Year Ended June 30, 1997**

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**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

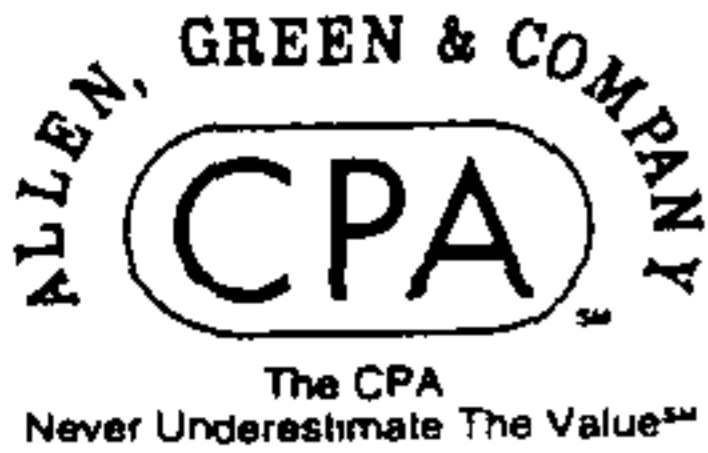
**Financial Statements and
Independent Auditors' Reports
As of and for the Year Ended June 30, 1997**

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ALLEN, GREEN & COMPANY, LLP

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Independent Auditors' Report

Board Members
Morehouse Parish School Board
Bastrop, Louisiana

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

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

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

As discussed in Note 21, during the year ended June 30, 1997 the Morehouse Parish School Board began accruing sales taxes collected by vendors in June 1997 and remitted to the School Board in July 1997 in accordance with Governmental Accounting Standards Board Statement No. 22, Accounting for Taxpayer - Assessed Revenues in Governmental Funds.

In accordance with Government Auditing Standards, we have also issued our report dated January 8, 1998 on our consideration of the Morehouse Parish School Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of Morehouse Parish School Board, Bastrop, Louisiana, taken as a whole. The accompanying supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Also included is other financial information as listed in the table of contents. This information has not been audited by us, and accordingly, we express no opinion concerning this information.

ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana
January 8, 1998

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**ALL FUND TYPES AND ACCOUNT GROUPS
Combined Balance Sheet
June 30, 1997**

	*****GOVERNMENTAL FUNDS*****			
	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS
ASSETS AND OTHER DEBITS				
Assets:				
Cash and cash equivalents	\$ 1,135,071	\$ 223,559	\$ 509,409	\$ 577,707
Receivables	540,935	736,117	4,101	157,800
Interfund receivable	820,967	262,952	40,000	0
Inventory	7,972	10,742	0	0
Land, buildings and equipment	0	0	0	0
Other debits:				
Amount available in debt service fund	0	0	0	0
Amount to be provided for retirement of general long-term obligations	0	0	0	0
TOTAL ASSETS AND OTHER DEBITS	\$ 2,504,945	\$ 1,233,370	\$ 553,510	\$ 735,507
LIABILITIES, EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts, salaries and other payables	\$ 2,215,824	\$ 308,208	\$ 0	\$ 150
Interfund payable	241,238	821,477	4,000	57,204
Deposits due others	0	0	0	0
Deferred revenues	0	41,492	0	0
Compensated absences payable	0	0	0	0
Notes and certificates of indebtedness payable	0	0	0	0
Capital leases payable	0	0	0	0
Total Liabilities	\$ 2,457,062	\$ 1,171,177	\$ 4,000	\$ 57,354
Equity and other credits:				
Investment in general fixed assets	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balances:				
Reserved for debt service	0	0	279,009	0
Reserved for inventory	7,972	10,742	0	0
Reserved for workers' compensation claims	4,978	0	0	0
Unreserved:				
Undesignated	34,933	51,451	270,501	678,153
Total Equity and Other Credits	\$ 47,883	\$ 62,193	\$ 549,510	\$ 678,153
TOTAL LIABILITIES, EQUITY, AND OTHER CREDITS	\$ 2,504,945	\$ 1,233,370	\$ 553,510	\$ 735,507

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

Statement A

*****ACCOUNT GROUPS*****				
FIDUCIARY- AGENCY FUNDS	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	TOTAL (MEMORANDUM ONLY)	
\$ 241,921	\$ 0	\$ 0	\$	2,687,667
0	0	0		1,438,953
0	0	0		1,123,919
0	0	0		18,714
0	30,512,347	0		30,512,347
0	0	549,510		549,510
0	0	3,808,244		3,808,244
<u>\$ 241,921</u>	<u>\$ 30,512,347</u>	<u>\$ 4,357,754</u>	<u>\$</u>	<u>40,139,354</u>
\$ 0	\$ 0	\$ 0	\$	2,524,182
0	0	0		1,123,919
241,921	0	0		241,921
0	0	0		41,492
0	0	880,321		880,321
0	0	2,893,297		2,893,297
0	0	584,136		584,136
<u>\$ 241,921</u>	<u>\$ 0</u>	<u>\$ 4,357,754</u>	<u>\$</u>	<u>8,289,268</u>
\$ 0	\$ 30,512,347	\$ 0	\$	30,512,347
0	0	0		279,009
0	0	0		18,714
0	0	0		4,978
0	0	0		1,035,038
<u>\$ 0</u>	<u>\$ 30,512,347</u>	<u>\$ 0</u>	<u>\$</u>	<u>31,850,086</u>
<u>\$ 241,921</u>	<u>\$ 30,512,347</u>	<u>\$ 4,357,754</u>	<u>\$</u>	<u>40,139,354</u>

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**ALL GOVERNMENTAL FUNDS
Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 1997**

Statement B

	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS	TOTAL (MEMORANDUM ONLY)
REVENUES					
Local sources:					
Taxes:					
Ad valorem	\$ 1,739,149	\$ 0	\$ 1,290,520	\$ 0	\$ 3,029,669
Sales and use	2,776,748	0	278,895	859,196	3,914,839
Interest earnings	81,219	0	37,340	11,742	130,301
Food services	0	210,462	0	0	210,462
Other	555,270	0	0	351	555,621
State sources:					
Equalization	14,282,526	240,000	0	0	14,522,526
Other	819,254	44,902	0	0	864,156
Federal sources	106,837	4,508,247	0	0	4,615,084
Total Revenues	\$ 20,361,003	\$ 5,003,611	\$ 1,606,755	\$ 871,289	\$ 27,842,658
EXPENDITURES					
Current:					
Instruction:					
Regular programs	\$ 8,932,337	\$ 66,600	\$ 0	\$ 0	\$ 8,998,937
Special programs	2,714,022	1,689,568	0	0	4,403,590
Other instructional programs	992,902	391,626	0	0	1,384,528
Support services:					
Student services	882,567	90,167	0	0	972,734
Instructional staff support	527,588	409,484	0	0	937,072
General administration	281,926	1,181	8,816	13,552	305,475
School administration	1,559,272	0	0	0	1,559,272
Business services	206,248	67,345	0	0	273,593
Plant services	2,306,348	78,552	0	21,722	2,406,622
Student transportation services	1,429,994	16,599	0	0	1,446,593
Central services	144,499	82,492	0	0	226,991
Food services	302,694	2,027,799	0	0	2,330,493
Community service programs	1,793	0	0	0	1,793
Facilities acquisition and construction	0	0	0	865,661	865,661
Debt service:					
Principal retirement	273,962	0	1,648,000	0	1,921,962
Interest and bank charges	43,502	0	205,425	0	248,927
Total Expenditures	\$ 20,599,654	\$ 4,921,413	\$ 1,862,241	\$ 900,935	\$ 28,284,243
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ (238,651)	\$ 82,198	\$ (255,486)	\$ (29,646)	\$ (441,585)

(CONTINUED)

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**ALL GOVERNMENTAL FUNDS
Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 1997**

Statement B

	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS	TOTAL (MEMORANDUM ONLY)
OTHER FINANCING SOURCES (USES)					
Proceeds from the sale of fixed assets	\$ 10,637	\$ 0	\$ 0	\$ 0	\$ 10,637
Total Other Financing Sources (Uses)	<u>\$ 10,637</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,637</u>
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$ (228,014)</u>	<u>\$ 82,198</u>	<u>\$ (255,486)</u>	<u>\$ (29,646)</u>	<u>\$ (430,948)</u>
FUND BALANCES (Deficit) AT BEGINNING OF YEAR, AS ORIGINALLY STATED	\$ 153,894	\$ (20,005)	\$ 534,495	\$ 694,552	\$ 1,362,936
PRIOR PERIOD ADJUSTMENT	<u>122,003</u>	<u>0</u>	<u>270,501</u>	<u>13,247</u>	<u>405,751</u>
FUND BALANCES (Deficit) AT BEGINNING OF YEAR, AS RESTATED	<u>\$ 275,897</u>	<u>\$ (20,005)</u>	<u>\$ 804,996</u>	<u>\$ 707,799</u>	<u>\$ 1,768,687</u>
FUND BALANCES AT END OF YEAR	<u>\$ 47,883</u>	<u>\$ 62,193</u>	<u>\$ 549,510</u>	<u>\$ 678,153</u>	<u>\$ 1,337,739</u>

(CONCLUDED)

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

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

GOVERNMENTAL FUNDS - GENERAL FUND
Combined Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget (GAAP Basis) and Actual
For the Year Ended June 30, 1997

Statement C

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Local sources:			
Taxes:			
Ad valorem	\$ 1,720,000	\$ 1,739,149	\$ 19,149
Sales and use	2,500,000	2,776,748	276,748
Interest earnings	55,000	81,219	26,219
Other	511,500	555,270	43,770
State sources:			
Equalization	14,280,000	14,282,526	2,526
Other	737,694	819,254	81,560
Federal sources	0	106,837	106,837
Total Revenues	\$ 19,804,194	\$ 20,361,003	\$ 556,809
EXPENDITURES			
Current:			
Instruction:			
Regular programs	\$ 8,679,771	\$ 8,932,337	\$ (252,566)
Special programs	2,615,450	2,714,022	(98,572)
Other instructional programs	846,148	992,902	(146,754)
Support services:			
Student services	867,926	882,567	(14,641)
Instructional staff support	499,722	527,588	(27,866)
General administration	425,673	281,926	143,747
School administration	1,553,946	1,559,272	(5,326)
Business services	194,356	206,248	(11,892)
Plant services	2,029,890	2,306,348	(276,458)
Student transportation services	1,318,902	1,429,994	(111,092)
Central services	138,395	144,499	(6,104)
Food services	336,521	302,694	33,827
Community service programs	1,500	1,793	(293)
Debt service:			
Principal retirement	165,000	273,962	(108,962)
Interest and bank charges	15,000	43,502	(28,502)
Total Expenditures	\$ 19,688,200	\$ 20,599,654	\$ (911,454)
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ 115,994	\$ (238,651)	\$ (354,645)

(CONTINUED)

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**GOVERNMENTAL FUNDS - GENERAL FUND
Combined Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget (GAAP Basis) and Actual
For the Year Ended June 30, 1997**

Statement C

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from the sale of fixed assets	\$ 10,500	\$ 10,637	\$ 137
Total Other Financing Sources (Uses)	<u>\$ 10,500</u>	<u>\$ 10,637</u>	<u>\$ 137</u>
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$ 126,494</u>	<u>\$ (228,014)</u>	<u>\$ (354,508)</u>
FUND BALANCES AT BEGINNING OF YEAR AS ORIGINALLY STATED	\$ 147,774	\$ 153,894	\$ 6,120
PRIOR PERIOD ADJUSTMENT	<u>0</u>	<u>122,003</u>	<u>122,003</u>
FUND BALANCES AT BEGINNING OF YEAR AS RESTATED	<u>\$ 147,774</u>	<u>\$ 275,897</u>	<u>\$ 128,123</u>
FUND BALANCES AT END OF YEAR	<u>\$ 274,268</u>	<u>\$ 47,883</u>	<u>\$ (226,385)</u>

(CONTINUED)

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
Combined Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget (GAAP Basis) and Actual
For the Year Ended June 30, 1997

Statement C

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Local sources:			
Food services	\$ 215,300	\$ 210,462	\$ (4,838)
State sources:			
Equalization	240,000	240,000	0
Other	42,781	44,902	2,121
Federal sources	4,494,165	4,508,247	14,082
 Total Revenues	\$ 4,992,246	\$ 5,003,611	\$ 11,365
 EXPENDITURES			
Current:			
Instruction:			
Regular programs	\$ 94,344	\$ 66,600	\$ 27,744
Special programs	2,048,075	1,689,568	358,507
Other instructional programs	263,855	391,626	(127,771)
Support services:			
Student services	89,525	90,167	(642)
Instructional staff support	429,766	409,484	20,282
General administration	4,186	1,181	3,005
Business services	900	67,345	(66,445)
Plant services	4,186	78,552	(74,366)
Student transportation services	0	16,599	(16,599)
Central services	0	82,492	(82,492)
Food services	1,971,050	2,027,799	(56,749)
Facilities acquisition and construction	7,109	0	7,109
 Total Expenditures	\$ 4,912,996	\$ 4,921,413	\$ (8,417)
 EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ 79,250	\$ 82,198	\$ 2,948
 FUND BALANCES (Deficit) AT BEGINNING OF YEAR	(47,726)	(20,005)	27,721
 FUND BALANCES AT END OF YEAR	\$ 31,524	\$ 62,193	\$ 30,669

(CONTINUED)

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS
Combined Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget (GAAP Basis) and Actual
For the Year Ended June 30, 1997**

Statement C

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Local sources:			
Taxes:			
Sales and use	\$ 864,037	\$ 859,196	\$ (4,841)
Interest earnings	0	11,742	11,742
Other	0	351	351
	<u>\$ 864,037</u>	<u>\$ 871,289</u>	<u>\$ 7,252</u>
Total Revenues			
EXPENDITURES			
Current:			
Support services:			
General administration	\$ 0	\$ 13,552	\$ (13,552)
Plant services	0	21,722	(21,722)
Facilities acquisition and construction	1,500,000	865,661	634,339
	<u>\$ 1,500,000</u>	<u>\$ 900,935</u>	<u>\$ 599,065</u>
Total Expenditures			
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>\$ (635,963)</u>	<u>\$ (29,646)</u>	<u>\$ 606,317</u>
FUND BALANCES AT BEGINNING OF YEAR AS ORIGINALLY STATED	<u>\$ 1,200,738</u>	<u>\$ 694,552</u>	<u>\$ (506,186)</u>
PRIOR PERIOD ADJUSTMENT	<u>0</u>	<u>13,247</u>	<u>13,247</u>
FUND BALANCES AT BEGINNING OF YEAR AS ORIGINALLY STATED	<u>\$ 1,200,738</u>	<u>\$ 707,799</u>	<u>\$ (492,939)</u>
FUND BALANCES AT END OF YEAR	<u>\$ 564,775</u>	<u>\$ 678,153</u>	<u>\$ 113,378</u>

(CONCLUDED)

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

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1997

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MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

The 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 sixteen schools within the parish with a total enrollment of approximately 5,609 pupils. In conjunction with the regular educational programs, some of these schools offer special education and/or adult education programs. In addition, the School Board provides transportation and school food services for the students.

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

B. FUNDS AND ACCOUNT GROUPS

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

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. FUNDS AND ACCOUNT GROUPS (Continued)

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

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

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

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

Debt service fund - accounts for the servicing of general long-term debt not being financed by proprietary or nonexpendable trust funds.

Capital projects funds - account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

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

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

School activity agency fund - accounts for assets held by the School Board as an agent for the individual schools and school organizations.

Account Groups

The *general fixed assets account group* is used to account for fixed assets not accounted for in proprietary or trust funds.

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

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Governmental funds

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

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

Revenues

Federal and state entitlements (which include state equalization and state revenue sharing) are recorded as unrestricted grants-in-aid at the time of receipt or earlier if the susceptible and accrual criteria are met. Expenditure-driven grants are recorded when the reimbursable expenditures have been incurred.

Ad valorem taxes and sales taxes are susceptible to accrual.

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

Expenditures

Salaries are recorded as expenditures when earned. Teachers' salaries are earned over a nine-month period, but are paid over a twelve-month period.

Purchases of various operating supplies are recorded as expenditures in the accounting period they are purchased.

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

Principal and interest on general long-term debt are recognized when due.

Substantially all other expenditures are recognized when the related fund liability has been incurred.

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1997**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Governmental funds (Continued)

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishments, long-term debt proceeds, et cetera) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Fiduciary Funds

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

D. BUDGETS

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

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

Each year prior to September 15, the Superintendent submits to the Board proposed annual budgets for the general fund and special revenue funds' budgets that are not grant-oriented. Public hearings are conducted, prior to the Board's approval, to obtain taxpayer comments. Grant funds are included in special revenue funds and their budgets are adopted at the time the grant applications are approved by the grantor. The operating budgets include proposed expenditures and the means of financing them.

Appropriations (unexpended budget balances) lapse at year end.

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

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

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. BUDGETS (Continued)

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

E. ENCUMBRANCES

Outstanding encumbrances (e.g., purchase orders, contracts) lapse at year end. To the extent the Board intends to honor the purchase orders and commitments, they are disclosed in the notes to the financial statements. Authorization for the eventual expenditure will be included in the following year's budget appropriations.

F. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits.

Under state law, the School Board may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

G. 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 balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

H. INVENTORIES

Inventories of the governmental fund type are recorded as expenditures when purchased. Except for inventory of the school food service fund, the amounts are not considered material at June 30, 1997.

Inventory of the school food service special revenue fund consists of food purchased by the School Board and commodities granted by the United States Department of Agriculture through the Louisiana Department of Agriculture and Forestry. All purchased inventory items are valued at cost (first-in, first-out) and commodities are assigned values based on information provided by the United States Department of Agriculture.

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. FIXED ASSETS

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

Approximately 90% of fixed assets are valued at actual costs, while the remaining 10% are valued at estimated cost based on the actual cost of like items.

Public domain (infrastructure) general fixed assets (e.g. roads, bridges, sidewalks and other assets that are immovable and of value only to the government) are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not included in the general fixed assets account group.

J. DEFERRED REVENUES

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

K. COMPENSATED ABSENCES

All twelve-month employees earn from twelve to eighteen days of sick leave each year, depending on their length of service. All employees working on a nine-month basis earn ten days of sick leave each year. Nine-month employees who work during the summer receive an additional one day of sick leave for each four weeks of summer work. Sick leave may be accumulated and carried forward to succeeding years without limitation. Upon retirement or death, employees or their heirs are paid for the value of accumulated sick leave not to exceed twenty-five days at the employee's current rate of pay. Under the Louisiana Teachers' Retirement System and the Louisiana School Employees' Retirement System, all unpaid sick leave is used in the retirement benefit computation as earned service.

All twelve-month employees earn from ten to fifteen days of vacation leave each year, depending upon their length of service with the School Board. Twelve-month employees may accumulate and carry forward a maximum of fifteen days' vacation time to succeeding years. Any employee's vacation leave in excess of fifteen days is forfeited at year end without compensation. Upon separation of employment, all employees' unused vacation leave is forfeited without compensation.

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1997**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. COMPENSATED ABSENCES (Continued)

Sabbatical leave may be granted for rest and recuperation and for professional and cultural improvement. Any employee with a teaching certificate is entitled, subject to approval by the School Board, to one semester of sabbatical leave after three years of continuous service or two semesters of sabbatical leave after six or more years of continuous service.

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

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

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

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

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

Sabbatical leave benefits are recorded as expenditures in the period paid.

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

L. LONG-TERM OBLIGATIONS

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

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. LONG-TERM OBLIGATIONS (Continued)

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

M. FUND EQUITY

Reservations of fund balance represent those amounts that are not appropriable or are legally segregated for a specific purpose.

Designations of fund balances represent tentative management plans that are subject to change.

N. INTERFUND TRANSACTIONS

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

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

O. SALES TAXES

The Morehouse Parish School Board has two 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."

The School Board 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 solely for the purpose of constructing, renovating, improving, equipping and furnishing public schools within Morehouse Parish." The tax is levied for a six-year period ending September 30, 1998.

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. MEMORANDUM ONLY - TOTAL COLUMNS

The total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations, in conformity with generally accepted accounting principles.

Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Q. NEW APPLICABLE GASB PRONOUNCEMENTS

In November 1994, GASB issued Statement No. 27, "Accounting for Pensions by State and Local Governmental Employers" (GASB 27). GASB 27 prescribes changes in pension accounting and disclosure requirements for employers participating in single employer/agent multiple defined benefit plans, cost sharing multiple employer defined benefit plans, and defined contribution plans. The School Board participates in a cost-sharing multiple-employer public employee retirement system which is a defined benefit plan. GASB 27 is effective for fiscal years beginning after June 15, 1997. The School Board has not yet determined the effects of adoption.

R. 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 statement and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2 - EXPENDITURES - BUDGET AND ACTUAL

The following individual funds have actual expenditures over budgeted expenditures:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General fund:	\$19,688,200	\$20,599,654	\$911,454
Special Revenue Funds			
Preschool	46,280	51,398	5,118
Miscellaneous State Grants	18,599	21,598	2,999
School Food Service	1,971,050	2,027,799	56,749
Special Federal	327,654	416,389	88,735

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1997

NOTE 3 - LEVIED TAXES

The School Board levies taxes on real and business personal property located within Morehouse Parish's boundaries. Property taxes are levied by the School Board on property values assessed by the Morehouse Parish Tax Assessor and approved by the state of Louisiana Tax Commission.

The Morehouse Parish Sheriff's Office bills and collects all property taxes for the School Board except for the property located in the city of Bastrop which is billed and collected by the city of Bastrop. Collections are remitted to the School Board monthly.

	<u>Property Tax Calendar</u>	
	<u>Parish</u> <u>(Except City of Bastrop)</u>	<u>City of Bastrop</u>
Tax bills mailed	About November 15, 1996	About November 15, 1996
Total taxes are due	December 31, 1996	December 31, 1996
Lien date	January 1, 1997	March 15, 1997
Penalties and interest are added	January 1, 1997	March 15, 1997

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

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

A revaluation of all property is required after 1978 to be completed no less than every four years. The last revaluation was completed for the roll of January 1, 1996. Total assessed value was \$121,767,810 in calendar year 1996. Louisiana state law exempts the first \$7,500 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption was \$26,896,640 of the assessed value in calendar year 1996.

State law requires the Morehouse Parish Sheriff's Department to collect property taxes in the calendar year in which the assessment is made. Property taxes become delinquent January 1 and March 15 as noted in the above property tax calendar of the following year. If taxes are not paid by the due date, taxes bear interest at the rate of 1.25% per month until the taxes are paid. After notice is given to the delinquent taxpayers, the Morehouse Parish Sheriff's Department is required by the *Constitution of the State of Louisiana* to sell the least quantity of property necessary to settle the taxes and interest owed.

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

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1997

NOTE 3 - LEVIED TAXES (Continued)

The tax roll is prepared by the tax assessor in November each year. The collection amount of the 1997 property taxes occurs in December, January, and February of the next year. As a result, no property tax receivable for 1997 taxes is included on the accompanying combined balance sheet because it is not available within 60 days of the School Board's year-end.

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

The following is a summary of authorized and levied (tax rate per \$1,000 Assessed Value) ad valorem taxes:

	<u>Date of Voter Approval</u>	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Parish-wide taxes:				
Constitutional	Statutory	5.57	5.57	Statutory
Maintenance and operation	October 1, 1994	6.88	6.88	2004
Maintenance and operations	January 18, 1986	6.41	6.41	2005
1992 Capital Program Tax	July 18, 1992	14.00	14.00	1997

NOTE 4 - CASH AND CASH EQUIVALENTS

At June 30, 1997, the School Board has cash and cash equivalents as follows:

Demand deposits	\$ 227,280
Interest-bearing demand deposits	<u>2,460,387</u>
 Total	 <u>\$2,687,667</u>

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

At year-end, the School Board's carrying amount of deposits was \$2,687,667 and the bank balance was \$3,319,449. Of the bank balance, \$283,082 was covered by federal depository insurance or by collateral held by the School Board's agent in the School Board's name (GASB Category 1). The remaining balance of \$1,988,151 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the School Board's name (GASB Category 3).

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1997

NOTE 5 - RECEIVABLES

The receivables of \$1,438,953 at June 30, 1997, are as follows:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Intergovernmental - grants:					
Federal	\$ 42,800	\$727,941	\$ -	\$ -	\$ 770,741
State	108,623	7,052	-	-	115,675
Other	10,069	1,124	-	-	11,193
Taxes					
Sales and use	370,672	-	-	157,800	528,472
Ad valorem	<u>8,771</u>	<u>-</u>	<u>4,101</u>	<u>-</u>	<u>12,872</u>
Total	<u>\$540,935</u>	<u>\$736,117</u>	<u>\$4,101</u>	<u>\$157,800</u>	<u>\$1,438,953</u>

NOTE 6 - FIXED ASSETS

The changes in general fixed assets are as follows:

	<u>Balance July 1, 1996</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 1997</u>
Land	\$ 240,013	\$ -	\$ -	\$ 240,013
Buildings	22,724,901	-	8,925	22,715,976
Furniture and equipment	<u>6,809,024</u>	<u>933,377</u>	<u>186,043</u>	<u>7,556,358</u>
Total	<u>\$29,773,938</u>	<u>\$933,377</u>	<u>\$194,968</u>	<u>\$30,512,347</u>

NOTE 7 - RETIREMENT SYSTEMS

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

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1997

NOTE 7 - RETIREMENT SYSTEMS (Continued)

With respect to the Teachers' Retirement System Regular Plan, normal retirement is at age 60 with 10 years of service, or at any age with 20 years of service. The formula for annual maximum retirement benefits is generally 2% (with less than 25 years of service) or 2.5% (with 25 or more years of service) times the years of creditable service times the average salary of the 36 highest successive months (plus \$300 applicable to persons becoming members prior to July 1, 1986).

Under the Teachers' Retirement System Plan B, normal retirement is at age 55 with at least 30 years of creditable service or at age 60 with at least 10 years of creditable service. The retirement benefit formula is generally 2% times the years of creditable service times the retirees' average salary of the 36 highest successive months.

Employees participating in the Louisiana School Employees' Retirement System are eligible for normal retirement after 30 years of service, or after 25 years of service at age 55, or after 10 years of service at age 60. The maximum retirement allowance is computed at 2.5% times the highest 36 months of average salary, times the years of service plus a supplement of \$2 per month times the years of service.

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

	<u>Employee</u>	<u>Employer</u>
LA Teachers' Retirement System:		
Regular	8.00%	16.3%
Plan B	5.00%	16.3%
LA School Employees' Retirement	6.35%	6.0%

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

Benefits granted by the retirement systems are guaranteed by the state of Louisiana under provisions of the Louisiana Constitution of 1974. For the years ended June 30, 1997, the payroll for the School Board totaled \$14,998,388. The employee and employer contributions and total current-year payroll of covered employees are as follows:

	... TRS.....			
	<u>Regular</u>	<u>Plan B</u>	<u>LSERS</u>	<u>Total</u>
Employee contribution	\$ 900,773	\$ 28,726	\$ 87,224	\$ 1,016,723
Employer contribution	1,835,326	93,646	82,416	2,611,388
Total covered current-year payroll	11,259,666	574,514	1,373,603	13,207,783

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1997**

NOTE 7 - RETIREMENT SYSTEMS (Continued)

Although contributions are determined by statute, actuarial contributions are determined for the Systems. For the year ended June 30, 1996, the latest information available, the Systems' (TRS and LSERS) actuarially required contribution from all sources was \$401.0 million and \$12.9 million, respectively. The required School Board's contribution represents 17.79 and 6.12 percent, respectively, of salaries for the year ended June 30, 1996.

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

	<u>TRS</u>	<u>LSERS</u>
Pension Benefit Obligation	\$11,232,762,000	\$ 970,569,414
Net Assets Available for Benefits	<u>7,056,608,000</u>	<u>1,089,962,911</u>
Unfunded (Overfunded) Pension Benefit Obligation	<u>\$ 4,176,154,000</u>	<u>\$(119,393,497)</u>

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

Teachers' Retirement System	.52%
School Employees' Retirement System	.65%

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

Teachers' Retirement System of Louisiana
Post Office Box 94123
Baton Rouge, Louisiana 70804-9123
(504) 925-6446

Louisiana School Employees' Retirement System
Post Office Box 44516
Baton Rouge, Louisiana 70804
(504) 925-6484

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1997

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS

The Morehouse Parish School Board provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the School Board's employees become eligible for these benefits if they reach normal retirement age while working for the School Board. These benefits for retirees and similar benefits for active employees are provided through the State Employees Group Benefits Program, whose monthly premiums are paid jointly by the employee and by the School Board. The School Board recognizes the cost of providing these benefits (which includes the state's reimbursement) as an expenditure when the monthly premiums are due. The cost of retiree benefits included in these expenditures was \$1,178,893 for 414 retirees.

NOTE 9 - ACCOUNTS, SALARIES AND OTHER PAYABLES

The payables of \$2,524,182 at June 30, 1997, are as follows:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total</u>
Salaries and withholding	\$1,910,555	\$303,014	\$ -	\$2,213,569
Accounts	235,460	5,194	150	240,804
Incurred but not reported claims	<u>69,809</u>	<u>-</u>	<u>-</u>	<u>69,809</u>
Total	<u>\$2,215,824</u>	<u>\$308,208</u>	<u>\$150</u>	<u>\$2,524,182</u>

NOTE 10 - COMPENSATED ABSENCES

At June 30, 1997, employees of the School Board have accumulated and vested \$880,321 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. This amount is recorded within the general long-term obligations account group

NOTE 11 - CAPITAL LEASES

Capital Leases. The School Board records items under capital leases as an asset and an obligation in the accompanying financial statements. The following is an analysis of capital leases:

<u>Type</u>	<u>Recorded Amount</u>
Computer lab	\$172,264
School buses	555,504
Mower	7,455
Computer lab	44,287

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1997

NOTE 11 - CAPITAL LEASES (Continued)

The remaining minimum lease payments under capital leases, and the present value of the net minimum lease payments at June 30, 1997 are as follows:

Year ending June 30,	<u>Computer Lab</u>	<u>12 School Buses</u>	<u>Mower</u>	<u>Computer Lab</u>	<u>Total</u>
1998	\$ 39,361	\$124,233	\$2,813	\$25,170	\$191,577
1999	39,361	124,233	2,813	25,168	191,575
2000	39,361	124,233	469	-	164,063
2001	<u>-</u>	<u>124,233</u>	<u>-</u>	<u>-</u>	<u>124,233</u>
Total minimum lease payments	118,083	496,932	6,095	50,338	671,448
Less amount representing interest	<u>15,051</u>	<u>65,661</u>	<u>549</u>	<u>6,051</u>	<u>87,312</u>
Present value of future minimum lease payments	<u>\$103,032</u>	<u>\$431,271</u>	<u>\$5,546</u>	<u>\$44,287</u>	<u>\$584,136</u>

NOTE 12 - CHANGES IN AGENCY FUND DEPOSITS DUE OTHERS

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

	<u>Balance at Beginning Of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at End Of Year</u>
Agency funds:				
School activity accounts	<u>\$187,183</u>	<u>\$986,692</u>	<u>\$931,954</u>	<u>\$241,921</u>

NOTE 13 - CHANGES IN GENERAL LONG-TERM OBLIGATIONS

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

	<u>Certificate of Indebtedness</u>	<u>Note Payable EPA</u>	<u>Capital Leases</u>	<u>Compensated Absences</u>	<u>Total</u>
Balance, June 30, 1996	\$4,528,000	\$65,297	\$132,904	\$1,134,310	\$5,860,511
Additions	-	-	632,416	-	632,416
Deductions	<u>1,695,000</u>	<u>5,000</u>	<u>181,184</u>	<u>253,989</u>	<u>2,135,173</u>
Balance, June 30, 1997	<u>\$2,833,000</u>	<u>\$60,297</u>	<u>\$584,136</u>	<u>\$ 880,321</u>	<u>\$4,357,754</u>

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1997

NOTE 13 - CHANGES IN GENERAL LONG-TERM OBLIGATIONS (Continued)

Individual general obligation issues are as follows:

<u>Obligation</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Principal Outstanding</u>
Certificate of indebtedness				
Series 1993	\$5,000,000	5.50%	Nov. 1, 1998	\$1,645,000
Series 1994	2,500,000	4.95%	Nov. 1, 1998	995,000
Series 1995	240,000	6.50%	Oct. 1, 2000	193,000
EPA note	377,937	0.00%	May 30, 2012	<u>60,297</u>
Total				<u>\$2,893,297</u>

The obligations are due as follows:

<u>Year Ending June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
1998	\$1,793,000	\$128,781	\$1,921,781
1999	963,000	32,249	995,249
2000	62,000	4,745	66,745
2001	35,000	975	35,975
2002	5,000	-	5,000
Thereafter	35,297	-	35,297
Total	<u>\$2,893,297</u>	<u>\$166,750</u>	<u>\$3,060,047</u>

NOTE 14 - INTERFUND TRANSACTIONS

Due from/to others:

<u>Fund</u>	<u>Receivable Amount</u>	<u>Payable Amount</u>
General	\$ 820,967	\$ 241,238
Special Revenue Funds		
Title I	150,146	535,679
Title VI	1,663	5,533
Eisenhower Math and Science - Title II	1,645	-
Special Education	-	4,508
Summer School	3,415	-
Preschool	20,705	28,250
Miscellaneous State/Federal Grants	6,166	12,774
Drug-Free Schools	46	20,502
Special Federal	79,166	214,231
Capital Projects Funds		
School District No. 2 and No. 3 merged	-	926
Capital Improvements	-	56,278
Debt Service Funds	40,000	4,000
Total	<u>\$1,123,919</u>	<u>\$1,123,919</u>

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1997

NOTE 15 - RESERVED FUND BALANCES

Reservations:

Inventory This amount represents the portion of fund balance relating to inventory on hand which is therefore unavailable to be expended for other purposes.

Debt Service This amount represents the portion of fund balance that has been reserved in the debt service fund for future payment of principal and interest on bonded debt.

Workers' Compensation Claims The amount represents the portion of fund balance that has been reserved to cover possible workers' compensation claims.

NOTE 16 - LITIGATION AND CLAIMS

Litigation

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

Grant Disallowances

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

Tax Arbitrage Rebate

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

Self-Insurance

The School Board is partially self-insured for workers' compensation. Claims are funded through the operating funds of the School Board. The School Board maintains stop-loss coverage with an insurance company for claims in excess of \$200,000 per claim for each employee, or \$2,600,000 per year for workers' compensation insurance coverage. All known claims filed and an estimate of incurred but not reported claims based on experience of the School Board are made and accrued as necessary in the financial statements. A portion of fund balance of the General Fund has been designated for payment of future claims.

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1997

NOTE 17 - ENCUMBRANCES

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances are reappropriated in the next year. At June 30, 1997 the School Board had entered into purchase orders and commitments as follows:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total</u>
Total encumbrances	<u>\$312,684</u>	<u>\$33,133</u>	<u>\$150</u>	<u>\$345,967</u>

NOTE 18 - SUBSEQUENT EVENTS

The School Board purchased a computer lab and computers for Morehouse Magnet School. The total cost of the computer lab was approximately \$104,500.

The School Board purchased eight portable buildings to be used as classrooms. The total cost of the buildings was approximately \$240,000.

NOTE 19 - RISK MANAGEMENT

The School Board is engaged in a risk management program for workers' compensation insurance. Premiums are paid into the general fund by all other funds and are available to pay claims, claim reserves and administrative costs of the program. An excess coverage insurance policy covers claims over \$150,000. Interfund premiums are based primarily upon the individual funds' payroll and are reported as expenditures in the individual funds.

Claims amounts for the current year are as follows:

	<u>Beginning of Fiscal Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Benefit Payments and Claims</u>	<u>Ending of Fiscal Year Liability</u>
Workers' Compensation: 1996-1997	<u>\$76,842</u>	<u>\$171,049</u>	<u>\$178,082</u>	<u>\$69,809</u>

In addition, the School Board has entered into insurance contracts for coverage of property, liability, and bonding of employees.

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1997

NOTE 20 - ON-BEHALF PAYMENTS FOR FRINGE BENEFITS AND SALARIES

On-behalf payments for fringe benefits and salaries are direct payments made by an entity (the paying agent) to a third-party recipient for the employees of another, legally separate entity (the employer entity). GASB Statement No. 24 requires employer governments to recognize revenue and expenditures or expenses for these on-behalf payments.

The State of Louisiana made pension contributions (regarding Professional Improvement Program) directly to the Teachers' Retirement System of Louisiana on behalf of the School Board in the amount of \$32,837. This amount was recognized as state revenue and a corresponding expenditure in the applicable fund from which the salary was paid.

NOTE 21 - PRIOR-PERIOD ADJUSTMENT

Statement No. 22 of the Governmental Accounting Standards Board, Accounting for Taxpayer - Assessed Tax Revenues in Governmental Funds, became effective for the year ended June 30, 1996. According to Statement No. 22, June sales taxes remitted to the School Board in July should be accrued. In years prior to June 30, 1997, the School Board has not accrued sales tax revenue for June sales received in July. A prior-period adjustment was made to record \$405,751 of June 1996 sales tax received by the School Board in July 1996.

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

SUPPLEMENTAL INFORMATION

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

SPECIAL REVENUE FUNDS

TITLE I

To improve the educational opportunities of educationally deprived children by helping them succeed in the regular school program, attain grade level proficiency and improve achievement in basic and more advanced skills. Primarily for provision of compensatory instructional activities to educationally deprived children that reside in low-income areas and have been selected on the basis of a needs assessment. Services supplement, not supplant, those normally provided by state and local educational agencies.

TITLE VI

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

Grants are awarded for students at risk of failure in school; instructional materials; school-wide improvements and effective school programs; training and professional development; early identification of children with reading disabilities, personal excellence of students and student achievements; and innovative enhancements projects to the educational program and climate of the school.

MATH AND SCIENCE - TITLE II

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.

SPECIAL EDUCATION

To provide grants to states to assist them in providing a free appropriate public education to all children with disabilities.

SUMMER SCHOOL

To provide grants to provide extended summer education to all qualified students.

PRESCHOOL

To provide grants to states to assist them in providing a free appropriate public education to preschool disabled children aged three through five years.

MISCELLANEOUS STATE GRANTS

The fund includes various small state funded grants.

SCHOOL FOOD SERVICE

To assist through cash grants and food donations 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

SPECIAL REVENUE FUNDS (Continued)

DRUG FREE - TITLE IV

To establish state and local programs of alcohol and drug abuse education and prevention coordinated with related community efforts and resources.

SPECIAL FEDERAL

BASIC GRANTS TO STATES

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.

CHILD CARE AND DEVELOPMENT BLOCK GRANT

To make grants available to assist low-income families with child care services. The purpose of the program is to increase the availability, affordability, and quality of child care and to increase the availability of early childhood development and before- and after-school programs.

TECH-PREP EDUCATION

To develop and operate a four-year program designed to provide a tech-prep education program leading to a two-year associate degree or a two-year certification and to provide links between secondary schools and post-secondary educational institutions.

ADULT EDUCATION - STATE-ADMINISTERED BASIC GRANT PROGRAM

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

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

JTPA

To provide job training and related assistance to economically disadvantaged individuals and others who face significant employment barriers. The ultimate goal of the Job Training Partnership Act is to move trainees into permanent, self-sustaining employment.

ROTC

ROTC is a federally funded program through the Department of Defense.

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 1997**

	TITLE I	TITLE VI	MATH AND SCIENCE - TITLE II	SPECIAL EDUCATION
ASSETS				
Cash and cash equivalents	\$ 0	\$ 0	\$ 8,549	\$ 21,498
Receivables	550,144	3,870	0	13,034
Interfund receivable	150,146	1,663	1,645	0
Inventory	0	0	0	0
TOTAL ASSETS	\$ 700,290	\$ 5,533	\$ 10,194	\$ 34,532
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts, salaries and other payables	\$ 157,619	\$ 0	\$ 9,920	\$ 1,953
Interfund payable	535,679	5,533	0	4,508
Deferred revenues	6,992	0	274	28,071
Total Liabilities	\$ 700,290	\$ 5,533	\$ 10,194	\$ 34,532
 Fund Balances:				
Reserved for inventory	\$ 0	\$ 0	\$ 0	\$ 0
Unreserved - undesignated	0	0	0	0
Total Fund Balances	\$ 0	\$ 0	\$ 0	\$ 0
 TOTAL LIABILITIES AND FUND BALANCES	 \$ 700,290	 \$ 5,533	 \$ 10,194	 \$ 34,532

Exhibit 1

SUMMER SCHOOL	PRESCHOOL	MISCELLANEOUS STATE GRANTS	SCHOOL FOOD SERVICE	DRUG FREE-TITLE IV	SPECIAL FEDERAL	TOTAL
\$ 4,200	\$ 6,927	\$ 1,652	\$ 126,755	\$ 0	\$ 53,978	223,559
11,327	2,303	7,973	0	30,702	116,764	736,117
3,415	20,705	6,166	0	46	79,166	262,952
0	0	0	10,742	0	0	10,742
<u>\$ 18,942</u>	<u>\$ 29,935</u>	<u>\$ 15,791</u>	<u>\$ 137,497</u>	<u>\$ 30,748</u>	<u>\$ 249,908</u>	<u>1,233,370</u>
\$ 16,765	\$ 1,685	\$ 1,761	\$ 77,481	\$ 9,408	\$ 31,616	308,208
0	28,250	12,774	0	20,502	214,231	821,477
0	0	1,256	0	838	4,061	41,492
<u>\$ 16,765</u>	<u>\$ 29,935</u>	<u>\$ 15,791</u>	<u>\$ 77,481</u>	<u>\$ 30,748</u>	<u>\$ 249,908</u>	<u>1,171,177</u>
\$ 0	\$ 0	\$ 0	\$ 10,742	\$ 0	\$ 0	10,742
2,177	0	0	49,274	0	0	51,451
<u>\$ 2,177</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 60,016</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>62,193</u>
<u>\$ 18,942</u>	<u>\$ 29,935</u>	<u>\$ 15,791</u>	<u>\$ 137,497</u>	<u>\$ 30,748</u>	<u>\$ 249,908</u>	<u>1,233,370</u>

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

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

	TITLE I	TITLE VI	MATH AND SCIENCE - TITLE II	SPECIAL EDUCATION
REVENUES				
Local sources:				
Food services	\$ 0	\$ 0	\$ 0	\$ 0
State sources:				
Equalization	0	0	0	0
Other	0	0	0	0
Federal sources	1,969,692	29,980	43,678	249,135
 Total Revenues	\$ 1,969,692	\$ 29,980	\$ 43,678	\$ 249,135
 EXPENDITURES				
Current:				
Instruction:				
Regular programs	\$ 0	\$ 0	\$ 43,678	\$ 0
Special programs	1,387,562	28,753	0	182,488
Other instructional programs	0	0	0	0
Support services:				
Student services	0	0	0	1,727
Instructional staff support	362,224	1,202	0	45,117
General administration	1,156	25	0	0
Business services	58,171	0	0	8,274
Plant services	72,120	0	0	6,202
Student transportation services	5,967	0	0	5,327
Central services	82,492	0	0	0
Food services	0	0	0	0
 Total Expenditures	\$ 1,969,692	\$ 29,980	\$ 43,678	\$ 249,135
 EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ 0	\$ 0	\$ 0	\$ 0
 FUND BALANCES (Deficit) AT BEGINNING OF YEAR	0	0	0	0
 FUND BALANCES AT END OF YEAR	\$ 0	\$ 0	\$ 0	\$ 0

Exhibit 2

SUMMER SCHOOL	PRESCHOOL	MISCELLANEOUS STATE GRANTS	SCHOOL FOOD SERVICE	DRUG FREE-TITLE IV	SPECIAL FEDERAL	TOTAL
\$ 0	\$ 0	\$ 0	\$ 210,462	\$ 0	\$ 0	\$ 210,462
0	0	0	240,000	0	0	240,000
23,304	0	21,598	0	0	0	44,902
0	51,398	0	1,659,535	88,440	416,389	4,508,247
<u>\$ 23,304</u>	<u>\$ 51,398</u>	<u>\$ 21,598</u>	<u>\$ 2,109,997</u>	<u>\$ 88,440</u>	<u>\$ 416,389</u>	<u>\$ 5,003,611</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 22,922	\$ 66,600
17,999	51,168	21,598	0	0	0	1,689,568
0	0	0	0	0	391,626	391,626
0	0	0	0	88,440	0	90,167
0	0	0	0	0	941	409,484
0	0	0	0	0	0	1,181
0	0	0	0	0	900	67,345
0	230	0	0	0	0	78,552
5,305	0	0	0	0	0	16,599
0	0	0	0	0	0	82,492
0	0	0	2,027,799	0	0	2,027,799
<u>\$ 23,304</u>	<u>\$ 51,398</u>	<u>\$ 21,598</u>	<u>\$ 2,027,799</u>	<u>\$ 88,440</u>	<u>\$ 416,389</u>	<u>\$ 4,921,413</u>
\$ 0	\$ 0	\$ 0	\$ 82,198	\$ 0	\$ 0	\$ 82,198
2,177	0	0	(22,182)	0	0	(20,005)
<u>\$ 2,177</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 60,016</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 62,193</u>

(CONCLUDED)

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**SPECIAL REVENUE FUND
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget (GAAP Basis) and Actual
For the Year Ended June 30, 1997**

Exhibit 3-1

	*****TITLE I*****		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Federal sources	\$ 2,106,564	\$ 1,969,692	\$ (136,872)
Total Revenues	\$ 2,106,564	\$ 1,969,692	\$ (136,872)
EXPENDITURES			
Current:			
Instruction:			
Special programs	\$ 1,676,798	\$ 1,607,468	\$ 69,330
Support services:			
Instructional staff support	429,766	362,224	67,542
Total Expenditures	\$ 2,106,564	\$ 1,969,692	\$ 136,872
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ 0	\$ 0	\$ 0
FUND BALANCES AT BEGINNING OF YEAR	0	0	0
FUND BALANCES AT END OF YEAR	\$ 0	\$ 0	\$ 0

(CONTINUED)

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**SPECIAL REVENUE FUND
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget (GAAP Basis) and Actual
For the Year Ended June 30, 1997**

Exhibit 3-2

	*****TITLE VI*****		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Federal sources	\$ 30,470	\$ 29,980	\$ (490)
Total Revenues	\$ 30,470	\$ 29,980	\$ (490)
EXPENDITURES			
Current:			
Instruction:			
Special programs	\$ 30,470	\$ 28,753	\$ 1,717
Support services:			
Instructional staff support	0	1,202	(1,202)
General administration	0	25	(25)
Total Expenditures	\$ 30,470	\$ 29,980	\$ 490
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ 0	\$ 0	\$ 0
FUND BALANCES AT BEGINNING OF YEAR	0	0	0
FUND BALANCES AT END OF YEAR	\$ 0	\$ 0	\$ 0

(CONTINUED)

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**SPECIAL REVENUE FUND
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget (GAAP Basis) and Actual
For the Year Ended June 30, 1997**

Exhibit 3-3

*****MATH AND SCIENCE - TITLE II*****

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Federal sources	\$ 43,954	\$ 43,678	\$ (276)
Total Revenues	<u>\$ 43,954</u>	<u>\$ 43,678</u>	<u>\$ (276)</u>
EXPENDITURES			
Current:			
Instruction:			
Regular programs	\$ 43,954	\$ 43,678	\$ 276
Total Expenditures	<u>\$ 43,954</u>	<u>\$ 43,678</u>	<u>\$ 276</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCES AT END OF YEAR	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

(CONTINUED)

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**SPECIAL REVENUE FUND
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget (GAAP Basis) and Actual
For the Year Ended June 30, 1997**

Exhibit 3-4

	*****SPECIAL EDUCATION*****		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Federal sources	\$ 251,746	\$ 249,135	\$ (2,611)
Total Revenues	\$ 251,746	\$ 249,135	\$ (2,611)
EXPENDITURES			
Current:			
Instruction:			
Special programs	\$ 251,746	\$ 249,135	\$ 2,611
Total Expenditures	\$ 251,746	\$ 249,135	\$ 2,611
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ 0	\$ 0	\$ 0
FUND BALANCES AT BEGINNING OF YEAR	0	0	0
FUND BALANCES AT END OF YEAR	\$ 0	\$ 0	\$ 0

(CONTINUED)

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**SPECIAL REVENUE FUND
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget (GAAP Basis) and Actual
For the Year Ended June 30, 1997**

Exhibit 3-5

	*****SUMMER SCHOOL*****		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
State sources:			
Other	\$ 24,182	\$ 23,304	\$ (878)
Total Revenues	\$ 24,182	\$ 23,304	\$ (878)
EXPENDITURES			
Current:			
Instruction:			
Special programs	\$ 24,182	\$ 17,999	\$ 6,183
Support services:			
Student transportation services	0	5,305	(5,305)
Total Expenditures	\$ 24,182	\$ 23,304	\$ 878
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ 0	\$ 0	\$ 0
FUND BALANCES AT BEGINNING OF YEAR	0	2,177	2,177
FUND BALANCES AT END OF YEAR	\$ 0	\$ 2,177	\$ 2,177

(CONTINUED)

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**SPECIAL REVENUE FUND
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget (GAAP Basis) and Actual
For the Year Ended June 30, 1997**

Exhibit 3-6

	*****PRESCHOOL*****		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Federal sources	\$ 46,280	\$ 51,398	\$ 5,118
Total Revenues	\$ 46,280	\$ 51,398	\$ 5,118
EXPENDITURES			
Current:			
Instruction:			
Special programs	\$ 46,280	\$ 51,168	\$ (4,888)
Support services:			
Plant services	0	230	(230)
Total Expenditures	\$ 46,280	\$ 51,398	\$ (5,118)
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ 0	\$ 0	\$ 0
FUND BALANCES AT BEGINNING OF YEAR	0	0	0
FUND BALANCES AT END OF YEAR	\$ 0	\$ 0	\$ 0

(CONTINUED)

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**SPECIAL REVENUE FUND
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget (GAAP Basis) and Actual
For the Year Ended June 30, 1997**

Exhibit 3-7

	*****MISCELLANEOUS STATE GRANTS*****		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
State sources:			
Other	\$ 18,599	\$ 21,598	\$ 2,999
Total Revenues	\$ 18,599	\$ 21,598	\$ 2,999
EXPENDITURES			
Current:			
Instruction:			
Special programs	\$ 18,599	\$ 21,598	\$ (2,999)
Total Expenditures	\$ 18,599	\$ 21,598	\$ (2,999)
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ 0	\$ 0	\$ 0
FUND BALANCES AT BEGINNING OF YEAR	0	0	0
FUND BALANCES AT END OF YEAR	\$ 0	\$ 0	\$ 0

(CONTINUED)

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**SPECIAL REVENUE FUND
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget (GAAP Basis) and Actual
For the Year Ended June 30, 1997**

Exhibit 3-8

	*****SCHOOL FOOD SERVICE*****		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Local sources:			
Food services	\$ 215,300	\$ 210,462	\$ (4,838)
State sources:			
Equalization	240,000	240,000	0
Federal sources	1,595,000	1,659,535	64,535
Total Revenues	\$ 2,050,300	\$ 2,109,997	\$ 59,697
EXPENDITURES			
Current:			
Food services	\$ 1,971,050	\$ 2,027,799	\$ (56,749)
Total Expenditures	\$ 1,971,050	\$ 2,027,799	\$ (56,749)
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ 79,250	\$ 82,198	\$ 2,948
FUND BALANCES (Deficit) AT BEGINNING OF YEAR	(47,726)	(22,182)	25,544
FUND BALANCES AT END OF YEAR	\$ 31,524	\$ 60,016	\$ 28,492

(CONTINUED)

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**SPECIAL REVENUE FUND
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget (GAAP Basis) and Actual
For the Year Ended June 30, 1997**

Exhibit 3-9

	*****DRUG FREE - TITLE IV*****		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Federal sources	\$ 92,497	\$ 88,440	\$ (4,057)
Total Revenues	\$ 92,497	\$ 88,440	\$ (4,057)
EXPENDITURES			
Current:			
Support services:			
Student services	\$ 89,525	\$ 88,440	\$ 1,085
General administration	2,972	0	2,972
Total Expenditures	\$ 92,497	\$ 88,440	\$ 4,057
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ 0	\$ 0	\$ 0
FUND BALANCES AT BEGINNING OF YEAR	0	0	0
FUND BALANCES AT END OF YEAR	\$ 0	\$ 0	\$ 0

(CONTINUED)

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**SPECIAL REVENUE FUND
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget (GAAP Basis) and Actual
For the Year Ended June 30, 1997**

Exhibit 3-10

	*****SPECIAL FEDERAL*****		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Federal sources	\$ 327,654	\$ 416,389	\$ 88,735
Total Revenues	\$ 327,654	\$ 416,389	\$ 88,735
EXPENDITURES			
Current:			
Instruction:			
Regular programs	\$ 50,390	\$ 22,922	\$ 27,468
Other instructional programs	263,855	391,626	(127,771)
Support services:			
Instructional staff support	0	941	(941)
General administration	1,214	0	1,214
Business services	900	900	0
Plant services	4,186	0	4,186
Facilities acquisition and construction	7,109	0	7,109
Total Expenditures	\$ 327,654	\$ 416,389	\$ (88,735)
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ 0	\$ 0	0
FUND BALANCES AT BEGINNING OF YEAR	0	0	0
FUND BALANCES AT END OF YEAR	\$ 0	\$ 0	0

(CONCLUDED)

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

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MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

CAPITAL PROJECTS FUNDS

SCHOOL DISTRICT A PARISH WIDE
SCHOOL DISTRICTS NO. 2 AND NO. 3 MERGED
SCHOOL DISTRICTS NO. 9 AND NO. 10 MERGED
SCHOOL DISTRICT NO. 12
CAPITAL IMPROVEMENTS
CONSTRUCTION FUND

The capital projects funds are 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.

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**CAPITAL PROJECTS FUNDS
Combining Balance Sheet
June 30, 1997**

	<u>SCHOOL DISTRICT A PARISHWIDE</u>	<u>SCHOOL DISTRICTS NO. 2 AND NO. 3 MERGED</u>	<u>SCHOOL DISTRICTS NO. 9 AND NO. 10 MERGED</u>
ASSETS			
Cash and cash equivalents	\$ 4,209	\$ 16,924	\$ 3,411
Receivables	<u>0</u>	<u>0</u>	<u>0</u>
 TOTAL ASSETS	 <u>\$ 4,209</u>	 <u>\$ 16,924</u>	 <u>\$ 3,411</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts, salaries, and other payables	\$ 0	\$ 0	\$ 0
Interfund payable	<u>0</u>	<u>926</u>	<u>0</u>
 Total Liabilities	 <u>\$ 0</u>	 <u>\$ 926</u>	 <u>\$ 0</u>
 Fund Balances:			
Unreserved	<u>\$ 4,209</u>	<u>\$ 15,998</u>	<u>\$ 3,411</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 4,209</u>	 <u>\$ 16,924</u>	 <u>\$ 3,411</u>

Exhibit 4

SCHOOL DISTRICT NO. 12	CAPITAL IMPROVEMENTS	CONSTRUCTION FUND	TOTAL
\$ 6,969	\$ 546,194	\$ 0	\$ 577,707
0	157,800	0	157,800
<u>\$ 6,969</u>	<u>\$ 703,994</u>	<u>\$ 0</u>	<u>\$ 735,507</u>
\$ 0	\$ 150	\$ 0	\$ 150
0	56,278	0	57,204
<u>\$ 0</u>	<u>\$ 56,428</u>	<u>\$ 0</u>	<u>\$ 57,354</u>
\$ 6,969	\$ 647,566	\$ 0	\$ 678,153
<u>\$ 6,969</u>	<u>\$ 703,994</u>	<u>\$ 0</u>	<u>\$ 735,507</u>

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

CAPITAL PROJECTS FUNDS
Combining Statement of Revenues, Expenditures,
and Changes In Fund Balances
For the Year Ended June 30, 1997

	SCHOOL DISTRICT A PARISHWIDE	SCHOOL DISTRICTS NO. 2 AND NO. 3 MERGED	SCHOOL DISTRICTS NO. 9 AND NO. 10 MERGED
REVENUES			
Local sources:			
Taxes:			
Sales and use	\$ 0	\$ 0	\$ 0
Interest earnings	0	0	0
Other	0	0	0
	0	0	0
Total Revenues	\$ 0	\$ 0	\$ 0
EXPENDITURES			
Current:			
Support services:			
General administration	\$ 0	\$ 0	\$ 0
Plant services	0	0	0
Facilities acquisition and construction	0	0	0
	0	0	0
Total Expenditures	\$ 0	\$ 0	\$ 0
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ 0	\$ 0	\$ 0
FUND BALANCES AT BEGINNING OF YEAR, AS ORIGINALLY STATED	\$ 4,209	\$ 15,998	\$ 3,411
PRIOR PERIOD ADJUSTMENT	0	0	0
FUND BALANCES AT BEGINNING OF YEAR, AS RESTATED	\$ 4,209	\$ 15,998	\$ 3,411
FUND BALANCES AT END OF YEAR	\$ 4,209	\$ 15,998	\$ 3,411

Exhibit 5

SCHOOL DISTRICT NO. 12	CAPITAL IMPROVEMENTS	CONSTRUCTION FUND	TOTAL
\$ 0	\$ 859,196	\$ 0	\$ 859,196
0	11,742	0	11,742
0	351	0	351
<u>\$ 0</u>	<u>\$ 871,289</u>	<u>\$ 0</u>	<u>\$ 871,289</u>
\$ 0	\$ 13,314	\$ 238	\$ 13,552
21,722	0	0	21,722
0	865,661	0	865,661
<u>\$ 21,722</u>	<u>\$ 878,975</u>	<u>\$ 238</u>	<u>\$ 900,935</u>
<u>\$ (21,722)</u>	<u>\$ (7,686)</u>	<u>\$ (238)</u>	<u>\$ (29,646)</u>
\$ 28,691	\$ 642,005	\$ 238	\$ 694,552
0	13,247	0	13,247
<u>\$ 28,691</u>	<u>\$ 655,252</u>	<u>\$ 238</u>	<u>\$ 707,799</u>
<u>\$ 6,969</u>	<u>\$ 647,566</u>	<u>\$ 0</u>	<u>\$ 678,153</u>

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

AGENCY FUNDS

SCHOOL ACTIVITY AGENCY FUND

The activities of the various individual school accounts are accounted for in the school activity agency fund. While the accounts 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.

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

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

Exhibit 6

**SCHOOL
ACTIVITY
FUND**

ASSETS

Cash and cash equivalents

\$ 241,921

LIABILITIES

Deposits due others

\$ 241,921

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

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

Exhibit 7

<u>SCHOOL</u>	<u>Balance, Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, Ending</u>
H. V. ADAMS	\$ 3,695	\$ 9,375	\$ 9,032	\$ 4,038
BASTROP KINDERGARTEN CENTER	8,945	64,501	62,634	10,812
BASTROP MIDDLE SCHOOL	12,608	114,542	112,592	14,558
BASTROP HIGH SCHOOL	88,880	336,704	317,878	107,706
BASTROP HIGH SCHOOL SAVINGS ACCOUNT	32,323	1,084	0	33,407
BEEKMAN	6,101	36,933	36,379	6,655
BONITA	283	8,935	9,084	134
CARVER	3,402	29,245	29,976	2,671
CHERRY RIDGE	2,445	56,489	55,320	3,614
COLLINGSTON	86	21,773	20,079	1,780
DELTA HIGH	4	121,489	99,102	22,391
EAST SIDE	3,635	33,438	27,751	9,322
MER ROUGE	4,219	11,942	14,105	2,056
OAK HILL	986	22,220	22,834	372
PINE GROVE	11,600	67,582	68,503	10,679
SOUTH SIDE	4,146	29,380	23,271	10,255
WEST SIDE	<u>3,825</u>	<u>21,060</u>	<u>23,414</u>	<u>1,471</u>
TOTAL	\$ <u>187,183</u>	\$ <u>986,692</u>	\$ <u>931,954</u>	\$ <u>241,921</u>

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

GENERAL

COMPENSATION PAID BOARD MEMBERS

The schedule of compensation paid to the School Board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the School Board members is included in the general administrative expenditures of the General Fund. In accordance with Louisiana Revised Statute 17:56, the School Board members have elected the monthly payment method of compensation. Under this method, each member of the School Board receives \$200 per month, and the president receives \$250 per month for performing the duties of his office.

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

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

Exhibit 8

MRS. FRANKIE CONWAY	\$ 2,400
MRS. LOE DUNN	2,400
MR. GEORGE ESTEP, JR.	2,400
MRS. DORIS JACKSON	2,700
MR. THOMAS A. ROGERS	2,400
MR. CHARLES SIMS	2,700
MR. RUDOLPH TARVER	1,800
MR. JAMES BONSALE	<u>600</u>
TOTAL	\$ <u>17,400</u>

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

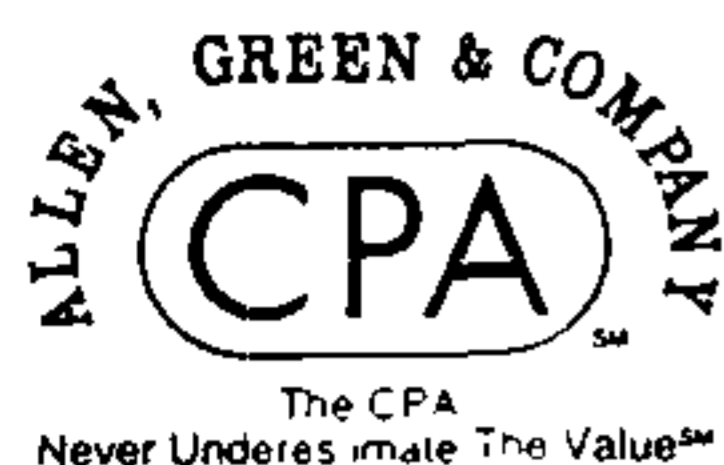
The first report following this page is a report on internal control and compliance with laws and regulations required by Government Auditing Standards issued by the Comptroller General of the United States. The report on internal control structure is based solely on the audit of the general-purpose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

**OTHER REPORT REQUIRED BY
OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR A-133**

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

ALLEN, GREEN & COMPANY, LLP

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Ernest L. Allen, CPA
(A Professional
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Tim Green, CPA

Margie Williamson, CPA

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Board Members
Morehouse Parish School Board
Bastrop, Louisiana

We have audited the financial statements of Morehouse Parish School Board, as of and for the year ended June 30, 1997, and have issued our report thereon dated January 8, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Morehouse Parish School Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying Schedule of Findings and Questioned Costs as items 97-2, 97-3 and 97-4.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Morehouse Parish School Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the School Board's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 97-1, 97-5, 97-6, 97-7, 97-8 and 97-9.

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

Board Members
Morehouse Parish School Board
Bastrop, Louisiana

over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

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

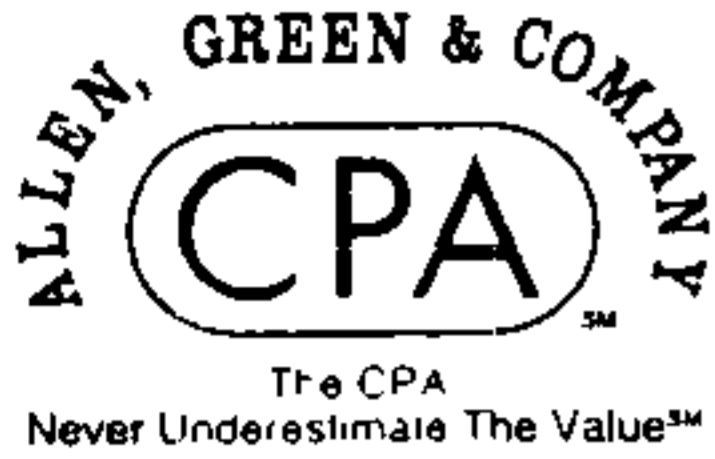


ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana
January 8, 1998

ALLEN, GREEN & COMPANY, LLP

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Tim Green, CPA

Margie Williamson, CPA

Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133

Members of the Board
Morehouse Parish School Board
Bastrop, Louisiana

Compliance

We have audited the compliance of Morehouse Parish School Board with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 1997. Morehouse Parish School Board's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Morehouse Parish School Board's management. Our responsibility is to express an opinion on Morehouse Parish School Board's compliance based on our audit.

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

In our opinion, Morehouse Parish School Board complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1997. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 97-12.

Internal Control Over Compliance

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

Board Members
Morehouse Parish School Board
Bastrop, Louisiana

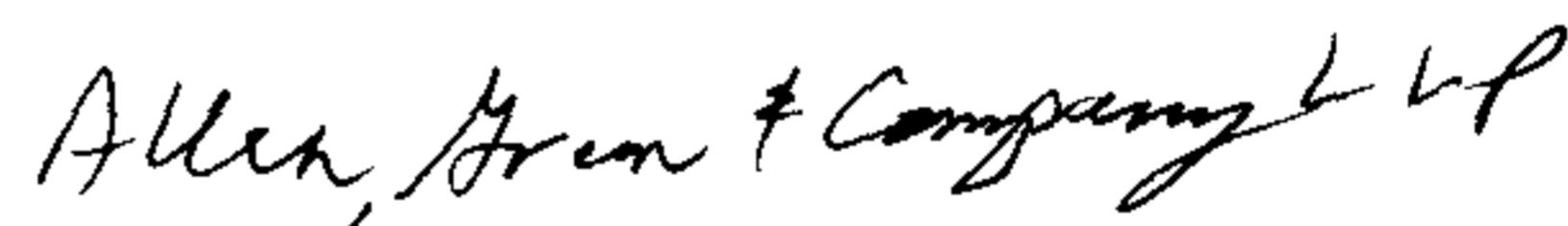
We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the School Board's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 97-10, 97-11 and 97-13.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions above is a material weakness.

Schedule of Expenditures of Federal Awards

We have audited the general-purpose financial statements of Morehouse Parish School Board, Bastrop, Louisiana, as of and for the year ended June 30, 1997, and have issued our report thereon dated January 8, 1998. Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

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



ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana
January 8, 1998

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 1997

Exhibit 9

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME	<u>CFDA Number</u>	<u>Pass-Through Grantor No.</u>	<u>Expenditures</u>
CASH FEDERAL AWARDS			
United States Department of Agriculture			
Passed through Louisiana Department of Education:			
School Breakfast Program	10.553		\$ 416,816
National School Lunch Program	10.555		<u>1,123,284</u>
Total United States Department of Agriculture			<u>1,540,100</u>
United States Department of Education			
Passed through Louisiana Department of Education.			
Adult Education - State Grant Program	84.002		46,629
Title I Grants to Local Educational Agencies	84.010	97-1ASA-34-I	1,969,692
Special Education:			
Grants to States (Part B)	84.027	97-FT 34	249,135
Preschool Grants	84.173	97-PT 34	51,398
Vocational Education:			
Basic Grants to States	84.048	28-97-34-2B/BG	104,566
Tech-Prep Education	84.243	28-97-34-3-PE	125,668
Innovative Education Program Strategies - Title VI	84.298	97-1ASA-34-VI	29,980
Title II (Eisenhower Professional Development - State Grants)	84.281	97-1ASA-34-II	43,678
Title IV (Safe and Drug-Free Schools - State Grant)	84.186	97-1ASA-34-IV	88,440
Goals 2000			
State and Local Education Systematic Improvement Grants (Goals 2000 State Grants)	84.276	N/A	<u>106,837</u>
Total United States Department of Education			<u>2,816,023</u>
United States Department of Health and Human Services			
Passed through the Louisiana Department of Education:			
Child Care and Development Block Grant (Starting Points Preschool)	93.575	N/A	<u>40,329</u>
Total United States Department of Health and Human Services			<u>40,329</u>
United States Department of Labor			
Passed through the Union Community Action, Farmerville, LA			
Job Training Partnership Act (JTPA)	17.250	N/A	<u>22,765</u>
Total United States Department of Labor			<u>22,765</u>
United States Department of Defense			
Direct Programs:			
Department of The Army			
ROTC	NONE	N/A	<u>76,432</u>
Total United States Department of Defense			<u>76,432</u>
Total Cash Awards			<u>4,495,649</u>

(Continued)

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 1997**

Exhibit 9

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME	<u>CFDA Number</u>	<u>Pass Through Grantor No.</u>	<u>Expenditures</u>
NONCASH FEDERAL AWARDS			
United States Department of Agriculture Passed through Louisiana Department of Agriculture and Forestry: Food Distribution (Commodities)	10.550		<u>119,435</u>
Total United States Department of Agriculture			<u>119,435</u>
TOTAL FEDERAL AWARDS			<u>\$4,615,084</u>
			(Concluded)

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 1997**

NOTE 1 - GENERAL

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

NOTE 2 - BASIS OF ACCOUNTING

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

NOTE 3 - RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS

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

	<u>Federal Sources</u>
General Fund	\$ 106,837
Special Revenue Funds:	
Title I	1,969,692
Title VI	29,980
Math and Science - Title II	43,678
Special Education	249,135
Preschool	51,398
School Food Service	1,659,535
Drug Free - Title IV	88,440
Special Federal	<u>416,389</u>
	<u>\$4,615,084</u>

NOTE 4 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

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

NOTE 5 - NONCASH PROGRAMS

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

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

Schedule of Findings and Questioned Costs
As of and for the Year Ended June 30, 1997

PART I - Summary of the Auditors' Results

Financial Statement Audit

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

The reportable conditions disclosed were not considered material weaknesses as defined by the Government Auditing Standards.

- iii. There were instances of noncompliance considered material, as defined by the Government Auditing Standards, to the financial statements.

Audit of Federal Awards

- iv. There were reportable conditions required to be disclosed by OMB Circular No. A-133.

The reportable conditions disclosed were not considered material weaknesses as defined by OMB Circular No. A-133.
- v. The type of report the auditor issued on compliance for major programs was unqualified.
- vi. The audit disclosed audit findings which the auditor is required to report under OMB Circular No. A-133, Section .510(a).
- vii. The major federal programs are:

CFDA #84.010 Title I Grants to Local Educational Agencies

Nutrition Cluster

CFDA #10.553 School Breakfast Program
CFDA #10.555 National School Lunch
- viii. The dollar threshold used to distinguish between Type A and Type B programs as described in OMB Circular No. A-133, Section .520(b) was \$300,000.
- ix. The auditee does not qualify as a low-risk auditee under OMB Circular No. A-133, Section .530.

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**Schedule of Findings and Questioned Costs
As of and for the Year Ended June 30, 1997**

PART II - Finding(s) related to the financial statements which are required to be reported in accordance with Generally Accepted Government Auditing Standards:

Reference # and Title: 97-1 Reconciliation of Bank Accounts

Condition: The bank accounts for the payroll fund and the master fund remained unreconciled for several months of the audit period. The master fund includes the general fund and all special revenue accounts.

Improvement is needed to strengthen internal control and to assure accurate financial reporting. This condition continued due to shifting of duties and turnover of employees. This action resulted in a weak internal control of cash and inaccurate reporting of cash, expenditures, and revenues.

Recommendation: These bank accounts should be reconciled within a few days of receipt of the bank statements. Prompt reconciliation of these accounts is critical because these are the main accounts used by the School Board for payroll and accounts payable.

Reference # and Title: 97-2 Seventy Percent General Fund Instruction Requirement

Condition: The School Board expended less than 70% of total general fund expenditures for instructional purposes. The School Board's percentage was 69.3%.

To comply with Louisiana Senate Concurrent Resolution #142 of the 1993 Session, at least seventy percent of General Fund expenditures must be spent for instructional purposes. Due to large amounts of fixed costs, the School Board did not comply with Louisiana Senate Concurrent Resolution # 142.

This condition was initially reported for the year ended June 30, 1994.

Recommendation: The School Board should review expenditures for instruction with the concept of restricting expenditures so that the seventy percent threshold is achieved.

Reference # and Title: 97-3 Late Filing of Audit Report

Condition: The Louisiana Legislative Auditor requires audit reports to be filed within six months of the year end of the governments. The audit report as of and for the year ended June 30, 1997 as filed after the deadline.

To comply with state regulations, this report should be filed by December 31. Due to an unexpected additional workload of the audit firm, the report was filed in violation of this regulation.

This condition was initially reported for the year ended June 30, 1996.

Recommendation: Future audit reports should be filed within six months of year-end.

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

Schedule of Findings and Questioned Costs
As of and for the Year Ended June 30, 1997

PART II - Finding(s) related to the financial statements which are required to be reported in accordance with Generally Accepted Government Auditing Standards:

Reference # and Title: 97-4 Notice of Public Hearing on Budget

Condition: The budget notice was not published at least ten days prior to budget adoption. The notice was published on September 10 and 11, 1997 and the budget was adopted on September 12, 1997.

To comply with the Local Government Budget Act LSA-R.S. 1301-1314, the School Board should publish notices at least ten days prior to budget adoption. Public notice was published just two days prior to adoption, this is in violation of this state statute.

Recommendation: The budget notice should be published at least ten days prior to the public hearing and budget adoption.

Reference # and Title: 97-5 Bank Reconciliation Procedures

Condition: Personnel performing bank reconciliations were not matching the batch totals of checks cleared per bank statement to the batch totals of the canceled checks included in the statements.

Part of the assurance gained by performing a bank reconciliation rest on the assumption that all checks are accounted for as a part of the reconciliation, which should be performed by someone independent of the disbursement process. By not executing this procedure, less assurance is gained by performing the bank reconciliation. Due to lax procedures, the School Board would not detect unposted manual checks and deposits.

Recommendation: The School Board should establish procedures to ensure that all checks are accounted for in the reconciliation process. Cleared checks should be keypunched from the canceled checks, and the batch total of the cleared checks per the bank reconciliation should be compared to the batch total of cleared checks per the bank statement.

Reference # and Title: 97-6 Federal Requests Not Reconciled to Books

Condition: Federal program request were not reconciled to expenditures recorded on the general ledger for federal and state cost reimbursement programs. Several of the programs had an excess or a deficiency for the year ended June 30, 1997. These excesses or deficiencies were corrected by an adjusting entry.

To comply with grant requirements and to track reimbursable expenditures, requests should be reconciled with the general ledger. Because the School Board does not reconcile requisitions or project completion report to the general ledger, it is possible that some expenditures would not be reimbursed.

Recommendation: All federal requests should be reconciled to the general ledger. At year-end the excess/deficiency for a cost reimbursement program should be zero. Any cost reimbursement funds having a fund balance at June 30 should be investigated.

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**Schedule of Findings and Questioned Costs
As of and for the Year Ended June 30, 1997**

PART II - Finding(s) related to the financial statements which are required to be reported in accordance with Generally Accepted Government Auditing Standards:

Reference # and Title: 97-7 Travel Expenditures Documentation

Condition: Fourteen travel disbursements were tested for various attributes. The following exceptions were noted. One travel advance check for \$261.20 was issued 39 in advance of trip. Another payment for \$441.11 was not supported by receipts. The only support attached to the check copy was the reimbursement form.

Advances should not be given out more than a few days before planned travel and all payments should be supported with receipts for travel expenses. Due to lax enforcement of school board policy, travel advances may be given to employee sooner than required and without management's knowledge and payments for travel advances may have exceed actual expenditures.

Recommendation: Advances should not be given out more than a few days before the planned travel. In cases where an exception is warranted, the Superintendent should approve the early release of an advance.

The School Board's travel policy should be followed in that no expenses should be reimbursed without a bona fide receipt. If an advance is issued, the settling up of travel expenditures should be done within a maximum of ten days after returning from a trip.

Reference # and Title: 97-8 Student Activity Funds

Condition: The individual Student Activity Funds should submit monthly financial data tot he School Board at the end of each month. H. V. Adams did not submit any financial data for the entire audit period.

Monthly financial reports should be submitted to the School Board to provide assurance that there are checks and balances in place and operating. This assurance would provide an improved comfort level that assets are safeguarded and expenditures are proper. Due to lax enforcement of policy, there has been no checks and balances for H. V. Adams for the past year. Without these checks and balances, losses could occur without detection.

Recommendation: The School Board should have H. V. Adams to submit the necessary financial data on a monthly basis.

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

Schedule of Findings and Questioned Costs
As of and for the Year Ended June 30, 1997

PART II - Finding(s) related to the financial statements which are required to be reported in accordance with Generally Accepted Government Auditing Standards:

Reference # and Title: 97-9 Trial Balance Not In Balance

Condition: During the setting up of the auditors' trial balances, the following problems were noted:

To provide accurate and reliable financial reporting, the trial balances of all funds should balance. Some of these in balances were due to computer problems and could have been corrected if financial reports were reviewed each month. This deficiency resulted in inaccurate and unreliable financial statements

<u>Fund</u>	<u>Out of Balance</u>
General Fund	\$26,204
Special Revenue Funds	
Special Education	44,294
Summer School	589
Title I	11,129
Title VI	20
Special Federal	116

Recommendation: Financial reports should be reviewed each month. Any imbalances should be investigated and the necessary adjustments made to eliminate the imbalance. The computer software company should review their software to determine if the imbalances are results of software problems.

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**Schedule of Findings and Questioned Costs
As of and for the Year Ended June 30, 1997**

PART III - Findings and questioned costs for federal awards which are required to be reported under OMB Circular No. A-133 Section .510 (a):

Finding Reference # and Title: 97-10 Reconciliation of Bank Accounts

1. Federal program and specific federal award identification

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME	<u>CFDA Number</u>	<u>Pass-Through Grantor No.</u>	<u>Federal Award Year</u>
United States Department of Agriculture Passed through Louisiana Department of Education:			
School Breakfast Program	10.553	N/A	1997
National School Lunch Program	10.555	N/A	1997
United States Department of Education Passed through Louisiana Department of Education:			
Adult Education - State Grant Program	84.002	N/A	1997
Title I Grants to Local Educational Agencies	84.010	97-1ASA-34-I	1997
Special Education:			
Grants to States (Part B)	84.027	97-FT 34	1997
Preschool Grants	84.173	97-PT 34	1997
Vocational Education:			
Basic Grants to States	84.048	28-97-34-2B/BG	1997
Tech-Prep Education	84.243	28-97-34-3-PE	1997
Innovative Education Program Strategies - Title VI	84.298	97-1ASA-34-VI	1997
Title II (Eisenhower Professional Development - State Grants)	84.281	97-1ASA-34-II	1997
Title IV (Safe and Drug-Free Schools - State Grant)	84.186	97-1ASA-34-IV	1997
Goals 2000			
State and Local Education Systematic Improvement Grants (Goals 2000 State Grants)	84.276	N/A	1997
United States Department of Health and Human Services Passed through the Louisiana Department of Education:			
Child Care and Development Block Grant (Starting Points Preschool)	93.575	N/A	1997
United States Department of Labor Passed through the Union Community Action, Farmerville, LA			
Job Training Partnership Act (JTPA)	17.250	N/A	1997
United States Department of Defense Direct Programs:			
Department of The Army ROTC	NONE	N/A	1997

Condition: See condition section of 97-1 in Schedule of Findings and Questioned Costs

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**Schedule of Findings and Questioned Costs
As of and for the Year Ended June 30, 1997**

PART III - Findings and questioned costs for federal awards which are required to be reported under OMB Circular No. A-133 Section .510 (a):

Finding Reference # and Title: 97-11 Bank Reconciliation Procedures

1. Federal program and specific federal award identification

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME	<u>CFDA Number</u>	<u>Pass-Through Grantor No.</u>	<u>Federal Award Year</u>
United States Department of Agriculture Passed through Louisiana Department of Education:			
School Breakfast Program	10.553	N/A	1997
National School Lunch Program	10.555	N/A	1997
United States Department of Education Passed through Louisiana Department of Education:			
Adult Education - State Grant Program	84.002	N/A	1997
Title I Grants to Local Educational Agencies	84.010	97-1ASA-34-I	1997
Special Education:			
Grants to States (Part B)	84.027	97-FT 34	1997
Preschool Grants	84.173	97-PT 34	1997
Vocational Education:			
Basic Grants to States	84.048	28-97-34-2B/BG	1997
Tech-Prep Education	84.243	28-97-34-3-PE	1997
Innovative Education Program Strategies - Title VI	84.298	97-1ASA-34-VI	1997
Title II (Eisenhower Professional Development - State Grants)	84.281	97-1ASA-34-II	1997
Title IV (Safe and Drug-Free Schools - State Grant)	84.186	97-1ASA-34-IV	1997
Goals 2000			
State and Local Education Systematic Improvement Grants (Goals 2000 State Grants)	84.276	N/A	1997
United States Department of Health and Human Services Passed through the Louisiana Department of Education:			
Child Care and Development Block Grant (Starting Points Preschool)	93.575	N/A	1997
United States Department of Labor Passed through the Union Community Action, Farmerville, LA			
Job Training Partnership Act (JTPA)	17.250	N/A	1997
United States Department of Defense Direct Programs:			
Department of The Army ROTC	NONE	N/A	1997
United States Department of Agriculture Passed through Louisiana Department of Agriculture and Forestry:			
Food Distribution (Commodities)	10.550	N/A	1997

Condition: See condition section of 97-5 in Schedule of Findings and Questioned Costs.

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**Schedule of Findings and Questioned Costs
As of and for the Year Ended June 30, 1997**

PART III - Findings and questioned costs for federal awards which are required to be reported under OMB Circular No. A-133 Section .510 (a):

Finding Reference # and Title: 97-12 Federal Requests Not Reconciled to Books

1. Federal program and specific federal award identification

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME	<u>CFDA Number</u>	<u>Pass-Through Grantor No.</u>	<u>Federal Award Year</u>
United States Department of Education			
Passed through Louisiana Department of Education:			
Adult Education - State Grant Program	84.002	N/A	1997
Title I Grants to Local Educational Agencies	84.010	97-1ASA-34-I	1997
Special Education:			
Grants to States (Part B)	84.027	97-FT 34	1997
Preschool Grants	84.173	97-PT 34	1997
Vocational Education:			
Basic Grants to States	84.048	28-97-34-2B/BG	1997
Tech-Prep Education	84.243	28-97-34-3-PE	1997
Innovative Education Program Strategies - Title VI	84.298	97-1ASA-34-VI	1997
Title II (Eisenhower Professional Development - State Grants)	84.281	97-1ASA-34-II	1997
Title IV (Safe and Drug-Free Schools - State Grant)	84.186	97-1ASA-34-IV	1997
United States Department of Labor			
Passed through the Union Community Action, Farmerville, LA			
Job Training Partnership Act (JTPA)	17.250	N/A	1997
United States Department of Defense			
Direct Programs:			
Department of The Army			
ROTC	NONE	N/A	1997

Condition: See condition section of 97-6 in Schedule of Findings and Questioned Costs.

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**Schedule of Findings and Questioned Costs
As of and for the Year Ended June 30, 1997**

PART III - Findings and questioned costs for federal awards which are required to be reported under OMB Circular No. A-133 Section .510 (a):

Finding Reference # and Title: 97-13 Trial Balance Not in Balance

1. Federal program and specific federal award identification

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME	<u>CFDA Number</u>	<u>Pass-Through Grantor No.</u>	<u>Federal Award Year</u>
United States Department of Education			
Passed through Louisiana Department of Education:			
Title I Grants to Local Educational Agencies	84.010	97-1ASA-34-I	1997
Special Education:			
Grants to States (Part B)	84.027	97-FT 34	1997
Vocational Education:			
Tech-Prep Education	84.243	28-97-34-3-PE	1997
Innovative Education Program Strategies - Title VI	84.298	97-1ASA-34-VI	1997

Condition: See condition section of 97-9 in Schedule of Findings and Questioned Costs.

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

Other Financial Information

The information on the following pages concerns management's actions or intentions concerning prior and current-year audit findings and is required by U S. Office of Management and Budget (OMB) Circular A-133. This information has been prepared by the management of the Morehouse Parish School Board. Management accepts full responsibility, as required by OMB Circular A-133, for the accuracy of the information. This information has not been audited by the auditors, and accordingly, no opinion is expressed.

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

Summary Status of Prior Audit Findings
June 30, 1997

Finding Reference #: **Finding #1 of the Schedule of Reportable Conditions**

Title: **Check-Signing Machine**

Initially occurred: Fiscal Year Ended June 30, 1996

Condition: The School Board has a check-signing machine located in the business office which has a signature plate of the President of the Board and the Superintendent. This machine is used for the purpose of stamping the signatures on the checks. The accounts payable clerk had access to the check-signing machine, she set up invoices for payment on the computer system, and printed the computer checks. Access to the check-signing machine allowed the accounts payable clerk to write vendor checks, obtain signatures, and cash the checks without the knowledge of management.

Corrective Action Taken: All vendor checks, whether computer generated checks or manual checks, requires the handwritten signature of the Superintendent plus a stamp of the president of the School Board. In the event that the Superintendent is unavailable to sign a check which must be issued, a hand stamp of the Superintendent's signature is used to sign the check. However, the only personnel who have access to the stamp are the business manager and the Superintendent's secretary. When the stamp is used, the business manager or secretary logs the check number, date, payee, and amount for all checks. In addition, a log is kept for all manual checks listing the check number, payee date and amount.

Person responsible for corrective action:

Mr. Michael Faulk, Superintendent
Morehouse Parish School Board
P. O. Box 872
Bastrop, LA 71220-0872

Telephone: (318) 281-5784
Fax: (318) 283-3456

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

Summary Status of Prior Audit Findings
June 30, 1997

Finding Reference #: **Finding #2 of the Schedule of Reportable Conditions**

Title: **Delivery of Bank Statements for Bank Reconciliation**

Initially occurred: Fiscal Year Ended June 30, 1996

Condition: Bank statements and canceled checks were not delivered directly to the employee responsible for performing the bank reconciliations nor were the bank statements delivered unopened. On some occasions, personnel of the School Board picked up the statements from the bank and delivered the statements to the accounts payable clerk. The clerk opened the statements and removed some checks which were written without the knowledge of management. The statements were then delivered to the employees responsible for performing the bank reconciliations who completed the bank reconciliations.

Bank statements and canceled checks were not delivered intact to the personnel responsible for performing the bank reconciliations. As a result, the unauthorized checks written by the accounts payable clerk were not discovered.

Corrective Action Taken: Currently, the business manager is the only person authorized to pick up the bank statements from the bank. The business manager picks up the statements and distribute the statements to the employee responsible for performing the bank reconciliations.

Person responsible for corrective action:

Mr. Michael Faulk, Superintendent
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**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**Summary Status of Prior Audit Findings
June 30, 1997**

Finding Reference #: Finding #3 of the Schedule of Reportable Conditions

Title: Bank Reconciliation Procedures

Initially occurred: Fiscal Year Ended June 30, 1996

Condition: Part of the assurance gained by performing a bank reconciliation rests on the assumption that all checks are accounted for as a part of the reconciliation, which should be performed by someone independent of the disbursement process. Personnel performing bank reconciliations were not matching the batch totals of checks cleared per the bank statement to the batch totals of the canceled checks included with the statements. Some checks had been removed from the bank statements prior to entering the cleared checks which allowed unauthorized checks written and cashed to go undetected.

Planned Corrective Action: The School Board will establish procedures to ensure that all checks are accounted for during the bank reconciliation. This will include keypunching cleared checks from the canceled checks, matching the batch totals of the canceled checks to the batch total of checks cleared per the bank statement and accounting for all voided and outstanding checks.

Person responsible for Corrective Action:

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**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**Summary Status of Prior Audit Findings
June 30, 1997**

Finding Reference #: **Finding #4 of the Schedule of Reportable Conditions**

Title: **Access to Computer Programs**

Initially occurred: Fiscal Year Ended June 30, 1996

Condition: The accounts payable clerk 's duties included setting up invoices for payment on the computer system, printing the checks, and running the checks through a check-signing machine. She also had access to the computerized bank reconciliation program. This allowed the accounts payable clerk to enter as cleared, checks which had been written and cashed without the authorization of management. As a result, the unauthorized checks which had been removed by the clerk were not detected by the employee performing the bank reconciliation.

No password procedures were in place to ensure that only authorized employees were given access to the computerized program needed.

Corrective Action Taken: Management has established a system of passwords which limits access to the computer system. Also, the passwords are changed frequently.

Person responsible for corrective action:

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**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**Summary Status of Prior Audit Findings
June 30, 1997**

Finding Reference #: **Finding #5 of the Schedule of Reportable Conditions**

Title: **Payroll Bank Account Not Reconciled**

Initially occurred: Fiscal Year Ended June 30, 1996

Condition: Each fund transfers money to the payroll fund to cover its applicable payroll liability. The employees' payroll checks are drawn against the payroll fund bank account. The bank account acts as an imprest fund and should zero out once all checks have cleared. The bank account remained unreconciled for several months of the audit period.

Even though the bank account operates as an imprest fund, considering the fact that approximately sixty-five percent of the School Board's expenditures is payroll which flows through this bank account, it is very critical that this account be reconciled monthly and within a matter of days of receipt of the bank statement.

Planned Corrective Action: Once audit adjustments for the current audit have been posted, the payroll bank reconciliation should be accurate. New personnel have been hired and duties will be assigned to these personnel to ensure that the payroll bank reconciliation will be completed accurately and timely.

Person responsible for corrective action:

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Anticipated completion date: During the year ending June 30, 1998.

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

Summary Status of Prior Audit Findings
June 30, 1997

Finding Reference #: **Finding #6 of the Schedule of Reportable Conditions**

Title: **Payments of Travel Expenditures**

Initially occurred: Fiscal Year Ended June 30, 1996

Condition:

- A. The School Board's travel policy states that lodging expenses are reimbursable with "receipts from a bona fide hotel or motel." The current practice, in most cases, is to advance a travel allowance to the employee who is then responsible for turning in receipts and settling up the advance upon returning from the trip. On some occasions, no documentation was available to show the eventual settling up of the advance upon the employee's return. It is unclear if the settling up ever occurred.

The School Board's travel policy should be followed in that no expenses should be reimbursed without a bona fide receipt. In the case in which an advance is issued, the settling up of travel expenditures should occur within a maximum of ten days after returning from the trip. Any amount of the advance not supported by a bona fide receipt should be returned to the School Board. All advances and forms used to settle up should be approved by the Superintendent or his designee.

- B. Management indicated that advances are usually not given to the employee until two or three days before the first day of the trip. Some of the travel advance checks were dated as much as two weeks before the first day of the trip. Many times these were manual checks which had been processed through a check-signing machine. It appears that management may have not been aware that these checks were issued as much as two weeks in advance.

Planned Corrective Action: Travel expense advances will be paid twice a month. No advances will be made earlier than ten days prior to travel. In addition, any employee not turning in expense receipts will no longer be allowed advances for future travel and will only be reimbursed upon presentation of receipts.

Person responsible for corrective action:

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MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

Summary Status of Prior Audit Findings
June 30, 1997

Finding Reference #: **Finding #1 of the Schedule of Finding and Questioned Costs**

Title: **Travel Documentation** (Title I - CFDA #84.010)

Initially occurred: Fiscal Year Ended June 30, 1996

Condition: A test of travel expenditures for the Title I program revealed the following matters:

- A. The School Board policy D-10 b. reads "When several people attend the same meeting they will ride together in the pattern most economical for the parish." Seven people attended a I.A.S.A. state conference in New Orleans, Louisiana, July 7 - 10, 1996, a distance of 620 miles round-trip, and requested a travel advance, including mileage of \$142.60 for each person. One person returned the mileage allowance to the School Board. Considering that all seven of the personnel departed on one of two days, it appears that the use of six vehicles may not have been prudent.
- B. Several people attended the previous annual state conference which was held in New Orleans, July 31, 1995 through August 2, 1995. Two of the people flew directly from New Orleans to Washington, D.C. to attend another convention. Their airline ticket reflects that the departure from New Orleans occurred on the morning of August 1, 1995. However, valet parking charges of \$12 and motel charges for two rooms of \$170 for the night of August 1, 1995, were paid by the School Board.
- Four people who attended this conference left on July 29 and returned on August 2. Each was paid mileage of \$142.60 for travel to and from New Orleans. Considering the reason outlined in A above it would seem prudent that travel could have occurred in only one vehicle.
- C. The School Board procedure is for all travel to be approved in advance by the Superintendent. On at least two occasions the travel request was altered after the Superintendent approved the travel. This procedure *circumvents the internal control provided by the Superintendent approving all travel. Any changes in plans after the Superintendent's approval should be rerouted to the Superintendent for his approval.*
- D. One internal control provided on the travel form is that a space is provided for the employees signatures, the Title I director and the Superintendent's approval. On several occasions the signature of the employee was signed by a Title I coordinator. This practice circumvents the control provided by the employees signature. On two of the several occasions the endorsement and the cashing of the check that was subsequently issued was by the Title I coordinator.
- E. The School Board policy D-10 under Lodging reads in part: "Travelers may be reimbursed actual expenses for lodging not to exceed \$50 (plus tax) per day to all cities in Louisiana with the exception of New Orleans which is reimbursable at actual expenses not to exceed \$70 (plus tax) per day" and continues "Travelers may be reimbursed actual expenses for out-of-state lodging not to exceed \$55 (plus tax) per day, excluding those cities listed in high cost and extra high cost areas as designated." On some occasions, hotel charges exceeded the amounts allowed by the travel policy.

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**Summary Status of Prior Audit Findings
June 30, 1997**

Finding Reference #: **Finding #1 of the Schedule of Finding and Questioned Costs (Continued)**

Title: **Travel Documentation** (Title I - CFDA #84.010)

Corrective Action Taken:

- A. Personnel are following the School Board policy for use of personal vehicles.
- B. Management insures that hotel charges are paid only for nights actually needed. Personnel are following the School Board policy for early departures (noted on travel requests).
- C. All travel requests and changes to travel requests are being approved by the superintendent.
- D. No employee is signing on behalf of another employee.
- E. Personnel are abiding by the School Board's policy for hotel accommodation charges.

Person responsible for corrective action:

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MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

Summary Status of Prior Audit Findings
June 30, 1997

Finding Reference #: **Finding #2 of the Schedule of Findings and Questioned Costs**

Title: **Workshop Extra Pay** (Title II - CFDA #84.164)

Initially occurred: Fiscal Year Ended June 30, 1996

Condition:

A. A test of extra pay reflected that the Title I director and some coordinators in the Title I and Title II programs were being paid extra amounts for serving as consultants on various workshops being conducted by the Title II Department. The extra pay was included on the employees' payroll checks. Documentation was submitted directly from the Title II department to the payroll department and was not approved by anyone outside of the Title II department.

Approval for the extra pay to the director and the supervisors was performed only by the individuals receiving the pay. There was no control provided by this approval process. All requests for extra pay should be approved by the Superintendent or his designee.

B. One Title II coordinator was also paid \$3,025 in assistant's fees for assisting in coordinating workshops held at the central office or in the various schools, and filing paperwork related to the seminars. The supervisor provided documentation of the assistant's job duties for which the extra pay was awarded. Many of the described duties could arguably be considered a part of the daily duties of a Title II coordinator normally performed during business hours. No time records were provided to show these duties were performed outside of normal working hours.

If the duties of the Title II supervisor overlap with the supervisor's normal daily duties and the duties are performed during normal work hours, the supervisor is probably not entitled to extra pay for performing these duties. Compensation for any extra duties performed should only be paid for duties performed outside of both the normal duties of the employee and the normal working hours. Time records documenting the performance of the duties outside of the normal working hours should be kept and approved by the Superintendent or his designee.

Corrective action taken:

A. All consultant fees are justified by a signed contract approved by the Superintendent or his designee.

B. Time records are maintained for work done outside normal business hours. The Superintendent or his designee approves all payments.

Person responsible for corrective action:

Mr. Michael Faulk, Superintendent
Morehouse Parish School Board
P. O. Box 872
Bastrop, LA 71220-0872

Telephone: (318) 281-5784
Fax: (318) 283-3456

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**Summary Status of Prior Audit Findings
June 30, 1997**

Finding Reference #: **Finding #3 of the Schedule of Findings and Questioned Costs**

Title: **Federal Financial Reports Not Reconciled to Books** (All Federal Programs)

Initially occurred: Fiscal Year Ended June 30, 1996

Condition: Personnel of federal programs are not reconciling amounts requested to the expenditures recorded on the general ledger. The auditors could not tie completion reports to the general ledger. Expenditures were in excess of revenues on the general ledger for some federal programs while revenues were in excess of expenditures for other federal programs. Adjustments to the general ledger were made by School Board personnel at June 30, 1996 in order to make revenue and expenditures agree.

Planned corrective action: All federal program requests will be reconciled to the general ledger and discrepancies investigated.

Person responsible for corrective action:

Mr. Michael Faulk, Superintendent
Morehouse Parish School Board
P. O. Box 872
Bastrop, LA 71220-0872

Telephone: (318) 281-5784
Fax: (318) 283-3456

Anticipated completion date: During fiscal year ending June 30, 1998.

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**Summary Status of Prior Audit Findings
June 30, 1997**

Finding Reference #: **Finding #4 of the Schedule of Findings and Questioned Costs**

Title: **Seventy Percent General Fund Instruction Requirement**

Initially occurred: Fiscal Year Ended June 30, 1994

Condition: The School Board expended less than 70% of total general fund expenditures for instructional purposes. The School Board's percentage was 68.99%.

The Louisiana Senate Concurrent Resolution #142 of the 1993 Session requires at least seventy percent of general fund expenditures be spent for instructional purposes.

Planned corrective action: Every attempt will be made to achieve the seventy percent requirement.

Person responsible for corrective action:

Mr. Michael Faulk, Superintendent
Morehouse Parish School Board
P. O. Box 872
Bastrop, LA 71220-0872

Telephone: (318) 281-5784
Fax: (318) 283-3456

Anticipated completion date: During fiscal year ending June 30, 1998.

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**Summary Status of Prior Audit Findings
June 30, 1997**

Finding Reference #: **Finding #5 of the Schedule of Findings and Questioned Costs**

Title: **Late Filing of Audit Report**

Initially occurred: Fiscal Year Ended June 30, 1996

Condition: The Louisiana Legislative Auditor requires audit reports to be filed within six months of the year-end of the governments. The audit report as of and for the year ended June 30, 1996 was filed after the deadline.

Planned Corrective Action: Future audit reports will be filed within six months of year-end.

Person responsible for corrective action:

Mr. Michael Faulk, Superintendent
Morehouse Parish School Board
P. O. Box 872
Bastrop, LA 71220-0872

Telephone: (318) 281-5784
Fax: (318) 283-3456

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**Corrective Action Plan for Current-Year Audit Findings
As of and for the Year Ended June 30, 1997**

Finding Reference # and Title: 97-1 **Reconciliation of Bank Accounts**

Corrective Action Planned: The bank accounts will be reconciled monthly.

Person Responsible for Corrective Action:

Mr Michael Faulk, Superintendent	Telephone: (318) 281-5784
Morehouse Parish School Board	Fax: (318) 283-3456
P. O. Box 872	
Bastrop, LA 71220-0872	

Anticipated Completion Date: June 30, 1998.

Finding Reference # and Title: 97-2 **Seventy Percent General Fund Instructional Requirement**

Corrective Action Planned: The Superintendent and Chief Financial Officer will review state statute with the Louisiana Department of Education to determine what expenditure categories are applicable and develop a business plan to conform with this statute

Person Responsible for Corrective Action:

Mr. Michael Faulk, Superintendent	Telephone: (318) 281-5784
Morehouse Parish School Board	Fax: (318) 283-3456
P. O. Box 872	
Bastrop, LA 71220-0872	

Anticipated Completion Date: June 30, 1998.

Finding Reference # and Title: 97-3 **Late Filing of Audit Report**

Corrective Action Planned: The School Board will monitor progress of future audits and make every effort to ensure the report is filed in a timely manner.

Person Responsible for Corrective Action:

Mr. Michael Faulk, Superintendent	Telephone: (318) 281-5784
Morehouse Parish School Board	Fax: (318) 283-3456
P. O. Box 872	
Bastrop, LA 71220-0872	

Anticipated Completion Date: June 30, 1998.

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

Corrective Action Plan for Current-Year Audit Findings
As of and for the Year Ended June 30, 1997

Finding Reference # and Title: 97-4 **Notice of Public Hearing on Budget**

Corrective Action Planned: The School Board will comply with this statute.

Person Responsible for Corrective Action:

Mr. Michael Faulk, Superintendent	Telephone: (318) 281-5784
Morehouse Parish School Board	Fax: (318) 283-3456
P. O. Box 872	
Bastrop, LA 71220-0872	

Anticipated Completion Date: June 30, 1998.

Finding Reference # and Title: 97-5 **Bank Reconciliation Procedures**

Corrective Action Planned: These procedures will be implemented.

Person Responsible for Corrective Action:

Mr. Michael Faulk, Superintendent	Telephone: (318) 281-5784
Morehouse Parish School Board	Fax: (318) 283-3456
P. O. Box 872	
Bastrop, LA 71220-0872	

Anticipated Completion Date: June 30, 1998.

Finding Reference # and Title: 97-6 **Federal Request Not Reconciled to Books**

Corrective Action Planned: All federal program requests will be reconciled to the general ledger and discrepancies investigated.

Person Responsible for Corrective Action:

Mr. Michael Faulk, Superintendent	Telephone: (318) 281-5784
Morehouse Parish School Board	Fax: (318) 283-3456
P. O. Box 872	
Bastrop, LA 71220-0872	

Anticipated Completion Date: June 30, 1998.

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**Corrective Action Plan for Current-Year Audit Findings
As of and for the Year Ended June 30, 1997**

Finding Reference # and Title: 97-7 Travel Expenditures Documentation

Corrective Action Planned: Travel expense advances will be paid twice a month. No advances will be made earlier than ten days prior to travel. In addition, any employee not turning in expense receipts will no longer be allowed advances for future travel and will only be reimbursed upon presentation of receipts

Person Responsible for Corrective Action:

Mr. Michael Faulk, Superintendent	Telephone: (318) 281-5784
Morehouse Parish School Board	Fax: (318) 283-3456
P O. Box 872	
Bastrop, LA 71220-0872	

Anticipated Completion Date: June 30, 1998.

Finding Reference # and Title: 97-8 Student Activity Funds

Corrective Action Planned: The School Board will ensure all parish schools submit financial data to the School Board office.

Person Responsible for Corrective Action:

Mr Michael Faulk, Superintendent	Telephone: (318) 281-5784
Morehouse Parish School Board	Fax: (318) 283-3456
P O. Box 872	
Bastrop, LA 71220-0872	

Anticipated Completion Date: June 30, 1998.

Finding Reference # and Title: 97-9 Trial Balance Not in Balance

Corrective Action Planned: The School Board is working closely with the software company to detect and remove programming errors to ensure all financial data is accurate

Person Responsible for Corrective Action:

Mr. Michael Faulk, Superintendent	Telephone: (318) 281-5784
Morehouse Parish School Board	Fax: (318) 283-3456
P. O. Box 872	
Bastrop, LA 71220-0872	

Anticipated Completion Date: June 30, 1998.