

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, 1996

Schedule 3-1

	*****TITLE I*****		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Federal sources	\$ 2,022,995	\$ 2,101,704	\$ 78,709
Total Revenues	\$ 2,022,995	\$ 2,101,704	\$ 78,709
EXPENDITURES			
Current:			
Instruction:			
Special programs	\$ 1,452,103	\$ 1,563,381	\$ (111,278)
Support services:			
Instructional staff support	303,097	341,674	(38,577)
General administration	51,230	51,931	(701)
Business services	77,064	71,886	5,178
Plant Services	135,301	99,878	35,423
Central services	4,200	105,116	(100,916)
Facilities acquisition and construction	0	741	(741)
Debt service:			
Principal retirement	0	39,361	(39,361)
Total Expenditures	\$ 2,022,995	\$ 2,273,968	\$ (250,973)
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ 0	\$ (172,264)	\$ (172,264)
OTHER FINANCING SOURCES (USES)			
Proceeds from capital lease	\$ 0	\$ 172,264	\$ 172,264
Total Other Financing Sources (Uses)	\$ 0	\$ 172,264	\$ 172,264
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$ 0	\$ 0	\$ 0
FUND BALANCES AT BEGINNING OF YEAR	0	0	0
FUND BALANCES AT END OF YEAR	\$ 0	\$ 0	\$ 0

(CONTINUED)

Schedule 4

SCHOOL DISTRICT NO. 12	CAPITAL IMPROVEMENTS	CONSTRUCTION FUND	TOTALS
\$ 28,691	\$ 919,335	\$ 238	\$ 972,808
0	45,824	0	45,824
<u>\$ 28,691</u>	<u>\$ 965,159</u>	<u>\$ 238</u>	<u>\$ 1,018,632</u>
\$ 0	\$ 306,876	\$ 0	\$ 306,876
0	16,278	0	17,204
<u>\$ 0</u>	<u>\$ 323,154</u>	<u>\$ 0</u>	<u>\$ 324,080</u>
\$ 28,691	\$ 642,005	\$ 238	\$ 694,552
<u>\$ 28,691</u>	<u>\$ 965,159</u>	<u>\$ 238</u>	<u>\$ 1,018,632</u>

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

CAPITAL PROJECT FUNDS
Combining Balance Sheet
June 30, 1996

	SCHOOL DISTRICT A PARISHWIDE	SCHOOL DISTRICTS NO. 2 AND NO. 3 MERGED	SCHOOL DISTRICTS NO. 9 AND NO. 10 MERGED
ASSETS			
Cash and cash equivalents	\$ 4,209	\$ 16,924	\$ 3,411
Receivables	0	0	0
Total Assets	\$ 4,209	\$ 16,924	\$ 3,411
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts, salaries, and other payables	\$ 0	\$ 0	\$ 0
Interfund payables	0	926	0
Total Liabilities	\$ 0	\$ 926	\$ 0
Fund equity - fund balances:			
Unreserved	\$ 4,209	\$ 15,998	\$ 3,411
TOTAL LIABILITIES AND FUND EQUITY	\$ 4,209	\$ 16,924	\$ 3,411

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**SUPPLEMENTAL INFORMATION SCHEDULES
FOR THE YEAR ENDED JUNE 30, 1996**

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**

**ALL SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 1996**

	TITLE I	TITLE VI	MATH AND SCIENCE - TITLE II	SPECIAL EDUCATION
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$ 0	\$ 0	\$ 0	\$ 0
FUND BALANCES (Deficit) AT BEGINNING OF YEAR	0	0	0	0
FUND BALANCES (Deficit) AT END OF YEAR	\$ 0	\$ 0	\$ 0	\$ 0

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

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Schedule 2

SUMMER SCHOOL	PRESCHOOL	MISCELLANEOUS STATE GRANTS	SCHOOL FOOD SERVICE	DRUG FREE-TITLE IV	SPECIAL FEDERAL	TOTAL
\$ 2,178	\$ 0	\$ 0	\$ 153,017	\$ 0	\$ 0	155,195
0	0	0	(175,199)	0	0	(175,199)
\$ 2,178	\$ 0	\$ 0	\$ (22,182)	\$ 0	\$ 0	(20,004)

(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, 1996**

Schedule 3-10

	*****SPECIAL FEDERAL*****		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Federal sources	\$ 395,778	\$ 499,020	\$ 103,242
Total Revenues	\$ 395,778	\$ 499,020	\$ 103,242
EXPENDITURES			
Current:			
Instruction:			
Special programs	\$ 45,494	\$ 34,847	\$ 10,647
Other instructional programs	347,982	462,173	(114,191)
Support services:			
Instructional staff support	1,000	1,101	(101)
Business services	1,302	899	403
Total Expenditures	\$ 395,778	\$ 499,020	\$ (103,242)
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

SPECIAL REVENUE FUND
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget (GAAP Basis) and Actual
For the Year Ended June 30, 1996

Schedule 3-8

	*****SCHOOL FOOD SERVICE*****		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Local sources:			
Food service	\$ 228,400	\$ 225,376	\$ (3,024)
State sources:			
Equalization	200,000	199,996	(4)
Federal sources:			
	1,627,500	1,595,377	(32,123)
 Total Revenues	\$ 2,055,900	\$ 2,020,749	\$ (35,151)
 EXPENDITURES			
Current:			
Food services	\$ 1,878,850	\$ 1,867,732	\$ 11,118
 Total Expenditures	\$ 1,878,850	\$ 1,867,732	\$ 11,118
 EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ 177,050	\$ 153,017	\$ (24,033)
 FUND BALANCES AT BEGINNING OF YEAR	(175,199)	(175,199)	0
 FUND BALANCES AT END OF YEAR	\$ 1,851	\$ (22,182)	\$ (24,033)

(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, 1996**

Schedule 3-2

	*****TITLE VI*****		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Federal sources	\$ 37,163	\$ 38,038	\$ 875
Total Revenues	\$ 37,163	\$ 38,038	\$ 875
EXPENDITURES			
Current:			
Instruction:			
Special programs	\$ 33,788	\$ 35,711	\$ (1,923)
Support services:			
Instructional staff support	3,350	2,302	1,048
General administration	25	25	0
Total Expenditures	\$ 37,163	\$ 38,038	\$ (875)
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, 1996**

Schedule 3-3

	*****MATH AND SCIENCE - TITLE II*****		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Federal sources	\$ 40,325	\$ 40,125	\$ (200)
Total Revenues	\$ 40,325	\$ 40,125	\$ (200)
EXPENDITURES			
Current:			
Instruction:			
Regular programs	\$ 40,325	\$ 40,125	\$ 200
Total Expenditures	\$ 40,325	\$ 40,125	\$ 200
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

CAPITAL PROJECT FUNDS
Combining Statement of Revenues, Expenditures,
and Changes In Fund Balances
For the Year Ended June 30, 1996

	SCHOOL DISTRICT A PARISHWIDE	SCHOOL DISTRICTS NO. 2 AND NO. 3 MERGED	SCHOOL DISTRICTS NO. 9 AND NO. 10 MERGED
REVENUES			
Local sources:			
Taxes:			
Ad valorem	\$ 0	\$ 0	\$ 0
Sales and use	0	0	0
Interest earnings	0	0	0
Rentals, leases and royalties	0	0	0
Total Revenues	\$ 0	\$ 0	\$ 0
EXPENDITURES			
Current:			
General administration	\$ 0	\$ 0	\$ 0
Plant services	0	0	0
Facilities acquisition and construction	0	0	0
Total Expenditures	\$ 0	\$ 0	\$ 0
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ 0	\$ 0	\$ 0
OTHER FINANCING SOURCES (USES)			
Proceeds from certificate of indebtedness	\$ 0	\$ 0	\$ 0
TOTAL OTHER FINANCING SOURCES (USES)	\$ 0	\$ 0	\$ 0
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$ 0	\$ 0	\$ 0
FUND BALANCES AT BEGINNING OF YEAR	4,209	15,998	3,411
FUND BALANCES AT END OF YEAR	\$ 4,209	\$ 15,998	\$ 3,411

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, 1996

Schedule 3-4

	*****SPECIAL EDUCATION*****		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Federal sources	\$ 258,816	\$ 270,418	\$ 11,602
Total Revenues	\$ 258,816	\$ 270,418	\$ 11,602
EXPENDITURES			
Current:			
Instruction:			
Special programs	\$ 116,106	\$ 190,069	\$ (73,963)
Support services:			
Student services	0	93	(93)
Instructional staff support	60,075	58,204	1,871
General administration	5,970	7,401	(1,431)
Business services	28,200	7,040	21,160
Plant Services	48,465	1,565	46,900
Student transportation	0	5,959	(5,959)
Central services	0	87	(87)
Total Expenditures	\$ 258,816	\$ 270,418	\$ (11,602)
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**

**STATUS OF PRIOR AUDIT REPORTABLE CONDITIONS
FOR THE YEAR ENDED JUNE 30, 1996**

1. Cash Collection Log

The School Board began keeping a cash collection log for the year ended June 30, 1996. Accordingly, this item is considered resolved.

2. Inventory Records Not Reconciled to Accounting Balance

The accounting records and the school food service inventory records agree at June 30, 1996. Accordingly, this item is considered resolved.

**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, 1996**

Schedule 3-7

	*****MISCELLANEOUS STATE GRANTS*****		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
State sources:			
Other	\$ 32,834	\$ 29,609	\$ (3,225)
Total Revenues	\$ 32,834	\$ 29,609	\$ (3,225)
EXPENDITURES			
Current:			
Instruction:			
Special programs	\$ 31,934	\$ 28,794	\$ 3,140
Support services:			
Business services	900	815	85
Total Expenditures	\$ 32,834	\$ 29,609	\$ 3,225
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, 1996**

Schedule 3-6

	*****PRESCHOOL*****		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Federal sources	\$ 49,951	\$ 36,078	\$ (13,873)
Total Revenues	\$ 49,951	\$ 36,078	\$ (13,873)
EXPENDITURES			
Current:			
Instruction:			
Special programs	\$ 48,796	\$ 35,507	\$ 13,289
Support services:			
General administration	1,155	571	584
Total Expenditures	\$ 49,951	\$ 36,078	\$ 13,873
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, 1996**

Schedule 3-5

	*****SUMMER SCHOOL*****		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
State sources:			
Equalization	\$ 19,356	\$ 17,574	\$ (1,782)
Total Revenues	\$ 19,356	\$ 17,574	\$ (1,782)
EXPENDITURES			
Current:			
Instruction:			
Special programs	\$ 16,606	\$ 13,517	\$ 3,089
Support services:			
Student transportation	2,750	1,879	871
Total Expenditures	\$ 19,356	\$ 15,396	\$ 3,960
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ 0	\$ 2,178	\$ 2,178
FUND BALANCES AT BEGINNING OF YEAR	0	0	0
FUND BALANCES AT END OF YEAR	\$ 0	\$ 2,178	\$ 2,178

(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, 1996

Schedule 3-9

	*****DRUG FREE - TITLE IV*****		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Federal sources	\$ 36,900	\$ 40,487	\$ 3,587
Total Revenues	\$ 36,900	\$ 40,487	\$ 3,587
EXPENDITURES			
Current:			
Support services:			
Student services	\$ 36,113	\$ 39,850	\$ (3,737)
General administration	787	637	150
Total Expenditures	\$ 36,900	\$ 40,487	\$ (3,587)
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)

Schedule 5

SCHOOL DISTRICT NO. 12	CAPITAL IMPROVEMENTS	CONSTRUCTION FUND	TOTAL
\$ 0	\$ 11,796	\$ 0	\$ 11,796
0	1,102,981	0	1,102,981
0	28,687	677	29,364
0	40,239	0	40,239
<u>\$ 0</u>	<u>\$ 1,183,703</u>	<u>\$ 677</u>	<u>\$ 1,184,380</u>
\$ 0	\$ 85,497	\$ 4,406	\$ 89,903
2,296	0	0	2,296
0	626,990	236,033	863,023
<u>\$ 2,296</u>	<u>\$ 712,487</u>	<u>\$ 240,439</u>	<u>\$ 955,222</u>
<u>\$ (2,296)</u>	<u>\$ 471,216</u>	<u>\$ (239,762)</u>	<u>\$ 229,158</u>
\$ 0	\$ 0	\$ 240,000	\$ 240,000
\$ 0	\$ 0	\$ 240,000	\$ 240,000
\$ (2,296)	\$ 471,216	\$ 238	\$ 469,158
30,987	170,789	0	225,394
<u>\$ 28,691</u>	<u>\$ 642,005</u>	<u>\$ 238</u>	<u>\$ 694,552</u>

BOARD MEMBERS
MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

In our opinion, the Morehouse Parish School Board complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions and claims for advances and reimbursements that are applicable to each of its major federal financial assistance programs for the year ended June 30, 1996.

This report is intended solely for the use of the board members, management, Louisiana Department of Education, U. S. Department of Education, and other applicable federal agencies, and should not be used for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Allen, Green & Robinette

ALLEN, GREEN & ROBINETTE, L.L.P.

Monroe, Louisiana
January 30, 1997



ALLEN, GREEN & ROBINETTE, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS

BOARD MEMBERS
MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

We have audited the general purpose financial statements of the Morehouse Parish School Board, Bastrop, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated January 30, 1997.

We have also audited the Morehouse Parish School Board's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions and claims for advances and reimbursements that are applicable to each of the School Board's major federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance, for the year ended June 30, 1996. The management of the Morehouse Parish School Board is responsible for the School Board's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the School Board's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying Schedule of Findings and Questioned Costs. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH THE GENERAL REQUIREMENTS APPLICABLE TO FEDERAL FINANCIAL ASSISTANCE PROGRAMS

BOARD MEMBERS
MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

We have audited the general purpose financial statements of the Morehouse Parish School Board, Bastrop, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated January 30, 1997.

We have applied procedures to test the Morehouse Parish School Board's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended June 30, 1996: political activity, civil rights, cash management, federal financial reports, allowable costs/cost principles, Drug-free Workplace Act, and administrative requirements.

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's *Compliance Supplement for Single Audits of State and Local Governments*. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the School Board's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the School Board had not complied, in all material respects, with those requirements.

This report is intended solely for the use of the board members, management, Louisiana Department of Education, U. S. Department of Education, and other applicable federal agencies, and should not be used for any other purpose. However, this report is a matter of public record and its distribution is not limited.

ALLEN, GREEN & ROBINETTE, L.L.P.

Monroe, Louisiana
January 30, 1997

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

SUPPLEMENTAL INFORMATION SCHEDULES

BOARD MEMBERS
MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program 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 structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we noted that collectively conditions #1, #2, #3 and #4 as described in the accompanying Schedule of Reportable Conditions are considered to be material weaknesses as defined above. These conditions were considered in determining the nature, timing and extent of the procedures to be performed in our audit of the general purpose financial statements of the Morehouse Parish School Board for the year ended June 30, 1996.

This report is intended solely for the use of the board members, management, Louisiana Department of Education, U. S. Department of Education, and other applicable federal agencies, and should not be used for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Allen Green & Robinette

ALLEN, GREEN & ROBINETTE, L.L.P.

Monroe, Louisiana
January 30, 1997

Schedule 2

SUMMER SCHOOL	PRESCHOOL	MISCELLANEOUS STATE GRANTS	SCHOOL FOOD SERVICE	DRUG FREE-TITLE IV	SPECIAL FEDERAL	TOTAL
\$ 0	\$ 0	\$ 0	\$ 225,376	\$ 0	\$ 0	225,376
0	0	0	199,996	0	0	199,996
17,574	0	29,609	0	0	0	47,183
0	36,078	0	1,595,377	40,487	499,020	4,621,247
17,574	36,078	29,609	2,020,749	40,487	499,020	5,093,802
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	40,125
13,517	35,507	28,794	0	0	34,847	1,901,826
0	0	0	0	0	462,173	462,173
0	0	0	0	39,850	0	39,943
0	0	0	0	0	1,101	403,281
0	571	0	0	637	0	60,565
0	0	815	0	0	899	80,640
0	0	0	0	0	0	101,443
1,879	0	0	0	0	0	7,838
0	0	0	0	0	0	105,203
0	0	0	1,867,732	0	0	1,867,732
0	0	0	0	0	0	741
0	0	0	0	0	0	39,361
\$ 15,396	\$ 36,078	\$ 29,609	\$ 1,867,732	\$ 40,487	\$ 499,020	5,110,871
\$ 2,178	\$ 0	\$ 0	153,017	0	0	(17,069)
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	172,264
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	172,264

(CONTINUED)

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

SCHEDULE OF REPORTABLE CONDITIONS
FOR THE YEAR ENDED JUNE 30, 1996

1. Check-Signing Machine
(All Funds)

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. One person who had access to the check-signing machine was the accounts payable clerk. The accounts payable clerk set up invoices for payment on the computer system and printed the computer checks. Having 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. (See also Reportable Conditions #2, #3 and #4.)

REASON IMPROVEMENT NEEDED: Inadequate internal controls exist over access to the check-signing machine.

CAUSE OF CONDITION: In addition to processing vendor checks, the clerk also printed retirees' health insurance checks and had access to the check-signing machine in order to send these insurance checks through the machine.

EFFECT OF CONDITION: Internal controls over access to the check-signing machine are weak. Unauthorized disbursements were made without the knowledge of management.

RECOMMENDATION: Access to the check-signing machine should be limited to personnel outside of the disbursements cycle. This could be accomplished by placing the key in the custody of someone outside of the disbursements cycle. This will provide segregation of duties and increase the level of internal control. Additional control could be provided by requiring all checks over the amount of \$10,000 to be manually signed by either the President of the Board or the Superintendent.

MANAGEMENT'S RESPONSE: Beginning with the 1996-97 fiscal year, management has implemented new procedures for signing checks. All vendor checks, whether computer generated checks or manual checks, will require 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 will be used to sign the check. However, the only personnel who will have access to the stamp are the business manager and the Superintendent's secretary. When the stamp is used, the business manager or secretary will log the check number, date, payee, and amount for all checks. In addition, a log will be kept for all manual checks listing the check number, payee, date, and amount.

2. Delivery of Bank Statements for Bank Reconciliation
(All funds)

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 (also see Reportable Conditions #1, #3 and #4). The statements were then delivered to the employees responsible for performing the bank reconciliations who completed the bank reconciliations.

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

SUPPLEMENTAL INFORMATION SCHEDULES
FOR THE YEAR ENDED JUNE 30, 1996

AGENCY FUNDS

Agency Funds are used to account for assets held by the Board in a fiduciary capacity. These funds are custodial in nature and do not involve measurement of results of operations.

The following activities are reported in this section:

- School Activity Funds

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**SCHEDULE OF REPORTABLE CONDITIONS
FOR THE YEAR ENDED JUNE 30, 1996**

6. Payments of Travel Expenditures (Continued)

REASON IMPROVEMENT NEEDED:

- A. Improvement is needed to provide stronger controls. By turning in receipts for travel expenses incurred and settling up the advance upon returning from a trip, proper documentation exists to support travel expenditures.
- B. Advances should not be given out more than a few days before the planned travel. In cases in which an exception is warranted, the Superintendent should approve the early release of an advance.

CAUSE OF CONDITION:

- A. Many times, there is little uncertainty as to the amount of the charges to be incurred during travel. When the advance is requested the exact amount needed may even be known. In cases such as these, it seems that the advance request form was considered adequate documentation since no additional charges were to be paid to the employee.
- B. Unknown.

EFFECT OF CONDITION:

- A. It is possible that payments for travel advances may have exceeded actual expenditures on some occasions.
- B. Advances may have been given to employees sooner than required and without management's knowledge.

RECOMMENDATION:

- A. 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. Advances should be given within a reasonable time of departure and with the approval of management.

MANAGEMENT'S RESPONSE: Management will revise travel procedures in order to implement auditors' recommendations.

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

AGENCY FUNDS
Statement of Assets and Liabilities
June 30, 1996

Schedule 6

SCHOOL
ACTIVITY
FUND

ASSETS

Cash and cash equivalents

\$ 187,183

LIABILITIES

Deposits due others

\$ 187,183

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**SCHOOL ACTIVITY AGENCY FUND
Schedule of Changes in Deposits Due Others
For the Year Ended June 30, 1996**

Schedule 7

<u>SCHOOL</u>	<u>Balance, Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, Ending</u>
H. V. ADAMS	\$ 654	\$ 12,709	\$ 9,668	\$ 3,695
BASTROP KINDERGARTEN CENTER	8,457	46,931	46,443	8,945
BASTROP MIDDLE SCHOOL	18,033	100,995	106,420	12,608
BASTROP HIGH SCHOOL	111,150	320,242	342,512	88,880
BASTROP HIGH SCHOOL SAVINGS ACCOUNT	38,253	1,070	7,000	32,323
BEEKMAN	6,257	30,076	30,232	6,101
BONITA	519	8,954	9,190	283
CARVER	2,239	26,375	25,212	3,402
CHERRY RIDGE	2,304	42,563	42,422	2,445
COLLINGSTON	674	11,824	12,412	86
DELTA HIGH	4,047	100,043	104,086	4
EAST SIDE	6,422	33,301	36,088	3,635
MER ROUGE	4,280	21,967	22,028	4,219
OAK HILL	2,119	17,412	18,545	986
PINE GROVE	6,734	43,502	38,636	11,600
SOUTH SIDE	920	21,188	17,962	4,146
WEST SIDE	<u>1,798</u>	<u>18,787</u>	<u>16,760</u>	<u>3,825</u>
TOTAL	<u>\$ 214,860</u>	<u>\$ 857,939</u>	<u>\$ 885,616</u>	<u>\$ 187,183</u>



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS

BOARD MEMBERS
MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

We have audited the general purpose financial statements of the Morehouse Parish School Board, Bastrop, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated January 30, 1997.

In connection with our audit of the general purpose financial statements of the Morehouse Parish School Board, and with our consideration of the School Board's control structure used to administer federal financial assistance programs, as required by Office of Management and Budget (OMB) Circular A-128, *Audits of State and Local Governments*, we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended June 30, 1996. As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed; eligibility and special provisions that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the School Board's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Morehouse Parish School Board had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed immaterial instances of noncompliance with those requirements which are described in the accompanying Schedule of Findings and Questioned Costs.

This report is intended solely for the use of the board members, management, Louisiana Department of Education, U. S. Department of Education, and other applicable federal agencies, and should not be used for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Allen, Green & Robinette

ALLEN, GREEN & ROBINETTE, L.L.P.

Monroe, Louisiana
January 30, 1997

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**STATUS OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 1996**

1. **Seventy Percent General Fund Instruction Requirement**

See current-year finding #4.

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**SCHEDULE OF REPORTABLE CONDITIONS
FOR THE YEAR ENDED JUNE 30, 1996**

2. Delivery of Bank Statements for Bank Reconciliation (Continued)

REASON IMPROVEMENT NEEDED: Reconciliation of the bank account cash balance to the book cash balance is an important part of the internal control procedures. A vital aspect of the reconciliation process is that the bank statements and canceled checks should be delivered intact directly from the bank to the person responsible for performing the reconciliation.

CAUSE OF CONDITION: The School Board needs improvement in its procedures concerning delivery of the bank statements to personnel responsible for reconciliations.

EFFECT OF CONDITION: 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.

RECOMMENDATION: The School Board should implement procedures to ensure that bank statements and canceled checks are delivered unopened and intact to the employee responsible for performing the bank reconciliations.

MANAGEMENT'S RESPONSE: Currently, the business manager is the only person authorized to pick up the bank statements from the bank. The business manager will pick up the statements and distribute the statements to the employee responsible for performing the bank reconciliations.

**3. Bank Reconciliation Procedures
(All Funds)**

CONDITION: 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. Checks were entered as cleared on the bank reconciliation program. However, some checks had been removed from the bank statements prior to entering the cleared checks (see also Reportable Conditions #1, #2 and #4) which allowed unauthorized checks written and cashed by the accounts payable clerk to go undetected.

REASON IMPROVEMENT NEEDED: 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. By not ensuring that all the canceled checks are accounted for by keypunching cleared checks from the canceled checks and matching the batch total of checks clearing the bank on the bank statement to the batch total of the canceled checks, less assurance is gained by performing the bank reconciliation.

CAUSE OF CONDITION: The School Board has lax procedures concerning the bank reconciliation process.

EFFECT OF CONDITION: Unauthorized checks were not detected by performing the bank reconciliation.

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

SCHEDULE OF REPORTABLE CONDITIONS
FOR THE YEAR ENDED JUNE 30, 1996

3. Bank Reconciliation Procedures (Continued)

RECOMMENDATION: The School Board should establish procedures to ensure that all checks are accounted for during the bank reconciliation. This would 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.

MANAGEMENT'S RESPONSE: Management will establish procedures to implement the auditors' recommendations.

4. Access to Computer Programs
(All programs)

CONDITION: The accounts payable clerk whose duties included setting up invoices for payment on the computer system, printing the checks, and running the checks through a check-signing machine, 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 (see also Reportable Conditions #1, #2 and #3) were not detected by another employee who performed the bank reconciliation.

REASON IMPROVEMENT NEEDED: Only employees who perform the bank reconciliations need access to the reconciliation programs. By only allowing these employees access to the programs, the internal control structure is strengthened.

CAUSE OF CONDITION: Bookkeepers at the School Board perform bank reconciliations for programs for which they have no involvement in the bookkeeping or disbursement cycle. The accounts payable clerk performed the bank reconciliation for the student activity funds since she had no involvement with the bookkeeping or disbursements. The clerk needed access to the computerized bank reconciliation program for these student activity funds. However, no provisions existed to limit access to other bank reconciliation programs so the clerk was inadvertently given access to all bank reconciliation programs.

EFFECT OF CONDITION: The internal control structure was weak. As a result, unauthorized issued checks were not detected.

RECOMMENDATION: The School Board should adopt procedures to ensure that only employees who need access to a particular computerized program can gain access to the program. This may be accomplished by assigning computer passwords to each program and only revealing the passwords to employees who need access to the programs, or by another acceptable method.

MANAGEMENT'S RESPONSE: Management has established a system of passwords which are only given to employees who need to access the computer system. Also, the passwords are changed frequently.

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**SCHEDULE OF REPORTABLE CONDITIONS
FOR THE YEAR ENDED JUNE 30, 1996**

**5. Payroll Bank Account Not Reconciled
(All programs)**

CONDITION: The School Board has a payroll fund where each program (fund) transfers money 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.

REASON IMPROVEMENT NEEDED: To provide better internal control and to assure accurate financial reporting.

CAUSE OF CONDITION: There has been some shifting of duties in the payroll department and, therefore, the account has not been reconciled properly for several months during the audit period.

EFFECT OF CONDITION: Multiple adjustments had to be made to correct the payroll account.

RECOMMENDATION: Even though the bank account operates as an imprest fund, considering the fact that probably 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.

MANAGEMENT'S RESPONSE: Once audit adjustments for the current audit have been posted, the payroll bank reconciliation should be accurate. New payroll 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. In addition, the School Board is acquiring a new computer system for the 1996-97 fiscal year which management feels will make the payroll bank reconciliation easier to perform.

**6. Payments of Travel Expenditures
(All Funds)**

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.

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.

BOARD MEMBERS
MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

Accounting Controls

Cash	Payroll and related liabilities
Expenditures for goods and services and accounts payable	Property, equipment and capital expenditures
	Single audit and similar grant programs

Grant Administration Controls

General requirements:	Specific Requirements:
Political activity	Types of services allowed or unallowed
Civil rights	Eligibility
Cash management	Level of effort
Relocation assistance and real property acquisition	Reporting
Federal financial reports	Special tests and provisions
Allowable costs/cost principles	Claims for advances and reimbursements
Drug-free Workplace Act	
Administrative requirements	

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended June 30, 1996, the Morehouse Parish School Board expended 77.4% of its total federal financial assistance under major federal financial assistance programs.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements that are applicable to each of the School Board's major federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants which are described in the accompanying Schedule of Reportable Conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the School Board's ability to administer federal financial assistance programs in accordance with applicable laws and regulations.

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 1996**

Schedule 9

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME	<u>CFDA NUMBER</u>	<u>EXPENDITURES</u>
CASH FEDERAL ASSISTANCE		
United States Department of Agriculture		
Passed through Louisiana Department of Education:		
School Breakfast Program *	10.553	\$ 431,928
National School Lunch Program *	10.555	1,048,932
United States Department of Education		
Passed through Louisiana Department of Education:		
Adult Education - State Grant Program	84.002	62,514
Title I Grants to Local Educational Agencies *	84.010	2,101,704
Special Education:		
Grants to States (Part B)	84.027	270,418
Preschool Grants	84.173	36,078
Vocational Education:		
Basic Grants to States	84.048	145,271
Tech-Prep Education	84.243	154,538
Innovative Education Program Strategies - Title VI (formerly Chapter 2)	84.298	38,038
Title II (Eisenhower Professional Development - State Grants)	84.281	40,125
Title IV (Safe and Drug-Free Schools - State Grant)	84.186	40,487
Goals 2000		
State and Local Education Systematic Improvement Grants (Goals 2000 State Grants)	84.276	9,936
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	46,608
United States Department of Labor		
Passed through the Union Community Action, Farmerville, LA		
Job Training Partnership Act (JTPA)	17.250	31,947
United States Department of Defense		
Direct Programs:		
Department of The Army		
ROTC	NONE	58,142
NONCASH FEDERAL ASSISTANCE		
United States Department of Agriculture		
Passed through Louisiana Department of Agriculture and Forestry:		
Food Distribution (Commodities)	10.550	<u>114,517</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE		<u>\$4,631,183</u>

* Major Federal Programs

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**ALL FUND TYPES AND ACCOUNT GROUPS
Combined Balance Sheet
June 30, 1996**

	*****GOVERNMENTAL FUNDS*****			
	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS
ASSETS AND OTHER DEBITS				
Assets:				
Cash and cash equivalents	\$ 1,143,301	\$ 74,934	\$ 529,544	\$ 972,808
Receivables	377,251	312,145	4,951	45,824
Interfund receivable	310,028	388,426	0	0
Inventory	1,141	15,406	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	\$ 1,831,721	\$ 790,911	\$ 534,495	\$ 1,018,632
LIABILITIES, EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts, salaries and other payables	\$ 1,436,590	\$ 335,136	\$ 0	\$ 306,876
Interfund payable	241,237	440,013	0	17,204
Deposits due others	0	0	0	0
Deferred revenues	0	35,766	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	\$ 1,677,827	\$ 810,915	\$ 0	\$ 324,080
Equity and other credits:				
Investments in general fixed assets	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balances:				
Reserved for debt service	0	0	534,495	0
Reserved for inventory	1,141	15,406	0	0
Reserved for worker's compensation claims	4,979	0	0	0
Unreserved:				
Undesignated	147,774	(35,410)	0	694,552
Total Equity and Other Credits	\$ 153,894	\$ (20,004)	\$ 534,495	\$ 694,552
TOTAL LIABILITIES, EQUITY, AND OTHER CREDITS	\$ 1,831,721	\$ 790,911	\$ 534,495	\$ 1,018,632

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

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

ALL SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 1996

	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:	2,101,704	38,038	40,125	270,418
Total Revenues	2,101,704	38,038	40,125	270,418
EXPENDITURES				
Current:				
Instruction:				
Regular programs	\$ 0	\$ 0	\$ 40,125	\$ 0
Special Programs	1,563,381	35,711	0	190,069
Other instructional programs	0	0	0	0
Support services:				
Student services	0	0	0	93
Instructional staff support	341,674	2,302	0	58,204
General administration	51,931	25	0	7,401
Business services	71,886	0	0	7,040
Plant services	99,878	0	0	1,565
Student transportation services	0	0	0	5,959
Central services	105,116	0	0	87
Food services	0	0	0	0
Facilities acquisition and construction	741	0	0	0
Debt service:				
Principal retirement	39,361	0	0	0
Total Expenditures	\$ 2,273,968	\$ 38,038	\$ 40,125	\$ 270,418
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ (172,264)	\$ 0	\$ 0	\$ 0
OTHER FINANCING SOURCES (Uses)				
Proceeds from capital lease	172,264	0	0	0
Total Other Financing Sources (Uses)	\$ 172,264	\$ 0	\$ 0	\$ 0

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**GENERAL PURPOSE FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1996
WITH SUPPLEMENTAL INFORMATION SCHEDULES**

CONTENTS (Concluded)

	<u>PAGE</u>
OTHER REPORTS REQUIRED BY <u>GOVERNMENT AUDITING STANDARDS</u> :	62
Independent Auditors' Report on Internal Control Structure Based on an Audit of General Purpose Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	63-64
Independent Auditors' Report on Compliance Based on an Audit of General Purpose Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	65
OTHER REPORTS REQUIRED BY OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR A-128:	66
Independent Auditors' Report on the Internal Control Structure Used in Administering Federal Financial Assistance Programs	67-69
Independent Auditors' Report on Compliance with the General Requirements Applicable to Federal Financial Assistance Programs	70
Independent Auditors' Report on Compliance with Specific Requirements Applicable to Major Federal Financial Assistance Programs	71-72
Independent Auditors' Report on Compliance with Specific Requirements Applicable to Nonmajor Federal Financial Assistance Program Transactions	73
STATUS OF PRIOR AUDIT REPORTABLE CONDITIONS	74
STATUS OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS	75
SCHEDULE OF REPORTABLE CONDITIONS	76-80
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	81-86

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**SUPPLEMENTAL INFORMATION SCHEDULES
FOR THE YEAR ENDED JUNE 30, 1996**

SPECIAL REVENUE FUNDS (Continued)

MISCELLANEOUS STATE GRANTS

The fund includes various small state funded grants.

SCHOOL FOOD SERVICE

(National School Food Service Program [National School Lunch Act of 1946])

(School Breakfast Program [Child Nutrition Act of 1966])

(Food Distribution [Commodities] [National School Lunch Act of 1946 and Child Nutrition Act of 1966])

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.

DRUG-FREE SCHOOLS AND COMMUNITIES - STATE GRANTS - TITLE IV

(Drug-Free Schools and Communities Act of 1966, Title V and Elementary and Secondary Education Act)

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

(Carl D. Perkins Vocational and Applied Technology Education Act, Title II)

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.

CONSUMER AND HOMEMAKING EDUCATION

(Carl D. Perkins Vocational and Applied Technology Education Act, Title III)

To assist states in conducting consumer and homemaking education instructional programs, services and activities that prepare youth and adults for the occupation of homemaking through instructional programs which includes the areas of food and nutrition, individual and family health, consumer education, family living and parenthood education, child development, housing, home management (including resource management); clothing, and textiles. Emphasis is placed on programs located in areas for residents of economically depressed areas and/or areas with high rates of unemployment.

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

**GENERAL PURPOSE FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1996
WITH SUPPLEMENTAL INFORMATION SCHEDULES**

CONTENTS

	<u>STATEMENT</u>	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT		1
GENERAL PURPOSE FINANCIAL STATEMENTS:		
Combined Balance Sheet All Fund Types and Account Groups	A	2-3
GOVERNMENTAL FUNDS:		
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances	B	4-5
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual General Fund	C	6-7
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual Special Revenue Funds	D	8-9
Notes to the Financial Statements		
Index		10
Notes		11-29

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**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**GENERAL PURPOSE FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1996
WITH SUPPLEMENTAL INFORMATION SCHEDULES**

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 APR 09 1997

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**SUPPLEMENTAL INFORMATION SCHEDULES
FOR THE YEAR ENDED JUNE 30, 1996**

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.

FEDERAL FINANCIAL ASSISTANCE PROGRAMS

In accordance with Office of Management and Budget Circular A-128, a Schedule of Federal Financial Assistance is presented.

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

Schedule of Compensation Paid Board Members
For the Year Ended June 30, 1996

Schedule 8

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

BOARD MEMBERS
MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants which are described in the accompanying Schedule of Reportable Conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

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

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we noted that collectively conditions #1, #2, #3 and #4 as described in the accompanying Schedule of Reportable Conditions are considered to be material weaknesses as defined above. These conditions were considered in determining the nature, timing and extent of the procedures to be performed in our audit of the general purpose financial statements of the Morehouse Parish School Board for the year ended June 30, 1996.

This report is intended solely for the use of the board members, management, Louisiana Department of Education, U. S. Department of Education, and other applicable federal agencies, and should not be used for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Allen Green # Robinette

ALLEN, GREEN & ROBINETTE, L.L.P.

Monroe, Louisiana
January 30, 1997



ALLEN, GREEN & ROBINETTE, L.L.P.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

BOARD MEMBERS
MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

We have audited the general purpose financial statements of the Morehouse Parish School Board, Bastrop, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated January 30, 1997.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget (OMB) Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts and grants applicable to the Morehouse Parish School Board is the responsibility of management of the School Board. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the School Board's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, the results of our procedures disclosed immaterial instances of noncompliance which are included in the accompanying Schedule of Findings and Questioned Costs.

This report is intended solely for the use of the board members, management, Louisiana Department of Education, U. S. Department of Education, and other applicable federal agencies, and should not be used for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Allen, Green & Robinette

ALLEN, GREEN & ROBINETTE, L.L.P.

Monroe, Louisiana
January 30, 1997

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

OTHER REPORTS REQUIRED BY
OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR A-128

The following pages contain information on internal control and compliance with laws and regulations required by OMB Circular A-128. The report on internal accounting and administrative controls relates to matters that would be significant and/or material to federal assistance programs. The report on compliance with laws and regulations is, likewise, related to tests of compliance with laws and regulations relating to federal financial assistance programs.

Statement A

*****ACCOUNT GROUPS*****

FIDUCIARY- AGENCY FUNDS	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	TOTAL (MEMORANDUM ONLY)
\$ 187,183	\$ 0	\$ 0	\$ 2,907,770
0	0	0	740,171
0	0	0	698,454
0	0	0	16,547
0	29,773,938	0	29,773,938
0	0	534,495	534,495
0	0	5,326,016	5,326,016
<u>\$ 187,183</u>	<u>\$ 29,773,938</u>	<u>\$ 5,860,511</u>	<u>\$ 39,997,391</u>
\$ 0	\$ 0	\$ 0	\$ 2,078,602
0	0	0	698,454
187,183	0	0	187,183
0	0	0	35,766
0	0	1,134,310	1,134,310
0	0	4,593,297	4,593,297
0	0	132,904	132,904
<u>\$ 187,183</u>	<u>\$ 0</u>	<u>\$ 5,860,511</u>	<u>\$ 8,860,516</u>
\$ 0	\$ 29,773,938	\$ 0	\$ 29,773,938
0	0	0	534,495
0	0	0	16,547
0	0	0	4,979
0	0	0	806,916
<u>\$ 0</u>	<u>\$ 29,773,938</u>	<u>\$ 0</u>	<u>\$ 31,136,875</u>
<u>\$ 187,183</u>	<u>\$ 29,773,938</u>	<u>\$ 5,860,511</u>	<u>\$ 39,997,391</u>

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS

The following pages contain reports on internal control structure 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 general purpose financial statements and presents, where applicable, compliance matters that would be material to the general purpose financial statements.



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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 the Morehouse Parish School Board, Bastrop, Louisiana, as of and for the year ended June 30, 1996. These general purpose financial statements are the responsibility of the 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, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose 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, 1996, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated January 30, 1997 on our consideration of Morehouse Parish School Board's internal control structure and a report dated January 30, 1997 on its compliance with laws and regulations.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying supplemental information schedules listed in the table of contents including the Schedule of Federal Financial Assistance are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the Morehouse Parish School Board. Such information has been subjected to the 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.

Allen, Green & Robinette

ALLEN, GREEN & ROBINETTE, L.L.P.

Monroe, Louisiana
January 30, 1997

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1996

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. BUDGETS (Continued)

6. Formal budget integration (within the accounting records) is employed as a management control device. All budgets are controlled at the function level. However, when projected revenues within a fund fail to meet budgeted revenues and/or projected expenditures within a fund exceed budgeted expenditures by five per cent or more, a budget amendment is adopted by the School Board in an open meeting. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

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, CASH EQUIVALENTS AND INVESTMENTS

Cash includes amounts in demand deposits and interest-bearing demand deposits, and time deposit accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the School Board may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

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

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 as purchased except for inventory of the School Food Service Fund.

Inventories of the School Food Service (Special Revenue Fund) Fund consists of food purchased by the School Board and commodities granted by the United States Department of Agriculture through the Louisiana Department of Agriculture and Forestry. The commodities are recorded as revenues when received (issued); however, all inventory items are recorded as expenditures when consumed. All purchased inventory items are valued at cost using the first-in, first-out (FIFO) method. The value of commodities inventory is the assigned value provided by the United States Department of Agriculture.

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1996

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

Expenditures

Salaries are recorded as paid. Salaries for nine-month employees who elect to be paid over twelve months are accrued at June 30.

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

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 uses the following budget practices:

- | | |
|---|--------------------|
| 1. Date of public notice | August 31, 1995 |
| Date budget available | August 31, 1995 |
| Date of public hearing | September 14, 1995 |
| Date budget adopted | September 14, 1995 |
| 2. The School Board is legally required to prepare annual operating budgets on all Special Revenue Funds and the General Fund. | |
| 3. Appropriations (unexpended budget balances) lapse at year end. | |
| 4. Encumbrances are recognized within the accounting records for budgetary control purposes. The outstanding encumbrances lapsed at year end. | |
| 5. The budget is prepared on the modified accrual basis of accounting. | |

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1996

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. FUNDS AND ACCOUNT GROUPS (Continued)

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.

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. However, proceeds from the employee fidelity bond were accrued and offset against current expenditures. This was done in an effort to match the proceeds with the period in which the expenditures were incurred, providing a more accurate representation of current expenditures. All other expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are 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

Ad valorem taxes and sales taxes are susceptible to accrual.

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

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

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1996

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

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:

1. **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.
2. **Special Revenue Funds** - account for revenue sources that are legally restricted to expenditures for specified purposes (not including expendable trusts or major capital projects).
3. **Debt Service Funds** - account for the servicing of general long-term debt not being financed by proprietary or nonexpendable trust funds.
4. **Capital Project 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

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. Trust funds account for assets held by the government under the terms of a formal trust agreement.

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:

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

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1996

INTRODUCTION

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 5,932 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.

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

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.



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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

BOARD MEMBERS
MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

We have audited the general purpose financial statements of the Morehouse Parish School Board, Bastrop, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated January 30, 1997.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget (OMB) Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of the Morehouse Parish School Board is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of the Morehouse Parish School Board for the year ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of the relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1996**

INDEX

	<u>PAGE</u>
INTRODUCTION	11
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	11
A Reporting Entity	11
B Funds and Account Groups	11-13
C Measurement Focus and Basis of Accounting	13-14
D Budgets	14-15
E Encumbrances	15
F Cash, Cash Equivalents and Investments	15
G Short-Term Interfund Receivables/Payables	15
H Inventories	15
I Fixed Assets	16
J Deferred Revenues	16
K Compensated Absences	16-17
L Long-Term Obligations	17-18
M Fund Equity	18
N Interfund Transactions	18
O Sales Taxes	18
P Total Columns on Combined Statements	19
Q Adoption of GASB Pronouncements	19
R New Applicable GASB Pronouncements	19
NOTE 2 - FUND DEFICITS	19
NOTE 3 - EXPENDITURES - BUDGET AND ACTUAL	20
NOTE 4 - LEVIED TAXES	21-22
NOTE 5 - DEPOSITS	22
NOTE 6 - RECEIVABLES	22
NOTE 7 - FIXED ASSETS	23
NOTE 8 - RETIREMENT SYSTEMS	23-25
NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS	25
NOTE 10 - ACCOUNTS, SALARIES AND OTHER PAYABLES	25
NOTE 11 - COMPENSATED ABSENCES	26
NOTE 12 - CAPITAL LEASES	26
NOTE 13 - CHANGES IN AGENCY FUND DEPOSITS DUE OTHERS	26
NOTE 14 - CHANGES IN GENERAL LONG-TERM OBLIGATIONS	27
NOTE 15 - INTERFUND TRANSACTIONS	28
NOTE 16 - RISK MANAGEMENT	28
NOTE 17 - COMMITMENTS AND CONTINGENCIES	28-29
NOTE 18 - ENCUMBRANCES	29
NOTE 19 - SUBSEQUENT EVENTS	29

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, 1996

Statement D

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
OTHER FINANCING SOURCES (USES)			
Proceeds from the sale of fixed assets	\$ 1,000	\$ 0	\$ (1,000)
Proceeds from capital lease	0	172,264	172,264
Total Other Financing Sources (Uses)	\$ 1,000	\$ 172,264	\$ 171,264
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$ 178,050	\$ 155,195	\$ (22,855)
FUND BALANCES (Deficit) AT BEGINNING OF YEAR	(175,199)	(175,199)	0
FUND BALANCES (Deficit) AT END OF YEAR	\$ 2,851	\$ (20,004)	\$ (22,855)

(CONCLUDED)

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

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, 1996

Statement D

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Local sources:			
Food service	\$ 228,400	\$ 225,376	\$ (3,024)
State sources:			
Equalization	200,000	199,996	(4)
Other	52,190	47,183	(5,007)
Federal sources:	4,469,428	4,621,247	151,819
Total Revenues	\$ 4,950,018	\$ 5,093,802	\$ 143,784
EXPENDITURES			
Current:			
Instruction:			
Regular programs	\$ 40,325	\$ 40,125	\$ 200
Special programs	1,744,827	1,901,826	(156,999)
Other instructional programs	347,982	462,173	(114,191)
Support services:			
Student services	36,113	39,943	(3,830)
Instructional staff support	367,522	403,281	(35,759)
General administration	59,167	60,565	(1,398)
Business services	107,466	80,640	26,826
Plant Services	183,766	101,443	82,323
Student transportation services	2,750	7,838	(5,088)
Central services	4,200	105,203	(101,003)
Food services	1,878,850	1,867,732	11,118
Facilities acquisition and construction	0	741	(741)
Debt service:			
Principal retirement	0	39,361	(39,361)
Total Expenditures	\$ 4,772,968	\$ 5,110,871	\$ (337,903)
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ 177,050	\$ (17,069)	\$ (194,119)

(CONTINUED)

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

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

GOVERNMENTAL FUNDS - GENERAL FUND
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget (GAAP Basis) and Actual
For the Year Ended June 30, 1996

Statement C

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Local sources:			
Taxes:			
Ad valorem	\$ 1,703,000	\$ 1,691,037	\$ (11,963)
Sales and use	2,500,000	2,707,321	207,321
Interest earnings	17,500	69,278	51,778
Other	214,603	273,564	58,961
State sources:			
Equalization	14,165,000	14,162,378	(2,622)
Other	768,830	756,420	(12,410)
Federal sources:			
	8,300	9,936	1,636
 Total Revenues	 \$ 19,377,233	 \$ 19,669,934	 \$ 292,701
 EXPENDITURES			
Current:			
Instruction:			
Regular programs	\$ 8,278,627	\$ 8,326,216	\$ (47,589)
Special programs	2,497,925	2,474,613	23,312
Other instructional programs	811,019	952,830	(141,811)
Support services:			
Student services	863,938	859,205	4,733
Instructional staff support	472,201	474,774	(2,573)
General administration	392,172	402,781	(10,609)
School administration	1,523,926	1,504,859	19,067
Business services	181,594	183,912	(2,318)
Plant Services	1,968,659	1,779,961	188,698
Student transportation services	1,312,952	1,326,243	(13,291)
Central services	124,245	123,363	882
Food services	292,764	306,118	(13,354)
Community service programs	600	1,216	(616)
Facilities acquisition and construction	6,300	6,300	0
Debt service:			
Principal retirement	78,500	95,769	(17,269)
Interest and bank charges	20,000	6,795	13,205
 Total Expenditures	 \$ 18,825,422	 \$ 18,824,955	 \$ 467
 EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	 \$ 551,811	 \$ 844,979	 \$ 293,168

(CONTINUED)

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

**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, 1996**

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	\$ 3,399	\$ 0	\$ 0	\$ 0	\$ 3,399
Proceeds from capital lease	0	172,264	0	0	172,264
Proceeds from certificate of indebtedness	0	0	0	240,000	240,000
Total Other Financing Sources (Uses)	\$ 3,399	\$ 172,264	\$ 0	\$ 240,000	\$ 415,663
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)					
	\$ 848,378	\$ 155,195	\$ (373,677)	\$ 469,158	\$ 1,099,054
FUND BALANCES (Deficit) AT BEGINNING OF YEAR					
	(694,484)	(175,199)	908,172	225,394	263,883
FUND BALANCES (Deficit) AT END OF YEAR					
	\$ 153,894	\$ (20,004)	\$ 534,495	\$ 694,552	\$ 1,362,937

(CONCLUDED)

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



ALLEN, GREEN & ROBINETTE, L.L.P.

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INDEPENDENT AUDITORS' REPORT ON THE INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL FINANCIAL ASSISTANCE PROGRAMS

BOARD MEMBERS
MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

We have audited the general purpose financial statements of the Morehouse Parish School Board, Bastrop, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated January 30, 1997. We have also audited the Morehouse Parish School Board's compliance with requirements applicable to major federal financial assistance programs and have issued our report thereon dated January 30, 1997.

We conducted our audits in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement and about whether the Morehouse Parish School Board complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audits for the year ended June 30, 1996, we considered the School Board's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on the general purpose financial statements of the Morehouse Parish School Board and on its compliance with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated January 30, 1997.

The management of the Morehouse Parish School Board is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**SUPPLEMENTAL INFORMATION SCHEDULES
FOR THE YEAR ENDED JUNE 30, 1996**

SPECIAL REVENUE FUNDS (Concluded)

SPECIAL FEDERAL (Continued)

PAYMENTS TO STATES FOR CHILD CARE ASSISTANCE (STARTING POINTS)
(Child Care and Development Block Grant Act of 1990)

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.

Schedule 1

SUMMER SCHOOL	PRESCHOOL	MISCELLANEOUS STATE GRANTS	SCHOOL FOOD SERVICE	DRUG FREE- TITLE IV	SPECIAL FEDERAL	TOTAL
\$ 0	\$ 0	\$ 0	51,591	\$ 4,986	\$ 0	74,934
11,639	7,081	2,579	0	825	143,555	312,145
3,442	26,014	5,685	0	46	129,146	388,426
0	0	0	15,406	0	0	15,406
<u>\$ 15,081</u>	<u>\$ 33,095</u>	<u>\$ 8,264</u>	<u>\$ 66,997</u>	<u>\$ 5,857</u>	<u>\$ 272,701</u>	<u>\$ 790,911</u>
\$ 7,048	\$ 1,040	\$ 507	89,179	\$ 5,857	\$ 33,208	335,136
5,855	32,055	7,757	0	0	239,493	440,013
0	0	0	0	0	0	35,766
<u>\$ 12,903</u>	<u>\$ 33,095</u>	<u>\$ 8,264</u>	<u>\$ 89,179</u>	<u>\$ 5,857</u>	<u>\$ 272,701</u>	<u>\$ 810,915</u>
\$ 0	\$ 0	\$ 0	15,406	\$ 0	\$ 0	15,406
2,178	0	0	(37,588)	0	0	(35,410)
<u>\$ 2,178</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (22,182)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (20,004)</u>
<u>\$ 15,081</u>	<u>\$ 33,095</u>	<u>\$ 8,264</u>	<u>\$ 66,997</u>	<u>\$ 5,857</u>	<u>\$ 272,701</u>	<u>\$ 790,911</u>

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 1996**

5. 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, 1996 was filed after the deadline.

REASON IMPROVEMENT NEEDED: To comply with state regulations.

CAUSE OF CONDITION: The unexpected additional workload and staff shortage of the audit firm for the 1996 year.

EFFECT OF CONDITION: Violation of state regulation.

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

MANAGEMENT'S RESPONSE: We will monitor the auditors' work progress to assure compliance with the statutes.

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 1996**

**3. Federal Financial Reports Not Reconciled to Books
(All Federal Programs)**

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.

REASON IMPROVEMENT NEEDED: To track expenditures with reimbursements and comply with grant requirements.

CAUSE OF CONDITION: The programs' requisitions are not being reconciled to the expenditures on a regular basis. Also, project completion reports are not reconciled to the general ledger at year-end.

EFFECT OF CONDITION: It is possible that some expenditures would not be reimbursed if certain federal programs' personnel failed to receive a copy of the invoice(s) from the business office.

RECOMMENDATION: The auditors recommend that the accounting personnel continue their efforts to reconcile all federal requisitions and completion reports with the general ledger.

MANAGEMENT'S RESPONSE: Management has adopted new procedures to ensure federal financial reports are reconciled to the general ledger. The business manager reviews each request for funds and agrees expenditures per the request to expenditures per the general ledger.

4. 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 68.99%.

REASON IMPROVEMENT NEEDED: To comply with Louisiana Senate Concurrent Resolution #142 of the 1993 Session which requires at least seventy percent of General Fund expenditures be spent for instructional purposes.

CAUSE OF CONDITION: Large amount of fixed costs to operate the school system.

EFFECT OF CONDITION: Noncompliance with Louisiana Senate Concurrent Resolution #142 of the 1993 Session.

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

MANAGEMENT'S RESPONSE: Every attempt will be made to achieve the 70% requirement.

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 1996

2. Workshop Extra Pay (Continued)

CONDITION: (Continued)

- 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.

REASON IMPROVEMENT NEEDED:

- A. Approval for the extra pay to the director and the supervisors was performed only by the individuals receiving the pay. There is no control provided by this approval process.
- B. 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.

CAUSE OF CONDITION:

- A. The personnel did not realize that requests for extra pay related to these workshops needed to be approved by the Superintendent.
- B. The coordinator did not realize that documentation of the hours during which the work was performed would be required.

RECOMMENDATION:

- A. All requests for extra pay should be approved by the Superintendent or his designee.
- B. 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.

MANAGEMENT'S RESPONSE:

- A. Beginning immediately, all consultant fees will be justified by a signed contract approved by the Superintendent or his designee.
- B. Time records will be maintained for work done outside normal business hours. The Superintendent or his designee will approve for payment.

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 1996

1. Travel Documentation (Continued)

RECOMMENDATION: (Continued)

- B. Early departure for a convention should be noted on the travel advance form including justification. The early departure should be approved in advance.

Again, the Title I personnel should follow the School Board travel policy for use of personal vehicles in assuring the most economical means of transportation.

- C. All original travel plans and subsequent amendments to the travel arrangements should be approved by the Superintendent.
- D. Under no situation should the coordinator sign the employees' signature on the travel request or endorse and/or cash the travel advance check.
- E. All charges for hotel accommodations should be within the guidelines provided by the Board's travel policy.

MANAGEMENT'S RESPONSE:

- A. Personnel will follow the School Board policy for use of personal vehicles.
- B. Management will insure that hotel charges are paid only for nights actually needed. We will follow the School Board policy for early departures (noted on travel requests).
- C. All travel requests and changes to travel requests will be approved by the superintendent.
- D. This has already been corrected. No one will be signing for another employee.
- E. Personnel will abide by the School Board's policy for hotel accommodation charges.

2. Workshop Extra Pay
(Title II - CFDA #84.164)

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.

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 1996**

1. Travel Documentation (Continued)

REASON IMPROVEMENT NEEDED:

- A. The School Board's travel policies should be followed to ensure the most economical travel available.
- B. Care should be taken by employees who travel at the School Board's expense to ensure that no unnecessary costs are incurred.

The School Board's travel policies should be followed to ensure the most economical travel available.

- C. Travel expenditures including any charges should be approved by management to ensure that management is aware of the nature of all charges incurred.
- D. Controls would be stronger by requiring the signature of the employee to be on the travel form.
- E. The School Board's travel policies should be followed to ensure the most economical travel available.

CAUSE OF CONDITION:

- A. Those attending the meeting had to leave from different places and at different times due to the fact that this was the time of year when vacations were scheduled.
- B. A mix-up occurred between the coordinators attending the meeting about who was to do the check-out at the hotel. As a result, check-out was done late resulting in the additional charges.
- C. The Title I personnel did not realize that any changes made after the Superintendent's approval needed to be rerouted for approval on the changes.
- D. The Title I coordinator signed for the employees to keep from having to send all of the requests to various schools for approval.
- E. The employees did not realize that charges for hotels were in excess of the Board's travel policy.

RECOMMENDATION:

- A. The Title I personnel should follow the School Board travel policy for use of personal vehicles in assuring the most economical means of transportation.
- B. The two employees who incurred motel charges for the night of August 1, 1995 in New Orleans, yet they flew to Washington, D.C. the morning of August 1 should reimburse the School Board for the motel charges, unless they can provide justification for the charges.

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 1996

1. Travel Documentation
(Title I - CFDA #84.010)

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

**GENERAL PURPOSE FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1996
WITH SUPPLEMENTAL INFORMATION SCHEDULES**

CONTENTS (Continued)

	<u>SCHEDULE</u>	<u>PAGE</u>
SUPPLEMENTAL INFORMATION SCHEDULES:		30
ALL SPECIAL REVENUE FUNDS:		31-33
Combining Balance Sheet	1	34-35
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	2	36-39
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual		
Title I	3-1	40
Title VI	3-2	41
Math and Science - Title II	3-3	42
Special Education	3-4	43
Summer School	3-5	44
Preschool	3-6	45
Miscellaneous State Grants	3-7	46
School Food Service	3-8	47
Drug Free - Title IV	3-9	48
Special Federal	3-10	49
CAPITAL PROJECTS FUNDS:		51
Combining Balance Sheet	4	52-53
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	5	54-55
AGENCY FUNDS:		56
Statement of Assets and Liabilities	6	57
Schedule of Changes in Deposits Due Others	7	58
GENERAL:		59
Schedule of Compensation Paid Board Members	8	60
Schedule of Federal Financial Assistance	9	61

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

ALL SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 1996

	TITLE I	TITLE VI	MATH AND SCIENCE - TITLE II	SPECIAL EDUCATION
ASSETS				
Assets				
Cash and cash equivalents	\$ 0	\$ 0	\$ 0	\$ 18,357
Receivables	116,316	4,747	6,214	19,189
Interfund receivable	152,209	1,790	2,369	67,725
Inventory	0	0	0	0
Total Assets	<u>\$ 268,525</u>	<u>\$ 6,537</u>	<u>\$ 8,583</u>	<u>\$ 105,271</u>
 LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts, salaries and other payables	\$ 190,451	\$ 0	\$ 3,785	\$ 4,061
Interfund payable	71,284	6,537	4,798	72,234
Deferred revenues	6,790	0	0	28,976
Total Liabilities	<u>\$ 268,525</u>	<u>\$ 6,537</u>	<u>\$ 8,583</u>	<u>\$ 105,271</u>
 Fund Equity				
Fund Balances:				
Reserved for inventory	\$ 0	\$ 0	\$ 0	\$ 0
Unreserved - undesignated	0	0	0	0
Total Equity	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
 TOTAL LIABILITIES AND FUND EQUITY	 <u>\$ 268,525</u>	 <u>\$ 6,537</u>	 <u>\$ 8,583</u>	 <u>\$ 105,271</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, 1996

Statement B

	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS	TOTAL (MEMORANDUM ONLY)
REVENUES					
Local sources:					
Taxes:					
Ad valorem	\$ 1,691,037	\$ 0	\$ 1,243,067	\$ 11,796	\$ 2,945,900
Sales and use	2,707,321	0	250,264	1,102,981	4,060,566
Interest earnings	69,278	0	38,446	29,364	137,088
Food services	0	225,376	0	0	225,376
Other	273,564	0	0	40,239	313,803
State sources:					
Equalization	14,162,378	199,996	0	0	14,362,374
Other	756,420	47,183	0	0	803,603
Federal sources	9,936	4,621,247	0	0	4,631,183
Total Revenues	\$ 19,669,934	\$ 5,093,802	\$ 1,531,777	\$ 1,184,380	\$ 27,479,893
EXPENDITURES					
Current:					
Instruction:					
Regular programs	\$ 8,326,216	\$ 40,125	\$ 0	\$ 0	\$ 8,366,341
Special programs	2,474,613	1,901,826	0	0	4,376,439
Adult and continuing education	952,830	462,173	0	0	1,415,003
Support services:					
Student services	859,205	39,943	0	0	899,148
Instructional staff support	474,774	403,281	0	0	878,055
General administration	402,781	60,565	44,418	89,903	597,667
School administration	1,504,859	0	0	0	1,504,859
Business services	183,912	80,640	0	0	264,552
Plant services	1,779,961	101,443	0	2,296	1,883,700
Student transportation services	1,326,243	7,838	0	0	1,334,081
Central services	123,363	105,203	0	0	228,566
Food services	306,118	1,867,732	0	0	2,173,850
Community service programs	1,216	0	0	0	1,216
Facilities acquisition and construction	6,300	741	0	863,023	870,064
Debt service:					
Principal retirement	95,769	39,361	1,565,000	0	1,700,130
Interest and bank charges	6,795	0	296,036	0	302,831
Total Expenditures	\$ 18,824,955	\$ 5,110,871	\$ 1,905,454	\$ 955,222	\$ 26,796,502
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ 844,979	\$ (17,069)	\$ (373,677)	\$ 229,158	\$ 683,391

(CONTINUED)

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

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**SUPPLEMENTAL INFORMATION SCHEDULES
FOR THE YEAR ENDED JUNE 30, 1996**

SPECIAL REVENUE FUNDS

TITLE I PROGRAMS - LOCAL EDUCATIONAL AGENCIES

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.

EISENHOWER MATHEMATICS AND SCIENCE EDUCATION STATE GRANTS
(Elementary and Secondary Education Act of 1965, 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 - STATE GRANTS
(Individuals With Disabilities Education Act, Part B)

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 GRANTS

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

MOREHOUSE PARISH SCHOOL BOARD

Bastrop, Louisiana

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1996**

NOTE 17 - COMMITMENTS AND CONTINGENCIES (Continued)

Grant Disallowances

The School Board participates in a number of federal financial assistance programs. Although the grant programs have been audited in accordance with the Single Audit Act of 1984 through June 30, 1996, these programs are still subject to financial and compliance audits and resolution of previously identified questioned costs. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the School Board expects such amounts, if any, to be immaterial.

NOTE 18 - 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, 1996 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>\$4,540</u>	<u>\$31,538</u>	<u>\$59,541</u>	<u>\$95,619</u>

NOTE 19 - SUBSEQUENT EVENTS

The School Board entered into a capital lease to acquire twelve school buses for \$555,504. An initial payment of \$124,333 was made in September 1996 upon delivery of the buses. Lease payments of \$124,333 will begin July 1, 1997 and continue yearly through July 1, 2000.

During August 1996, the School Board discovered that an employee had been cashing checks made out to the employee without the knowledge of management. Checks made out to the employee were discovered as far back as March 1994. The School Board investigated all checks during the period and compiled a list of checks suspected of being fraudulent totaling \$217,854. This amount represented \$5,741 during the 1993-1994 fiscal year, \$44,382 during the 1994-95 fiscal year, \$139,737 during the 1995-96 fiscal year and \$27,994 during the 1996-97 fiscal year. The employee was covered under an employee fidelity bond, and the School Board was able to recover most of the funds. On January 16, 1997, the School Board received a check for insurance proceeds of \$203,728.

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1996**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. TOTAL COLUMNS ON COMBINED STATEMENTS

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

Q. ADOPTION OF GASB PRONOUNCEMENTS

In September 1993, GASB issued Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting" (GASB 20), which discusses the application of authoritative accounting pronouncements for proprietary accounting and other funds that use proprietary accounting.

The School Board was required to adopt GASB 20 in fiscal year 1995. GASB 20 allows the School Board to elect to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements, or to apply all GASB pronouncements and only FASB pronouncements issued before November 30, 1989. The School Board has elected to apply all GASB pronouncements and only FASB pronouncements issued before November 30, 1989.

R. NEW APPLICABLE GASB PRONOUNCEMENTS

In November 1994, the 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 sponsors a multiple-employer defined contribution plan which has some characteristics of a defined benefit pension plan. GASB 27 is effective for fiscal years beginning after June 15, 1997. The School Board has not yet determined when GASB 27 will be adopted or determined the effects of adoption.

NOTE 2 - FUND DEFICITS

The following individual funds have deficits in unreserved fund balance at June 30, 1996:

<u>Fund</u>	<u>Deficit Amount</u>
Special Revenue Funds	
School Food Service Fund	<u>\$22,182</u>

Management's plan is to reduce the deficits by cutting and controlling expenditures in future years.

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1996**

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.

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 or capitalized in the proprietary funds.

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 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.

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, all accumulated sick leave, including the twenty-five days paid to the teacher, are used in the retirement benefit computation as earned service.

Under the Louisiana School Employees' Retirement System, all accumulated sick leave, excluding the twenty-five days paid to the employees, are used in the retirement benefit computation as earned service.

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1996

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 FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1996**

NOTE 15 - INTERFUND TRANSACTIONS

Due from/to others:

<u>Fund</u>	<u>Receivable Amount</u>	<u>Payable Amount</u>
General	\$310,028	\$241,237
Special Revenue Funds		
Title I	152,209	71,284
Title VI		
Eisenhower Math and Science - Title II	1,790	6,537
Special Education	67,725	72,234
Summer School	3,442	5,855
Preschool	26,014	32,055
Miscellaneous State/Federal Grants	5,685	7,757
Drug-Free Schools	46	-
Special Federal	129,146	239,493
Capital Projects Funds		
School District No. 2 and No. 3 merged	-	926
Capital Improvements	-	<u>16,278</u>
 Total	 <u>\$698,454</u>	 <u>\$698,454</u>

NOTE 16 - 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. During fiscal year 1996, a total of \$70,317 was incurred in benefits and administrative costs. 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.

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

NOTE 17 - COMMITMENTS AND CONTINGENCIES

Litigation

At June 30, 1996, the School Board was a defendant in three lawsuits arising principally in the normal course of operation. In one case, a settlement has been reached in the amount of \$12,000. One is pending and inactive with no monetary damages sought. The final case is pending. Any monetary damages as a result of this lawsuit would be paid by the insurance carrier. It does not appear that the two pending cases above would have a significant financial impact on the School Board.

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1996

NOTE 3 - 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:			
Regular programs	\$8,278,627	\$8,326,216	\$47,589
Other instructional programs	811,019	952,830	141,811
Instructional staff support	472,201	474,774	2,573
General administration	392,172	402,781	10,609
Business services	181,594	183,912	2,318
Student transportation services	1,312,952	1,326,243	13,291
Food services	292,764	306,118	13,354
Community service programs	600	1,216	616
Principal retirement	78,500	95,769	17,269
Title I:			
Special programs	1,452,103	1,563,381	111,278
Instructional staff support	303,097	341,674	38,577
General administration	51,230	51,931	701
Central services	4,200	105,116	100,916
Facilities acquisition and construction	-	741	741
Principal retirement	-	39,361	39,361
Title VI:			
Special programs	33,788	35,711	1,923
Special Education:			
Special programs	116,106	190,069	73,963
Student services	-	93	93
General administration	5,970	7,401	1,431
Student transportation	-	5,959	5,959
Central services	-	87	87
Drug Free - Title IV:			
Student services	36,113	39,850	3,737
Special Federal:			
Other instructional programs	347,982	462,173	114,191
Instructional staff support	1,000	1,101	101

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1996

NOTE 4 - 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>
Assessment date	January 1, 1995	January 1, 1995
Tax bills mailed	About November 15, 1995	About November 15, 1995
Total taxes are due	December 31, 1995	December 31, 1995
Lien date	January 1, 1996	March 15, 1996
Penalties and interest are added	January 1, 1996	March 15, 1996
Tax sale - 1995 delinquent property	May 4, 1996	May 15, 1996

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, 1992. Total assessed value was \$115,850,340 in calendar year 1995. 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 \$26,288,180 of the assessed value in calendar year 1995.

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, Debt Service Fund and Capital Projects Funds on the basis explained in Note 1. Revenues in such funds are recognized in the accounting period in which they become measurable and available. Property taxes are considered measurable in the calendar year of the tax levy.

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1996

NOTE 4 - LEVIED TAXES (Continued)

Delinquent taxes considered to be uncollectible are not recorded as revenues. Property taxes receivable are considered available because they are substantially collected within 60 days subsequent to year end.

The tax roll is not prepared by the tax assessor until November of each year; therefore, the amount of 1996 property taxes to be collected within the next year is not known. As a result, no property tax receivable for 1996 taxes is included on the accompanying combined balance sheet.

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 5 - DEPOSITS

At year-end, the School Board's carrying amount of deposits was \$2,907,770 and the bank balance was \$4,395,130. Of the bank balance, \$395,703 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). Of the remaining balance, \$3,999,427 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).

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

NOTE 6 - RECEIVABLES

The receivables of \$740,171 at June 30, 1996, 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	\$ -	\$297,928	\$ -	\$ -	\$297,928
State	91,760	14,217	-	-	105,977
Local	109,758	-	4,951	45,824	160,533
Accounts	<u>175,733</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>175,733</u>
Total	<u>\$377,251</u>	<u>\$312,145</u>	<u>\$4,951</u>	<u>\$45,824</u>	<u>\$740,171</u>

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1996

NOTE 8 - RETIREMENT SYSTEMS (Continued)

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%	16.50%
Plan B	5.00%	16.50%
LA School Employees' Retirement	6.35%	6.00%
LA Parochial Employees' Retirement		
July 1, 1995 - December 31, 1995	9.50%	8.00%
January 1, 1996 - June 30, 1996	9.50%	7.25%

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.

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, 1996, the payroll for the School Board totaled \$13,556,960. The employer contributions and total payroll of covered employees are as follow:

TRS.....			
	<u>Regular</u>	<u>Plan B</u>	<u>LSERS</u>	<u>Total</u>
Employee contribution	\$ 887,095	\$ 29,493	\$ 75,595	\$ 992,183
Employer contribution	1,795,103	97,328	72,550	1,964,981
Total covered current-year payroll	10,588,619	589,867	1,190,472	12,368,958

Although contributions are determined by statute, actuarial contributions are determined for the Systems. For the year ended June 30, 1995, the latest information available, the Systems' (TRS and LSERS) actuarially required contribution from all sources was \$391.7 million and \$10.7 million, respectively. The required contribution represents 16.16 and 5.23 percent, respectively, of salaries for the year ended June 30, 1995.

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, 1995 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:

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1996

NOTE 8 - RETIREMENT SYSTEMS (Continued)

	<u>Teachers' Retirement System</u>	<u>School Employees' Retirement System</u>
Pension Benefit Obligation	\$10,570,300,000	\$834,345,876
Net Assets Available for Benefits	<u>6,081,700,000</u>	<u>962,833,541</u>
Unfunded (Overfunded) Pension Benefit Obligation	<u>\$ 4,488,600,000</u>	<u>\$(128,487,665)</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	.46%
School Employees' Retirement System	.58%

Ten-year historical trend information showing each System's progress in accumulating sufficient assets to pay benefits when due is presented in each System's respective June 30, 1995 annual financial report, which is the latest report available.

NOTE 9 - 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, which totaled \$1,699,463. The cost of retiree benefits included in these expenditures was \$875,742 for 419 retirees.

NOTE 10 - ACCOUNTS, SALARIES AND OTHER PAYABLES

The payables of \$2,078,602 at June 30, 1996, are as follows:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total</u>
Salaries and withholding	\$1,326,498	\$313,202	\$ -	\$1,639,700
Accounts	33,250	21,934	306,876	362,060
Incurred but not reported claims	<u>76,842</u>	<u>-</u>	<u>-</u>	<u>76,842</u>
Total	<u>\$1,436,590</u>	<u>\$335,136</u>	<u>\$306,876</u>	<u>\$2,078,602</u>

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1996

NOTE 11 - COMPENSATED ABSENCES

At June 30, 1996, employees of the School Board have accumulated and vested \$1,134,310 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 12 - CAPITAL LEASES

The School Board entered into a four-year capital lease for \$71,278 to acquire a computer system. This amount is recorded in the General Fixed Assets Account Group. The lease was dated August 1, 1992 with the first of the forty-eight monthly payments of \$1,774 due September 1, 1992. On April 11, 1996, the School Board elected to buy out the lease with a purchase of \$6,914.

The School Board entered into a four-year capital lease for \$172,264 to acquire a computer lab. This amount is recorded in the General Fixed Assets Account Group. The lease was dated September 9, 1995 with an initial installment of \$39,361 due at signing and four annual payments of \$39,361 beginning August 1, 1996.

The remaining minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 1996 are:

<u>Year ending June 30,</u>	<u>Computer Lab</u>
1997	\$ 39,361
1998	39,361
1999	39,361
2000	<u>39,361</u>
Total minimum lease payments	157,444
Less amount representing interest	<u>24,540</u>
Present value of future minimum lease payments	<u>\$132,904</u>

NOTE 13 - CHANGES IN AGENCY FUND DEPOSITS DUE OTHERS

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

	<u>Balance at</u> <u>Beginning</u> <u>Of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>At End</u> <u>Of Year</u>
Agency funds:				
School activity accounts	<u>\$214,860</u>	<u>\$857,939</u>	<u>\$885,616</u>	<u>\$187,183</u>

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1996

NOTE 14 - CHANGES IN GENERAL LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended June 30, 1996:

	<u>Note Payable EPA</u>	<u>Certificate of Indebtedness</u>	<u>Capital Leases</u>	<u>Compensated Absences</u>	<u>Total</u>
Balance, June 30, 1995	\$70,297	\$5,922,000	\$ 23,492	\$ 867,731	\$6,883,520
Additions	-	240,000	172,264	647,780	1,060,044
Deductions	<u>5,000</u>	<u>1,634,000</u>	<u>62,852</u>	<u>381,201</u>	<u>2,083,053</u>
Balance, June 30, 1996	<u>\$65,297</u>	<u>\$4,528,000</u>	<u>\$132,904</u>	<u>\$1,134,310</u>	<u>\$5,860,511</u>

The principal of the Certificate of Indebtedness and EPA Note mature in annual installments as follows:

	<u>Capital Lease</u>	<u>EPA Note</u>	***Certificate of Indebtedness***			<u>Interest Payable</u>	<u>Total</u>
			<u>Series 1993</u>	<u>Series 1994</u>	<u>Series 1995</u>		
1997	\$ 29,872	\$ 5,000	\$1,024,000	\$ 624,000	\$ 47,000	\$229,767	\$1,959,639
1998	32,004	5,000	1,082,000	655,000	51,000	136,138	1,961,142
1999	34,290	5,000	563,000	340,000	55,000	37,322	1,034,612
2000	36,738	5,000	-	-	57,000	7,364	106,102
2001	-	5,000	-	-	30,000	975	35,975
2002 and thereafter	-	<u>40,297</u>	-	-	-	-	<u>40,297</u>
Total	<u>\$132,904</u>	<u>\$65,297</u>	<u>\$2,669,000</u>	<u>\$1,619,000</u>	<u>\$240,000</u>	<u>\$411,566</u>	<u>\$5,137,767</u>

The EPA Note is non-interest bearing.

The 1993 Series certificate of indebtedness bears interest at 5.50% per annum. The certificate is secured by the pledge of excess revenues of the School Board. The 1994 Series certificate of indebtedness bears interest at 4.95% per annum. The 1995 Series certificate of indebtedness bears interest at 6.50% per annum.

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1996

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 vacation leave and other compensated absences with similar characteristics should be accrued as 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.

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.

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.