

**Morehouse Parish School Board
Bastrop, Louisiana**

**Annual Financial Report
As of and for the Year Ended June 30, 2006**

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

Release Date 1-17-07

**Morehouse Parish School Board
Table of Contents**

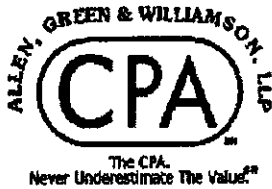
	<u>Statement</u>	<u>Page</u>
FINANCIAL SECTION		
Independent Auditors' Report		1-2
Required Supplemental Information		3
Management's Discussion and Analysis (MD&A)		4-10
Basic Financial Statements		
Government-wide Financial Statements (GWFS)		11
Statement of Net Assets	A	12
Statement of Activities	B	13
Fund Financial Statements (FFS)		15
Governmental Funds:		
Balance Sheet	C	16-17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	D	19
Statement of Revenues, Expenditures, and Changes in Fund Balances	E	20-23
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	F	24
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	G	25
Notes to the Basic Financial Statements		
Index		26
Notes		27-44
	<u>Exhibit</u>	
REQUIRED SUPPLEMENTAL INFORMATION		45
Budgetary Comparison Schedule		46
General Fund	1-1	47
School Food Service	1-2	48
Notes to the Budgetary Comparison Schedule		49-50
OTHER SUPPLEMENTAL INFORMATION		51
Combining Nonmajor Governmental Funds - By Fund Type		52
Combining Balance Sheet	2	53
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	3	54-55
Nonmajor Special Revenue Funds		56-57
Combining Balance Sheet	4	58-61
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	5	62-65
Nonmajor Capital Project Funds		66
Combining Balance Sheet	6	67
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	7	68
Agency Funds		69
Statement of Changes in Assets and Liabilities	8	70
Schedule of Changes in Deposits Due Others - School Activities Agency Fund	9	71
General		
Schedule of Compensation Paid Board Members	10	72

(Continued)

**Morehouse Parish School Board
Table of Contents**

	<u>Exhibit</u>	<u>Page</u>
OTHER REPORTS REQUIRED BY <u>GOVERNMENT AUDITING STANDARDS AND BY OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR NO. A-133</u>		
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>		73-74
Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With <u>OMB Circular No. A-133</u>		75-76
Schedule of Expenditures of Federal Awards	11	77
Notes to the Schedule of Expenditures of Federal Awards		78
Schedule of Findings and Questioned Costs		79-81
OTHER INFORMATION		
Summary Status of Prior Audit Findings		82
Corrective Action Plan for Current-year Audit Findings		83-84
Management Letter Items		
Management Letter		85-86
Status of Prior Management Letter Item		87
Performance and Statistical Data Agreed-upon Procedures		
Independent Accountants' Report on Applying Agreed-upon Procedures		88-91
Performance and Statistical Data Schedules		92-102

(Concluded)



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Independent Auditors' Report

Board Members
Morehouse Parish School Board
Bastrop, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Morehouse Parish School Board as of and for the year ended June 30, 2006, which collectively comprise the School Board's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the School Board's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Board's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly in all material respects the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board as of June 30, 2006, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 15, 2006, on our consideration of the School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Budgetary Comparison Schedules are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Morehouse Parish School Board's financial statements. The supplemental information and the Schedule of Expenditures of Federal Awards as required by OMB Circular A-133, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The information identified in the table of contents as Other Information is presented for purposes of additional analysis and is not a required part of the basic financial statements of the School Board. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Allen, Green + Williamson, LLP
ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
December 15, 2006

REQUIRED SUPPLEMENTAL INFORMATION:

**MANAGEMENT'S DISCUSSION
AND ANALYSIS (MD&A)**

Morehouse Parish School Board
Management's Discussion and Analysis (MD&A)

Our discussion and analysis of Morehouse Parish School Board's financial performance provides an overview of the School Board's financial activities for the fiscal year ended June 30, 2006. Please read it in conjunction with the School Board's financial statements which follow this Management's Discussion and Analysis.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS The primary resources available to the School Board are local revenues which are primarily tax receipts, state revenues which are primarily minimum foundation funding and cost reimbursement grants, and federal revenues which are primarily cost reimbursement grants.

Total revenues increased \$1,748,280 for the year ended June 30, 2006 due mainly to an increase in the MFP, local tax collections, and an increase in interest earnings. Federal sources decreased slightly by \$266,204, state sources increased \$132,663, the state minimum foundation funding increased \$943,983 and other local sources increased \$236,971. The decrease in federal sources is due primarily to a slight decrease in the student population. The state and federal programs are cost reimbursement programs and any increase in revenues is offset by an equal increase in expenses. Ad valorem taxes for 2006 increased by \$357,321 and sales tax increased by \$322,218.

Total expenditures of the governmental funds decreased by \$3,340,365 from prior year. The decrease was mainly due to strict adherence to budgeted amounts.

ANNUAL REPORT The School Board's annual report consists of a series of financial statements that show information for the School Board as a whole, its funds, and its fiduciary responsibilities. The Statement of Net Assets and the Statement of Activities provide information about the activities of the School Board as a whole and present a longer-term view of the School Board's finances. Our fund financial statements are included later in this report. For our governmental activities, these statements tell how we financed our services in the short-term as well as what remains for future spending. Fund statements also may give you some insights into the School Board's overall financial health. Fund financial statements also report the School Board's operations in more detail than the government-wide financial statements by providing information about the School Board's most significant funds, the *general fund*, *school food service fund*, and *debt service fund*. The remaining statement - the *Statement of Fiduciary Assets and Liabilities* presents financial information about activities for which the School Board acts solely as an agent for the benefit of students and parents.

**Morehouse Parish School Board
Management's Discussion and Analysis (MD&A)**

Required Supplemental Information

Management's Discussion & Analysis (MD&A)

Basic Financial Statements

**Government-wide
Financial Statements**



**Fund
Financial Statements**

Notes to the Basic Financial Statements

Required Supplemental Information

Budgetary Information for Major Funds

Supplemental Information

**Nonmajor Funds Combining Statements
Agency Funds Statements/Schedules
Schedule of Compensation Paid Board Members**

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance is being provided by the auditor regarding the Required Supplemental Information and the Supplemental Information identified above. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

Reporting the School Board as a Whole

The Statement of Net Assets and the Statement of Activities

Our analysis of the School Board as a whole begins with the government-wide financial statements. One of the most important questions asked about the School Board is, "Is the School Board as a whole better off or worse off financially as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities, which appear first in the School Board's financial statements, report information on the School Board as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Morehouse Parish School Board
Management's Discussion and Analysis (MD&A)

These two statements report the School Board's net assets - the difference between assets and liabilities, as reported in the Statement of Net Assets - as one way to measure the School Board's financial health, or financial position. Over time, increases or decreases in the School Board's net assets - as reported in the Statement of Activities - are one indicator of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School Board's operating results. However, the School Board's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools to assess the overall health of the School Board.

The Statement of Net Assets and Statement of Activities report the following activity for the School Board:

Governmental activities - all of the School Board's services are reported here, including instruction, plant services, transportation, and food services. Property taxes, sales taxes, Minimum Foundation Program funds, and state and federal grants finance most of these activities.

Reporting the School Board's Most Significant Funds

Fund Financial Statements

The School Board's fund financial statements provide detailed information about the most significant funds - not the School Board as a whole. Some funds are required to be established by State law and by bond covenants. However, the School Board establishes many other funds to help it control and manage money for particular purposes (like the school lunch) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like grants the School Board receives from the U.S. Department of Education). The School Board's governmental funds use the following accounting approach:

Governmental funds - All of the School Board's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School Board's operations and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School Board's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation on Statements D and F.

The School Board as Trustee

Reporting the School Board's Fiduciary Responsibilities

The School Board is the trustee, or fiduciary, for its student activities funds. All of the School Board's fiduciary activities are reported in the Statements of Fiduciary Assets and Liabilities. We exclude these activities from the School Board's other financial statements because the School Board cannot use these assets to finance its operations. The School Board is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**Morehouse Parish School Board
Management's Discussion and Analysis (MD&A)**

THE SCHOOL BOARD AS A WHOLE The School Board's net assets were \$17,494,821 at June 30, 2006. Of this amount (\$1,226,925) was unrestricted. Restricted net assets are reported separately to show legal constraints from debt covenants and enabling legislation that limit the School Board's ability to use those net assets for day-to-day operations. Our analysis below focuses on the net assets, (Table 1) and the change in net assets (Table 2) of the School Board's governmental activities.

**Table 1
Net Assets
June 30, 2006**

	<u>2006</u>	<u>Governmental Activities</u>	
		<u>2005</u>	<u>Variance</u>
Current and other assets	\$ 5,024,190	\$ 7,654,038	\$(2,629,848)
Capital assets	<u>32,753,689</u>	<u>29,878,307</u>	<u>2,875,382</u>
Total assets	<u>37,777,879</u>	<u>37,532,345</u>	<u>245,534</u>
Current and other liabilities	4,668,011	4,938,718	(270,707)
Long-term liabilities	<u>15,615,047</u>	<u>15,583,327</u>	<u>31,720</u>
Total liabilities	<u>20,283,058</u>	<u>20,522,045</u>	<u>(238,987)</u>
Net assets			
Invested in capital assets, net of debt	18,721,746	19,111,629	(389,883)
Restricted	0	258,459	(258,459)
Unrestricted	<u>(1,226,925)</u>	<u>(2,359,788)</u>	<u>1,132,863</u>
Total net assets	<u>\$17,494,821</u>	<u>\$17,010,300</u>	<u>\$ 484,521</u>

The (\$1,226,925) in unrestricted net assets of governmental activities represents accumulated results of all past year's operations. The net assets of the School Board increased by \$484,521 due to a conservative approach to the budget and strict adherence to the amounts in order to lower expenditures and an increase in overall revenue for the School Board.

The results of this year's operations for the School Board as a whole are reported in the Statement of Activities. Table 2 on the next page, takes the information from that statement and rearranges it slightly so that readers can see total revenues for the year.

**Morehouse Parish School Board
Management's Discussion and Analysis (MD&A)**

**Table 2
Changes in Net Assets
For the Year Ended June 30, 2006**

	<u>2006</u>	<u>Governmental Activities 2005</u>	<u>Variance</u>
Net Assets - beginning	\$17,010,300	\$18,447,898	(\$1,437,598)
Revenues:			
Program revenues			
Charges for services	219,612	255,375	(35,763)
Operating grants and contributions	8,946,493	9,076,371	(129,878)
General Revenues			
Ad valorem taxes	5,520,968	5,163,647	357,321
Sales taxes	6,181,023	5,858,805	322,218
State equalization	22,543,396	21,599,413	943,983
Other general revenues	<u>1,248,449</u>	<u>803,476</u>	<u>444,973</u>
Total general revenues	44,659,941	42,757,087	1,902,854
Extraordinary item (insurance proceeds)	<u>803,075</u>	<u>0</u>	<u>803,075</u>
Total revenues	<u>45,463,016</u>	<u>42,757,087</u>	<u>2,705,929</u>
Functions/Program Expenses:			
Instruction			
Regular programs	17,735,118	17,528,738	206,380
Special programs	5,569,988	5,339,334	230,654
Other instructional programs	4,167,575	4,205,164	(37,589)
Support services			
Student services	1,640,580	1,550,291	90,289
Instructional staff support	2,097,484	1,967,718	129,766
General administration	766,185	559,256	206,929
School administration	2,503,370	2,440,225	63,145
Business services	569,952	653,774	(83,822)
Plant services	3,281,832	3,370,942	(89,110)
Student transportation services	2,039,502	2,170,440	(130,938)
Central services	690,112	591,514	98,598
Food Services	3,214,935	3,141,472	73,463
Community Service Programs	446	15,186	(14,740)
Interest on long-term debt	<u>701,416</u>	<u>660,631</u>	<u>40,785</u>
Total expenses	<u>44,978,495</u>	<u>44,194,685</u>	<u>783,810</u>
Increase (decrease) in net assets	<u>484,521</u>	<u>(1,437,598)</u>	<u>1,922,119</u>
Net Assets - ending	<u>\$17,494,821</u>	<u>\$17,010,300</u>	<u>\$ 484,521</u>

Governmental Activities As reported in the Statement of Activities, the cost of all governmental activities this year was \$44,978,495. The amount that taxpayers ultimately financed for these activities through School Board taxes was only \$35,812,390 because some of the cost was paid by those who benefited from the programs (\$219,612) or by other governments and organizations who subsidized certain programs with grants and contributions (\$8,946,493). The School Board paid for the remaining "public benefit" portion of its governmental activities with \$11,701,991 in taxes, \$22,543,396 in Minimum Foundation Program funds, \$1,248,449 in other revenues such as interest and other local sources.

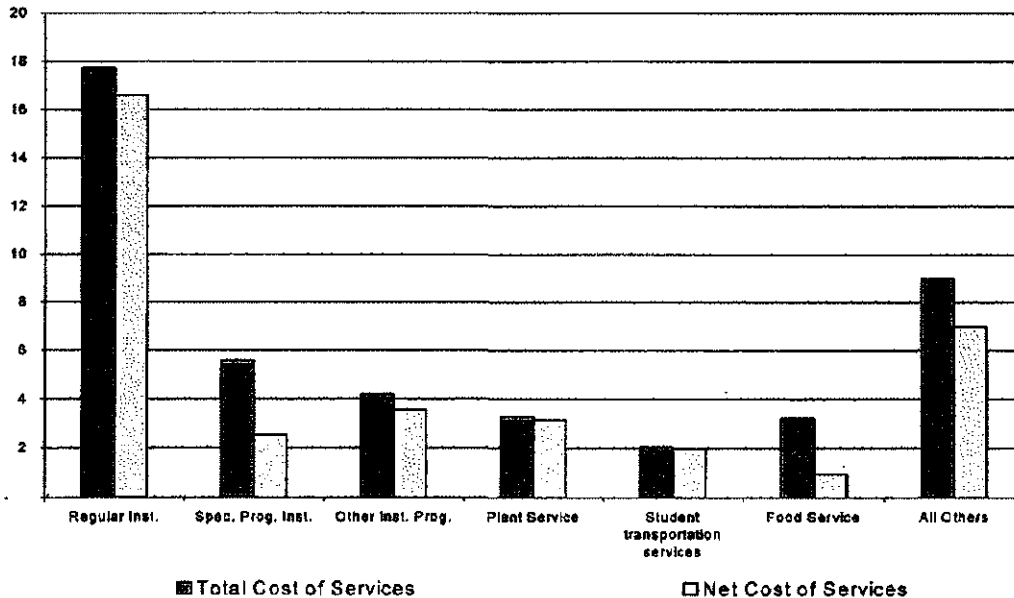
**Morehouse Parish School Board
Management's Discussion and Analysis (MD&A)**

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

**For the Years Ended June 30,
Governmental Activities**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Regular programs instruction	\$17,735,118	\$17,528,738	\$16,611,672	\$16,642,547
Special programs instruction	5,569,988	5,339,334	2,547,105	1,852,319
Other instructional programs	4,167,575	4,205,164	3,563,847	3,851,349
Plant services	3,281,832	3,370,942	3,167,156	3,229,613
Student transportation services	2,039,502	2,170,440	1,981,968	2,136,002
Food services	3,214,935	3,141,472	949,380	862,201
All others	<u>8,969,545</u>	<u>8,438,595</u>	<u>6,991,262</u>	<u>6,288,908</u>
Totals	<u>\$44,978,495</u>	<u>\$44,194,685</u>	<u>\$35,812,390</u>	<u>\$34,862,939</u>

2006
Total Cost of Services
Versus
Net Cost of Services
For the Year Ended June 30, 2006



**Morehouse Parish School Board
Management's Discussion and Analysis (MD&A)**

THE SCHOOL BOARD'S FUNDS As we noted earlier, the School Board uses funds to help it control and manage money for particular purposes. Looking at funds helps you consider whether the School Board is being accountable for the resources taxpayers and others provide to it but may also give you more insight into the School Board's overall financial health.

The fund balance of the general fund increased \$1,845,087 due mainly to the federal revenue received from the Hurricane Emergency Impact Aid and the insurance proceeds from a fire loss.

The fund balance of the school service fund decreased \$600,549 due to capital outlay for the construction of a new walk-in freezer and overspending.

General Fund Budgetary Highlights As mentioned earlier the School Board revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. (A schedule showing the School Board's original and final budgets compared with actual results is provided in the required supplemental information section of this report.) There were no revisions made to the original budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets At June 30, 2006, the School Board had \$32,753,689 invested in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net increase (including additions, deductions and depreciation) of \$2,875,382 or 9.60 percent, from last year.

Capital Assets at June 30,

	<u>2006</u>	<u>2005</u>
Land	\$ 240,013	\$ 240,013
Buildings	23,257,170	19,023,148
Furniture and Equipment	3,597,678	3,812,594
Construction and Progress	<u>5,658,828</u>	<u>6,802,552</u>
Totals	<u>\$32,753,689</u>	<u>\$29,878,307</u>

DEBT ADMINISTRATION At June 30, 2006, the School Board had \$145,000 in Certificates of Indebtedness maturing on March 1, 2014 with an interest rate of 3.55 percent. General obligations bonds, Series 2003 have a balance of \$9,165,000 and mature on March 1, 2028 with an interest rate of 4.58 percent. The school board also has general obligation bonds, series 2004, totaling \$4,695,000 which matures March 1, 2029 with an interest rate of 4.30 percent. Under state statute, the School Board is legally restricted from incurring long-term bonded debt in excess of 35% of the assessed value of taxable property. At June 30, 2006, the School Board's net bonded debt of \$12,610,784 (total bonded debt of \$14,005,000 less assets in debt service funds of \$1,394,216) was well below the legal limit of \$41,755,128. For more detailed information, please refer to the Notes to the Financial Statement (Note 12).

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES Major changes anticipated in revenues for 2006-2007 are an increase in MFP of about \$1.3 and the sale of 16th section lands with the anticipated proceeds to be spent on new school buses.

CONTACTING THE SCHOOL BOARD'S FINANCIAL MANAGEMENT Our financial report is designed to provide our citizens, taxpayers, parents, students, and investors and creditors with a general overview of the School Board's finances and to show the School Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Ms. Renee Hinton, Business Manager, at the Morehouse Parish School Board, P. O. Box 872, Bastrop, Louisiana 71221-0872, telephone number (318) 281-5784.

Morehouse Parish School Board

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

MOREHOUSE PARISH SCHOOL BOARD

STATEMENT OF NET ASSETS

June 30, 2006

Statement A

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash and cash equivalents	\$ 1,576,953
Investments	68,817
Receivables (net)	3,261,222
Inventory	71,392
Investment in land and buildings	45,806
Capital assets:	
Land	240,013
Construction in progress	5,658,828
Capital assets, net of depreciation	<u>26,854,848</u>
TOTAL ASSETS	<u>37,777,879</u>
LIABILITIES	
Accounts, salaries and other payables	4,446,132
Unearned revenue	12,488
Interest payable	209,391
Long-term liabilities	
Due within one year	578,068
Due in more than one year	<u>15,036,979</u>
TOTAL LIABILITIES	<u>20,283,058</u>
NET ASSETS	
Invested in capital assets, net of related debt	18,721,746
Unrestricted	<u>(1,226,925)</u>
TOTAL NET ASSETS	<u>\$ 17,494,821</u>

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

MOREHOUSE PARISH SCHOOL BOARD

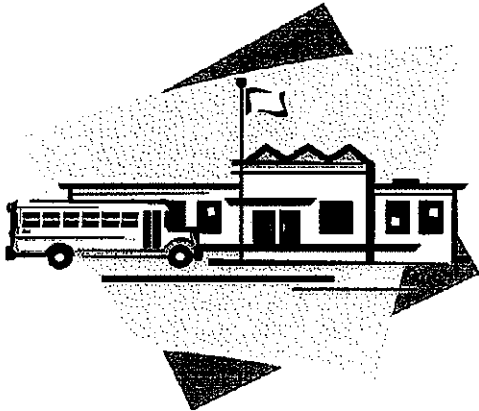
**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2006**

Statement B

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
<i>Governmental activities:</i>				
<i>Instruction:</i>				
Regular programs	\$ 17,735,118	\$ 0	\$ 1,123,446	\$ 0 (16,611,672)
Special education programs	5,569,988		3,022,883	(2,547,105)
Other instructional programs	4,167,575	0	603,728	(3,563,847)
<i>Support services:</i>				
Student services	1,640,580		122,685	(1,517,895)
Instructional staff support	2,097,484		1,172,445	(925,039)
General administration	766,185		427,025	(339,160)
School administration	2,503,370		0	(2,503,370)
Business services	569,952		32,087	(537,865)
Plant services	3,281,832		114,676	(3,167,156)
Student transportation services	2,039,502	0	57,534	(1,981,968)
Central services	690,112		224,041	(466,071)
Food services	3,214,935	219,612	2,045,943	(949,380)
Community service programs	446			(446)
Interest on long-term debt	701,416	0	0	(701,416)
Total Governmental Activities	44,978,495	219,612	8,946,493	0 (35,812,390)
 <i>General revenues:</i>				
<i>Taxes:</i>				
Property taxes, levied for general purposes				5,520,968
Sales taxes, levied for general purposes				6,181,023
<i>Grants and contributions not restricted to specific programs</i>				
Minimum Foundation Program				22,543,396
Other unrestricted state				212,968
Interest and investment earnings				422,115
Miscellaneous				613,366
Total general revenues				35,493,836
 Extraordinary gain				 803,075
 Total revenues				 36,296,911
 Changes in net assets				 484,521
 Net assets - beginning				 17,010,300
 Net assets - ending				 \$ 17,494,821

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

Morehouse Parish School Board



Morehouse Parish School Board

**BASIC FINANCIAL STATEMENTS:
FUND FINANCIAL STATEMENTS (FFS)**

MOREHOUSE PARISH SCHOOL BOARD

**GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2006**

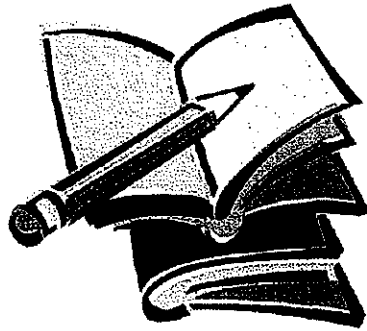
	<u>GENERAL</u>	<u>SCHOOL FOOD SERVICE</u>	<u>DEBT SERVICE</u>
ASSETS			
Cash and cash equivalents	\$ 0	\$ 0	\$ 1,386,559
Investments	68,817	0	0
Receivables	1,763,776	37	7,657
Interfund receivables	1,888,018	0	0
Inventory	45,241	26,151	0
TOTAL ASSETS	<u>3,765,852</u>	<u>26,188</u>	<u>1,394,216</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Bank overdraft	159,879	0	0
Accounts, salaries and other payables	3,098,323	281,490	0
Interfund payables	0	594,188	0
Unearned revenue	0	12,488	0
Incurred but not reported claims	0	0	0
Revenue recognition notes	0	0	0
Total Liabilities	<u>4,058,202</u>	<u>888,166</u>	<u>0</u>
Fund Balances:			
Reserved for:			
Inventory	0	13,663	0
Debt Service	0	0	1,394,216
Workers' compensation claims	0	0	0
Unreserved, reported in:			
General Fund - Undesignated	(292,350)	0	0
Special Revenue	0	(875,641)	0
Capital Projects	0	0	0
Total Fund Balances	<u>(292,350)</u>	<u>(861,978)</u>	<u>1,394,216</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,765,852</u>	<u>\$ 26,188</u>	<u>\$ 1,394,216</u>

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

Statement C

OTHER			
<u>GOVERNMENTAL</u>		<u>TOTAL</u>	
\$ 350,273	\$	1,736,832	
0		68,817	
1,489,752		3,261,222	
80,240		1,968,258	
<u>0</u>		<u>71,392</u>	
<u>1,920,265</u>		<u>7,106,521</u>	
0		159,879	
266,319		4,446,132	
1,374,070		1,968,258	
0		12,488	
0		0	
<u>0</u>		<u>0</u>	
<u>1,640,389</u>		<u>6,586,757</u>	
0		13,663	
0		1,394,216	
0		0	
0		(292,350)	
(12,506)		(888,147)	
<u>292,382</u>		<u>292,382</u>	
<u>279,876</u>		<u>519,764</u>	
<u>\$ 1,920,265</u>	<u>\$</u>	<u>7,106,521</u>	

Morehouse Parish School Board



MOREHOUSE PARISH SCHOOL BOARD

**Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets
June 30, 2006**

Statement D

Total fund balances - governmental funds \$ 519,784

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

Costs of capital assets	\$ 44,189,982	
Depreciation expense to date	(11,436,293)	
Investment in land and buildings	<u>45,806</u>	32,799,495

Long-term liabilities applicable to the School Board's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long term - are reported in the Statement of Net Assets.

Balances at June 30, 2006 are:

Long-term liabilities		
Compensated absences payable	(1,290,722)	
Bonds payable	(14,005,000)	
Notes payable	(319,325)	
Interest payable	<u>(209,391)</u>	<u>(15,824,438)</u>

Net Assets - Governmental Activities \$ 17,494,821

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

MOREHOUSE PARISH SCHOOL BOARD

**GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 2006**

	<u>GENERAL</u>	<u>SCHOOL FOOD SERVICE</u>	<u>DEBT SERVICE</u>
REVENUES			
Local sources:			
Taxes:			
Ad valorem	\$ 3,929,009	\$ 0	\$ 1,296,069
Sales and use	6,017,211	0	0
Interest earnings	343,319	0	42,337
Food services	0	219,612	0
Other	641,051	0	0
State sources:			
Equalization	22,497,517	45,879	0
Other	543,227	0	0
Federal sources			
	<u>0</u>	<u>2,045,943</u>	<u>0</u>
 Total Revenues	 <u>33,971,334</u>	 <u>2,311,434</u>	 <u>1,338,396</u>
 EXPENDITURES			
Current:			
Instruction:			
Regular programs	15,778,314	0	0
Special programs	4,653,665	0	0
Other instructional programs	1,436,124	0	0
Support services:			
Student services	1,515,431	0	0
Instructional staff support	873,350	0	0
General administration	330,211	0	4,751
School administration	2,490,552	0	0
Business services	517,154	0	0
Plant services	2,864,214	0	0
Student transportation services	1,852,488	0	0
Central services	378,624	0	0
Food services	274,566	2,911,983	0
Community service programs	0	0	0
Capital outlay	337,017	0	0
Debt service:			
Principal retirement	37,003	0	330,000
Interest and bank charges	60,009	0	643,497
 Total Expenditures	 <u>33,398,722</u>	 <u>2,911,983</u>	 <u>978,248</u>
 EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	 <u>\$ 572,612</u>	 <u>\$ (600,549)</u>	 <u>\$ 360,148</u>

Statement E

OTHER		TOTAL
<u>GOVERNMENTAL</u>		<u>TOTAL</u>
\$ 295,900	\$	5,520,968
163,812		6,181,023
36,459		422,115
0		219,812
582		641,813
0		22,543,396
681,574		1,224,801
<u>5,888,717</u>		<u>7,934,660</u>
<u>7,067,024</u>		<u>44,688,188</u>
844,323		16,622,637
861,164		5,514,829
2,596,840		4,032,964
125,149		1,640,580
1,191,737		2,065,087
430,611		765,573
12,818		2,503,370
32,087		549,241
387,591		3,251,805
89,110		1,941,598
299,167		677,791
4,942		3,191,491
0		0
3,717,048		4,054,065
15,000		382,003
<u>4,450</u>		<u>707,956</u>
<u>10,612,037</u>		<u>47,900,990</u>
\$ (3,545,013)	\$	(3,212,802)

(CONTINUED)

MOREHOUSE PARISH SCHOOL BOARD

**GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 2006**

	<u>GENERAL</u>	<u>SCHOOL FOOD SERVICE</u>	<u>DEBT SERVICE</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from insurance	\$ 803,075	\$ 0	\$ 0
Transfers in	469,400	0	0
Transfers out	<u>0</u>	<u>0</u>	<u>0</u>
 Total Other Financing Sources (Uses)	 <u>1,272,475</u>	 <u>0</u>	 <u>0</u>
 Net Change in Fund Balances	 1,845,087	 (600,549)	 360,148
 FUND BALANCES (Deficit) - BEGINNING	 <u>(2,137,437)</u>	 <u>(261,429)</u>	 <u>1,034,068</u>
 FUND BALANCES (Deficit) - ENDING	 <u>\$ (292,350)</u>	 <u>\$ (861,978)</u>	 <u>\$ 1,394,216</u>

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

Statement E

OTHER			
<u>GOVERNMENTAL</u>		<u>TOTAL</u>	
\$	0	\$	803,075
	0		469,400
	<u>(469,400)</u>		<u>(469,400)</u>
	<u>(469,400)</u>		<u>803,075</u>
	(4,014,413)		(2,409,727)
	<u>4,294,289</u>		<u>2,929,491</u>
\$	<u>279,876</u>	\$	<u>519,764</u>

(CONCLUDED)

MOREHOUSE PARISH SCHOOL BOARD

**Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities
For the Year Ended June 30, 2006**

Statement F

Total net change in fund balances - governmental funds \$ (2,409,727)

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

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

Depreciation expense	\$ (1,104,630)	
Capital outlays	4,054,065	
Net capital outlays		2,949,435

Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 382,003

In the Statement of Activities, certain operating expenses-compensated absences (vacations and sick leave) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, vacation and sick time earned (\$596,548) exceeded the amounts used (\$181,065) by \$415,483. (415,483)

In the Statement of Activities, scrapping of capital assets are reported as a gain or loss net of the book value. Whereas in the governmental funds there is no recognition because there is no inflow/outflow of current financial resources:

Cost of assets scrapped	\$619,861	
Accumulated depreciation	(591,614)	
Net loss		(28,247)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The change in accrued interest payable for the current year was \$6,540. 6,540

Change in net assets of governmental activities \$ 484,521

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

MOREHOUSE PARISH SCHOOL BOARD
FIDUCIARY FUND
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
June 30, 2006

Statement G

**AGENCY
FUND**

ASSETS

Cash and cash equivalents

\$ 347,642

Total assets

347,642

LIABILITIES

Deposits due others

347,642

Total liabilities

\$ 347,642

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

**Morehouse Parish School Board
Notes to the Financial Statements**

<u>INDEX</u>	<u>Page</u>
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	27
A. REPORTING ENTITY	27
B. FUNDS.....	27
Governmental Funds.....	27
Fiduciary Funds	28
C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING.....	28
Governmental Funds.....	28
Fiduciary Funds	29
D. DEPOSITS AND INVESTMENTS	29
E. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES.....	31
F. INVENTORIES.....	31
G. CAPITAL ASSETS.....	31
H. UNEARNED REVENUES	31
I. COMPENSATED ABSENCES	31
J. LONG-TERM OBLIGATIONS	32
K. RESTRICTED NET ASSETS.....	32
L. FUND EQUITY OF FUND FINANCIAL STATEMENTS	33
M. INTERFUND TRANSACTIONS	33
N. SALES TAXES.....	33
O. USE OF ESTIMATES	33
P. ELIMINATION AND RECLASSIFICATIONS.....	34
NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY	34
A. Deficit Fund Balances	34
B. Excess of Expenditures Over Appropriations in Individual Funds.....	34
NOTE 3 - LEVIED TAXES	34
NOTE 4 - DEPOSITS AND INVESTMENTS.....	36
NOTE 5 - RECEIVABLES	36
NOTE 6 - FIXED ASSETS	37
NOTE 7 - RETIREMENT SYSTEMS	38
NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS.....	39
NOTE 9 - ACCOUNTS, SALARIES AND OTHER PAYABLES	39
NOTE 10 - COMPENSATED ABSENCES	40
NOTE 11 - AGENCY FUND - DEPOSITS DUE OTHERS	40
NOTE 12 - LONG-TERM LIABILITIES	40
NOTE 13 - INTERFUND ASSETS/LIABILITIES (FFS LEVEL ONLY).....	42
NOTE 14 - RESERVED FUND BALANCES (FFS LEVEL ONLY).....	42
NOTE 15 - LITIGATION AND CONTINGENCIES	42
NOTE 16 - RISK MANAGEMENT.....	43
NOTE 17 - ON-BEHALF PAYMENTS FOR FRINGE BENEFITS AND SALARIES	43
NOTE 18 - SUBSEQUENT EVENTS	43
NOTE 19 - ECONOMIC DEPENDENCY.....	43
NOTE 20 - ENCUMBRANCES (FFS LEVEL ONLY).....	44
NOTE 21 - EXTRAORDINARY ITEM.....	44

Morehouse Parish School Board
Notes to the Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The accompanying financial statements of the School Board have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. REPORTING ENTITY The 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 twelve schools within the parish with a total enrollment of approximately 5,029 pupils. In conjunction with the regular educational programs, some of these schools offer special education and/or adult education programs. In addition, the School Board provides transportation and school food services for the students.

GASB Statement No. 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 issue 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 The accounts of the School Board are organized and operated on the basis of funds. 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 is maintained consistent with legal and managerial requirements.

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

Governmental Funds Governmental funds 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 fixed assets, and the servicing of long-term debt. The School Board reports the following major governmental funds:

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

School Food Service - Through cash grants and food donations, the school food services fund assist in providing a nutritious breakfast and lunch service for school students and to encourage the domestic consumption of nutritious agricultural commodities.

Debt Service - revenues received from ad valorem taxes and interest earnings are used to make principal and interest payments on bond indebtedness.

Morehouse Parish School Board
Notes to the Basic Financial Statements

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

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

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

Cox Scholarship fund - accounts for assets held for an endowed scholarship fund.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-Wide Financial Statements (GWFS) The Statement of Net Assets and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

The Statement of Net Assets and the Statement of Activities was prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

Program revenues Program revenues include 1) charges for services provided, 2) operating grants and contributions, and 3) capital grants and contributions; program revenues reduce the cost of the function to be financed from the School Board's general revenues. Charges for services are primarily derived from cafeteria sales. Operating grants and contributions consist of the many educational grants received from the federal and state government.

Allocation of indirect expenses The School Board reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities. Other indirect expenses are not allocated.

Fund Financial Statements (FFS)

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

Morehouse Parish School Board
Notes to the Basic Financial Statements

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 are recognized when all applicable eligibility requirements have been met and the resources are available.

Sales taxes are recognized when the underlying transaction occurs and the resources are available.

Entitlements and shared revenue (which include state equalization and state revenue sharing) are recorded as unrestricted grants-in-aid at the time of receipt or earlier if the susceptible and accrual criteria are met.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

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

Expenditures

Salaries are recorded as paid. Salaries for nine-month employees are accrued at June 30. Substantially all other expenditures are recognized when the related fund liability has been incurred.

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

Fiduciary Funds The agency fund is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting.

D. DEPOSITS AND INVESTMENTS Cash includes amounts in demand deposits and interest-bearing demand deposits, and time deposit amounts. 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, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Investments are limited by LSA-R.S. 33:2955 and the School Board's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

The investments are reflected at fair value except for the following which are permitted per GASB Statement No. 31: Investments in *nonparticipating* interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.

**Morehouse Parish School Board
Notes to the Basic Financial Statements**

The School Board reported at amortized cost money market investments and *participating* interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less.

Definitions:

Interest-earning investment contracts include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

Money market investments are short-term, highly liquid debt instruments that include U. S. Treasury obligations.

The School Board participates in the Louisiana Asset Management Pool, Inc. (LAMP) which is an external investment pool that is not SEC-registered. Because the LAMP is an arrangement sponsored by a type of governmental entity, it is exempt by statute from regulation by the SEC. The investment objective of the LAMP is the preservation of capital and the maintenance of liquidity and, to the extent consistent with such objective, current yield.

The LAMP was established as a cooperative endeavor to enable public entities of the state of Louisiana to aggregate funds for investment. This pooling is intended to improve administrative efficiency and increase investment yield. The Board of Directors of LAMP provides certain management and administrative services to LAMP and, through a competitive bidding process, selects a custodial bank and an investment advisor. The custodial bank holds the assets of LAMP and the investment decisions are made by the investment advisor. Both the custodial bank and the investment advisor are subject to the review and oversight of LAMP.

An annual audit of LAMP is conducted by an independent certified public accountant. The Legislative Auditor of the state of Louisiana has full access to the records of the LAMP.

The LAMP may invest in U. S. Government Securities and is designed to comply with restriction on investments by municipalities, parishes, and other types of political subdivisions imposed under Louisiana Revised Statute 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U. S. Treasury, the U. S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2955(A)(1)(h) which allows all municipalities, parishes, school boards, and any other political subdivisions of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

The LAMP seeks to maintain a stable net asset value of \$1.00 per unit, but there can be no assurance that the LAMP will be able to achieve this objective. The LAMP's portfolio securities are valued at fair value. The LAMP operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, as amended, which governs money market funds (although the LAMP is not a money market fund and has no obligation to conform to this rule.) In addition, the LAMP will generally comply with other aspects of that rule, including the requirements that all portfolio securities acquired by the LAMP must have, at the time of purchase, a maximum remaining maturity of 397 days and meet certain additional quality standards and that the LAMP maintain a dollar-weighted average portfolio maturity of not more than 90 days. The fair value of the position in the pool is the same as the value of the pool shares.

**Morehouse Parish School Board
Notes to the Basic Financial Statements**

LAMP issues financial reports. These financial reports can be obtained by writing: LAMP, Inc., 228 St. Charles Avenue, Suite 1123, New Orleans, LA 70130.

E. 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 interfund receivables/payables on the balance sheet.

F. INVENTORIES Inventories of the governmental fund type are recorded as expenditures when purchased, except for inventory of the school food service fund.

Inventory of the school food service (special revenue fund) consists of food purchased by the School Board and commodities granted by the United States Department of Agriculture through the Louisiana Department of Agriculture and Forestry. The commodities are recorded as revenues when received; however, all inventory items are recorded as expenditure when consumed. Unused commodities at June 30 are reported as deferred revenue. All purchased inventory items are valued at cost (first-in, first-out) and commodities are assigned values based on information provided by the United States Department of Agriculture.

G. CAPITAL ASSETS Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed and depreciated over their estimated useful lives (including salvage value). The capitalization threshold is \$1,000. Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

Buildings	10 - 40 years
Furniture and equipment	3 - 10 years

Interest during construction is not capitalized on capital assets.

H. UNEARNED REVENUES The School Board reports unearned revenues on its combined balance sheet. Unearned 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 unearned revenue is removed and the revenue is recognized.

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

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

**Morehouse Parish School Board
Notes to the Basic Financial Statements**

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

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

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

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

- A. The employees' right to receive compensation is 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.

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 School Board uses approach B to calculate the accrued sick leave liability.

J. LONG-TERM OBLIGATIONS For government-wide reporting, the costs associated with the bonds are recognized over the life of the bond. As permitted by GASB Statement No. 34, the amortization of the costs of bonds will be amortized prospectively from the date of adoption of GASB Statement No. 34.

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as 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.

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

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments;

Imposed by law through constitutional provisions or enabling legislation.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed. Restrictions reported in the Statement of Net Assets are imposed by law through constitutional provisions or enabling legislation.

**Morehouse Parish School Board
Notes to the Basic Financial Statements**

L. FUND EQUITY OF FUND FINANCIAL STATEMENTS

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

Designated Fund Balances Designated fund balances represent tentative management plans that are subject to change.

M. 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.

N. SALES TAXES The Morehouse Parish School Board has four 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 for the purpose of acquiring, constructing, renovating, improving, equipping, furnishing, maintaining and operating public schools and school-related facilities in Morehouse parish and for paying salaries and benefits for teachers and other personnel employed by the Morehouse Parish School Board." The tax was renewed in a special election held July 19, 2003 for a period of ten years ending September 30, 2014.

The East Morehouse Parish School District has a ½% sales tax which was authorized in a special election held on May 5, 2001. In accordance with the proposition the taxes are to be used for "providing additional support for constructing, improving, maintaining and operating public schools for the district, including salaries and benefits of teachers and employees". The tax is for a five-year period ending June 30, 2006.

An additional ½% sales tax was approved by the voters in a special election held July 19, 2003. The net revenues derived from this additional tax are "to be dedicated and used for acquiring, constructing, renovating, improving, equipping, furnishing, maintaining and operating public schools and school-related facilities in Morehouse Parish, and for paying salaries and benefits for teachers and other personnel employed by the Morehouse Parish School Board". The new sales tax is effective for eleven years commencing on October 1, 2003 and ending on September 30, 2014.

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

**Morehouse Parish School Board
Notes to the Basic Financial Statements**

P. ELIMINATION AND RECLASSIFICATIONS In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified.

Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit Fund Balances The following funds have a deficit in the fund balance at June 30, 2006:

<u>Fund</u>	<u>Deficit Amount</u>
General Fund	\$292,350
School Food Service	861,978
Special Federal	54,066

Management expects to correct these deficits by reducing expenditures.

B. Excess of Expenditures Over Appropriations in Individual Funds The following individual funds had budgeted revenues over actual revenues and/or actual expenditures over budgeted expenditures for the year ended June 30, 2006:

Expenditures:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund	\$35,058,175	\$35,398,722	\$340,547
School Food Service	2,411,488	2,911,983	500,495

NOTE 3 - LEVIED TAXES The School Board levies taxes on real and business personal property located within Morehouse Parish's boundaries. Property taxes are levied by the School Board on property values assessed by the Morehouse Parish Tax Assessor and approved by the state of Louisiana Tax Commission. The Morehouse Parish Sheriff's Office bills and collects all property taxes for the School Board except for the property located in the city of Bastrop which is billed and collected by the city of Bastrop. Collections are remitted to the School Board monthly.

Property Tax Calendar

	<u>Parish (Except City of Bastrop)</u>	<u>City of Bastrop</u>
Tax bills mailed	November 15, 2005	November 15, 2005
Total taxes are due	December 31, 2005	December 31, 2005
Lien date	January 1, 2006	March 15, 2006
Penalties and interest are added	January 1, 2006	March 15, 2006

**Morehouse Parish School Board
Notes to the Basic Financial Statements**

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	25% public service properties, excluding land
10% residential improvements	15% other property
15% electronic cooperative 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, 2003. Total assessed value was \$167,020,510 in calendar year 2005. Louisiana state law exempts the first \$75,000 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption was \$33,696,544 of the assessed value in calendar year 2005.

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

All property taxes are recorded in the general fund and debt service fund. Revenues in such funds are recognized in the accounting period in which an enforceable legal claim arises. Estimated uncollectible taxes are those taxes based on past experience which will not be collected in the subsequent year and are primarily due to subsequent adjustments to the tax roll. The School Board uses the lien date to establish the enforceable legal claim date. No receivable has been recorded for 2006 property taxes because the lien date is subsequent to year end.

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

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

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Parish-wide taxes:			
Constitutional	5.57	5.22	Statutory
Maintenance and operation	6.88	6.45	2014
Special leeway maintenance and operations	6.41	6.01	2014
Special 1998 capital program tax	10.00	10.00	2013
East Morehouse School District	10.00	9.95	2014
General obligation bonds debt service	Variable	10.00	2028
District taxes:			
Beekman (District 12)	5.00	5.00	2013

**Morehouse Parish School Board
Notes to the Basic Financial Statements**

NOTE 4 - DEPOSITS At June 30, 2006, the School Board has cash and cash equivalents of \$1,993,412 as follows:

Interest Rate Risk: The School Board's policy does not address interest rate risk.

Credit Risk: The School Board invests in certificates of deposit which do not have credit ratings. The School Board's policy does not address credit rate risk.

Custodial credit risk-Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the School Board's deposits may not be returned to it. At year end, the School Board's carrying amount of deposits was \$1,993,412 (Statement A -Cash and cash equivalents of \$1,576,953, Investments of \$68,817 and Statement G - \$347,642) and the bank balance was \$6,433,913. Of the bank balance, \$221,951 was covered by federal depository insurance or by collateral held by the School Board's agent in the School Board's name (GASB Category 1). The remaining \$6,211,962 of the bank balance 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 No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell 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 5 - RECEIVABLES The receivables at June 30, 2006, are as follows:

Class of Receivables	General	School Food Service	Debt Service	Other Governmental	Total
Taxes:					
Ad Valorem	\$ 13,538	\$ 0	\$ 7,657	\$ 0	\$ 21,195
Sales Tax	792,816			0	792,816
Intergovernmental - grants:					
Federal	0	37		1,273,911	1,273,948
State	119,096			189,867	308,963
Other	838,326			25,974	864,300
Total	\$ 1,763,776	\$ 37	\$ 7,657	\$ 1,489,752	\$ 3,261,222

The School Board expects to collect these balances in full; therefore, no allowance for doubtful accounts was established.

Morehouse Parish School Board
Notes to the Basic Financial Statements

NOTE 6 - FIXED ASSETS Capital assets balances and activity for the year ended June 30, 2006, are as follows:

	Balance Beginning	Additions	Deletions	Balance Ending
Governmental activities				
Capital asset not being depreciated				
Land	\$ 240,013	\$ 0	\$ 0	\$ 240,013
Construction in progress	6,802,552	3,664,014	4,807,738	5,658,828
Total capital assets not being depreciated	<u>7,042,565</u>	<u>3,664,014</u>	<u>4,807,738</u>	<u>5,898,841</u>
Capital assets being depreciated				
Buildings	28,059,224	4,807,738	523,247	32,343,715
Furniture and equipment	6,036,644	390,051	479,269	5,947,426
Total capital assets being depreciated	<u>34,095,868</u>	<u>5,197,789</u>	<u>1,002,516</u>	<u>38,291,141</u>
Less accumulated depreciation				
Buildings	9,036,076	527,910	477,441	9,086,545
Furniture and equipment	2,224,050	576,720	451,022	2,349,748
Total accumulated depreciation	<u>11,260,126</u>	<u>1,104,630</u>	<u>928,463</u>	<u>11,436,293</u>
Total capital assets being depreciated, net	<u>22,835,742</u>	<u>4,093,159</u>	<u>74,053</u>	<u>26,854,848</u>
Governmental activities				
Capital assets, net	<u>\$ 29,878,307</u>	<u>\$ 7,757,173</u>	<u>\$ 4,881,791</u>	<u>\$ 32,753,689</u>

The School Board closed two schools during the 2005-2006 year in an effort to reduce cost. The land and buildings for these two schools were reclassified to investment in land and buildings at the lower of cost or fair market value. The total cost reclassified was \$382,655 less accumulated depreciation of \$336,849, for a net amount of \$45,806 as stated on Statement A of the government-wide financial statements.

Depreciation expense was charged to governmental activities as follows:

Regular programs	\$ 696,686
Special programs	55,159
Vocational programs	23,704
Other instructional programs	52,679
Student services	57,195
Instructional staff support	1,345
General administration	32,397
School administration	612
Business services	20,711
Plant services	30,027
Student transportation services	97,904
Central services	12,321
Food services	23,444
Community services	446
Total depreciation expense	<u>\$ 1,104,630</u>

**Morehouse Parish School Board
Notes to the Basic Financial Statements**

NOTE 7 - RETIREMENT SYSTEMS

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

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

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

Employees participating in the School Employees' Retirement System are eligible for normal retirement after 30 years of service, or after 25 years of service at age 55 or after ten years of service at age 60. The maximum retirement allowance is computed at 2.5% times the highest 36 months of average salary, times the years of service plus a supplement of \$2.00 per month times the years of service.

Both TRS and LSERS issue annual financial reports. The reports can be obtained by telephoning or writing to the following:

Teachers' Retirement System of Louisiana
Post Office Box 94123
Baton Rouge, Louisiana 70804-9123
(225) 925-6446

Louisiana School Employees' Retirement System
Post Office Box 44516
Baton Rouge, Louisiana 70804
(225) 925-6484

Funding Policy Each system is administered and controlled at the state level by a separate board of trustees, with contribution rates approved and amended by the Louisiana Legislature. Benefits of the systems are funded by employee and employer contributions. Benefits granted by the retirement systems are guaranteed by the state of Louisiana under provisions of the Louisiana Constitution of 1974. The School Board's employer contribution for the TRS, as provided by state law, is funded 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 annual appropriations.

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

**Morehouse Parish School Board
Notes to the Basic Financial Statements**

Contribution rates (as a percentage of covered salaries) for active plan members as established by the Louisiana Legislature for the year ended June 30, 2006 are as follows:

	<u>Employee</u>	<u>Employer</u>
Louisiana Teachers' Retirement System:		
Regular	8.0%	15.90%
Plan B	5.0%	15.90%
Louisiana School Employees' Retirement System	7.5%	18.40%

Total covered payroll of the School Board for TRS - Regular Plan, TRS - Plan B, and LSERS for the year ended June 30, 2006, amounted to \$20,142,347, \$687,053 and \$1,523,817, respectively. Employer contributions for the year ended June 30, 2006, and each of the two preceding years are as follows:

<u>Fiscal year ended</u>TRS.....	LSERS.....	
	<u>Annual Actuarially Required Contribution</u>	<u>Percentage of Annual Required Contribution Paid</u>	<u>Annual Actuarially Required Contribution</u>	<u>Percentage of Annual Required Contribution Paid</u>
June 30, 2004	\$3,055,433	85.78%	\$171,168	78.8%
June 30, 2005	3,681,159	87.28%	297,929	81.4%
June 30, 2006	3,691,962	89.71%	267,773	104.71%

Annual actuarially required contributions for each plan above is based on the plan's annual financial report for that year except for the year ended June 30, 2006. Each annual actuarially required contribution for the year ended June 30, 2005, is based upon each plan's annual financial report for the year ended June 30, 2004, which is the latest information available.

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS State statutes require the School Board to provide the 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. The cost of benefits for current retired employees is paid jointly by the employee and by the School Board. The School Board's portion of the cost is recognized as an expenditure when the monthly premiums are paid. The cost of retiree benefits for 2006 totaled \$2,433,390 for 483 retirees.

NOTE 9 - ACCOUNTS, SALARIES AND OTHER PAYABLES The payables at June 30, 2006, are as follows:

	General	School Food Service	Other Governmental	Total
	Salaries and withholding	\$ 3,624,833	\$ 90,810	\$ 252,204
Accounts	273,490	190,680	14,115	478,285
Total	\$ 3,898,323	\$ 281,490	\$ 266,319	\$ 4,446,132

**Morehouse Parish School Board
Notes to the Basic Financial Statements**

NOTE 10 - COMPENSATED ABSENCES At June 30, 2006, employees of the School Board have accumulated and vested \$1,290,722 of employee leave benefits, including \$18,448 of salary related benefits. These employee leave benefits were computed in accordance with GASB Codification Section C60. This amount is not expected to be paid from current available resources; therefore, the liability of \$1,290,722 is recorded as a long-term liability.

NOTE 11 - AGENCY FUND - DEPOSITS DUE OTHERS A summary of changes in agency fund deposits due others for the year ended June 30, 2006, are as follows:

Balance, beginning	\$ 288,063
Additions	1,703,513
Deductions	<u>1,643,934</u>
Balance, ending	<u>\$ 347,642</u>

NOTE 12 - LONG-TERM LIABILITIES The following is a summary of the long-term obligation transactions for the year ended June 30, 2006:

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One year
Governmental Activities					
Bonds payable:					
General Obligation debt	\$ 14,350,000	\$ 0	\$ 345,000	\$ 14,005,000	\$ 360,000
Notes payable	356,328	0	37,003	319,325	37,003
Revenue Recognition Note	0	2,000,000	2,000,000	0	0
Other liabilities:					
Worker's Compensation claims payable	1,760	22,297	24,057	0	0
Compensated absences	<u>875,239</u>	<u>596,548</u>	<u>181,065</u>	<u>1,290,722</u>	<u>181,065</u>
Governmental activities Long-term liabilities	<u>\$ 15,583,327</u>	<u>\$ 2,618,845</u>	<u>\$ 2,587,125</u>	<u>\$ 15,615,047</u>	<u>\$ 578,068</u>

In the past, the liability for compensated absences has been liquidated by the general fund.

Individual obligation issues are as follows:

<u>General obligation</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Principal Outstanding</u>
Certificate of indebtedness Series 2004	\$ 175,000	3.55%	March 1, 2014	\$ 145,000
General Obligation Bonds Series 2003	9,800,000	4.58%	March 1, 2028	9,165,000
General Obligation Bonds Series 2004	4,900,000	4.30%	March 1, 2029	4,695,000
<u>Notes payable</u>				
EPA note	98,364	4.551%	December 31, 2009	14,065
QZAB note	440,040	3.906%	November 1, 2015	<u>304,027</u>
Total				<u>\$14,323,092</u>

**Morehouse Parish School Board
Notes to the Basic Financial Statements**

The obligations are due as follows:

Year Ending June 30,	Principal Payments	Interest Payments	Total
2007	\$ 360,000	\$ 628,171	\$ 988,171
2008	375,000	608,556	983,556
2009	395,000	588,091	983,091
2010	425,000	568,866	993,866
2011	440,000	548,116	988,116
2012-2016	2,520,000	2,429,253	4,949,253
2017-2021	3,165,000	1,870,870	5,035,870
2022-2026	4,055,000	1,105,799	5,160,799
2027-2029	2,270,000	182,486	2,452,486
Total	<u>\$ 14,005,000</u>	<u>\$ 8,530,208</u>	<u>\$ 22,535,208</u>

The School Board was loaned \$98,364 from the Environmental Protection Agency to fund asbestos clean-up. The proceeds were shown as notes payable in the general long-term debt fund. The loan has no stated interest rate. Accounting principles generally accepted in the United States of America require that interest be imputed on loans with no stated rate. Interest was imputed at the rate of 4.551%, which was the effective rate available for the Certificates of Indebtedness that were used to finance similar projects.

Also, in November 2001, the School Board entered into a Qualified Zone Academy Bond Program (QZAB), with the Louisiana Local Government Environmental Facilities and Community Development Authority. This program allows qualified public schools within the state of Louisiana to borrow monies for various projects authorized under the QZAB Regulations. The proceeds were shown as notes payable in the general long-term debt fund. In November 2001, the School Board received \$440,040 from Qualified Zone Academy Bonds. The Qualified Zone Academy Bond Program is a federal program offered to school districts to acquire interest-free debt for selected projects. The federal government covers all the interest on the bonds.

The annual requirements to amortize these notes outstanding as of June 30, 2006, are as follows:

Year Ending June 30,	EPA Principal Payments	EPA Interest Payments	Total	QZAB Principal Payments
2007	\$ 4,368	\$ 632	\$ 5,000	\$ 32,003
2008	4,593	407	5,000	32,003
2009	4,818	182	5,000	32,003
2010	286	12	298	32,003
2011	0	0	0	32,003
Thereafter	0	0	0	144,012
Total	<u>\$ 14,065</u>	<u>\$ 1,233</u>	<u>\$ 15,298</u>	<u>\$ 304,027</u>

In July, 2005, the School Board received a bank loan in the amount of \$2,000,000 for operating purposes. The loan was in the form of a Revenue Anticipation Note, Series 2005. In June, 2006, the School Board paid the principal of \$2,000,000 and interest of \$60,009, for a total of \$2,060,009. The School Board continued to have cash flow difficulties after year-end. See Note 18 – Subsequent Events for further details of new debt issued by the School Board.

**Morehouse Parish School Board
Notes to the Basic Financial Statements**

In accordance with Louisiana Revised Statute 39:562, the School Board is legally restricted from incurring long-term debt in excess of 35 percent of the assessed value of taxable property. At June 30, 2006, the statutory limit is \$41,755,128 and outstanding net bonded debt totals \$12,610,784.

NOTE 13 - INTERFUND ASSETS/LIABILITIES (FFS LEVEL ONLY)

Due from/to others:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	School Food Service	\$ 594,188
	Other Governmental	1,293,830
Capital Improvement	Other Governmental	<u>80,240</u>
Total		<u>\$1,968,258</u>

The general fund receivable from other governmental funds is to cover expenditures for cost reimbursement programs until the money is received from the grantor.

Transfers in/out:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Total</u>
General Fund	Other Governmental	<u>\$469,400</u>

The general fund received a transfer from the Hurricane Education Recovery Act fund for federal revenue granted to defray increased expenses due to Hurricane Rita and Hurricane Katrina in 2005.

NOTE 14 - RESERVED FUND BALANCES (FFS LEVEL ONLY)

Reservations:

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

NOTE 15 - LITIGATION AND CONTINGENCIES

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

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

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

**Morehouse Parish School Board
Notes to the Basic Financial Statements**

NOTE 16 - RISK MANAGEMENT The School Board was engaged in a risk management program for workers' compensation insurance for part of the year ended June 30, 2006. Premiums are paid into the general fund by all other funds and were available to pay claims, claim reserves and administrative costs of the program. An excess coverage insurance policy covers claims over \$200,000. Interfund premiums are based primarily upon the individual funds' payroll and are reported as expenditures in the individual funds. There was no liability remaining at June 30, 2006.

Claims amounts for the three most recent fiscal years are as follows:

<u>Years Ended June 30.</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Benefit Payment and Claims</u>	<u>Ending of Fiscal Year Liability</u>
2004	\$ 83,325	\$ 205,347	\$ 206,662	\$ 82,010
2005	82,010	264	80,514	1,760
2006	1,760	22,297	24,057	-

The School Board is no longer self-insured for workers' compensation.

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

NOTE 17 - ON-BEHALF PAYMENTS FOR FRINGE BENEFITS AND SALARIES On-behalf payments for fringe benefits and salaries are direct payments made by an entity (the paying agent) to a third-party recipient for the employees of another, legally separate entity (the employer entity). GASB Statement No. 24 requires employer governments to recognize revenue and expenditures or expenses for these on-behalf payments.

The state of Louisiana made pension contributions (regarding Professional Improvement Program) directly to the Teachers' Retirement System of Louisiana on behalf of the School Board in the amount of \$12,997 for the 2005-2006 year and an adjustment of \$353 for the 2004-2005 year for a total of \$13,350. This amount was recognized as state revenue and a corresponding expenditure in the applicable fund from which the salary was paid.

NOTE 18 - SUBSEQUENT EVENTS The School Board received a loan from a bank in August, 2006 in the amount of \$2,000,000 for current operating purposes. The loan is in the form of a Revenue Anticipation Note, Series 2006, with principal and interest due June 30, 2007. The stated interest rate is 4.68%. The note is secured by and payable from all revenues accruing to the School Board for the year ending June 30, 2007.

NOTE 19 - ECONOMIC DEPENDENCY Statement of Financial Accounting Standards (SFAS) No. 14 requires disclosure in financial statements of a situation where one entity provides more than ten percent of the audited entity's revenue. The Minimum Foundation funding provided by the state to all public school systems in Louisiana is primarily based on October 1 student count. The state provided \$22,543,396 which is 50 percent of total revenues.

**Morehouse Parish School Board
Notes to the Basic Financial Statements**

NOTE 20 - ENCUMBRANCES (FFS LEVEL ONLY) 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 re-appropriated in the next year. At June 30, 2006, the School Board had entered into purchase orders and commitments as follows:

<u>Fund</u>	<u>General</u>	<u>School Food Service</u>	<u>Other Governmental</u>	<u>Total</u>
Totals	<u>\$579</u>	<u>\$300</u>	<u>\$932</u>	<u>\$1,811</u>

NOTE 21 - EXTRAORDINARY ITEM The School Board closed Bonita and Collingston schools during the 2005-2006 school year in an effort to cut rising costs. Shortly after announcing the closing of Collingston School, the main building burned due to suspected arson. The building was insured and the agreed upon amount of reimbursement by the insurance company was \$803,075 which is shown on the Statement of Activities of the government-wide financial statements as extraordinary. On the fund financial statements, the \$803,075 in insurance proceeds is shown as other financing sources in the General Fund.

REQUIRED SUPPLEMENTAL INFORMATION

**Morehouse Parish School Board
Budgetary Comparison Schedule**

GENERAL FUND The general fund accounts for all activities of the School Board except those that are accounted for in other funds.

SCHOOL FOOD SERVICE - Through cash grants and food donations, the school food service fund assist in providing a nutritious breakfast and lunch service for school students and to encourage the domestic consumption of nutritious agricultural commodities.

MOREHOUSE PARISH SCHOOL BOARD

**GENERAL FUND
Budgetary Comparison Schedule
For the Year Ended June 30, 2006**

Exhibit 1-1

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>POSITIVE (NEGATIVE)</u>
BUDGETARY FUND BALANCES, BEGINNING	\$ (1,694,681)	\$ (1,694,681)	\$ (2,137,437)	(442,756)
Resources (inflows)				
Local sources:				
Ad valorem	3,789,600	3,789,600	3,929,009	139,409
Sales tax	5,750,000	5,750,000	6,017,211	267,211
Interest earnings	240,600	240,600	343,319	102,719
Other	617,597	617,597	641,051	23,454
State sources:				
Equalization	22,543,396	22,543,396	22,497,517	(45,879)
Other	534,542	534,542	543,227	8,685
Transfers from other funds	319,775	319,775	469,400	149,625
Insurance proceeds from loss	1,000,000	1,000,000	803,075	(196,925)
Proceeds from loan	2,000,000	2,000,000	2,000,000	0
Amounts available for appropriations	<u>35,100,829</u>	<u>35,100,829</u>	<u>35,106,372</u>	<u>5,543</u>
Charges to appropriations (outflows)				
Instruction:				
Regular programs	16,159,150	16,159,150	15,778,314	380,836
Special programs	4,653,587	4,653,587	4,653,665	(78)
Other instructional programs	1,402,268	1,402,268	1,436,124	(33,856)
Support services:				
Student services	1,493,263	1,493,263	1,515,431	(22,168)
Instructional staff support	762,021	762,021	873,350	(111,329)
General administration	167,614	167,614	330,211	(162,597)
School administration	2,465,714	2,465,714	2,490,552	(24,838)
Business services	514,001	514,001	517,154	(3,153)
Plant services	2,816,160	2,816,160	2,864,214	(48,054)
Student transportation services	1,894,602	1,894,602	1,852,488	42,114
Central services	388,875	388,875	378,624	10,251
Community services	0	0	0	0
Food services	237,110	237,110	274,566	(37,456)
Capital Outlay	10	10	337,017	(337,007)
Debt service:				
Principal retirement	2,035,000	2,035,000	2,037,003	(2,003)
Interest and bank charges	68,800	68,800	60,009	8,791
Transfers to other funds	0	0	0	0
Total charges to appropriations	<u>35,058,175</u>	<u>35,058,175</u>	<u>35,398,722</u>	<u>(340,547)</u>
BUDGETARY FUND BALANCES, ENDING	<u>\$ 42,654</u>	<u>\$ 42,654</u>	<u>\$ (292,350)</u>	<u>(335,004)</u>

MOREHOUSE PARISH SCHOOL BOARD

**SCHOOL FOOD SERVICE
Budgetary Comparison Schedule
For the Year Ended June 30, 2006**

Exhibit 1-2

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>POSITIVE (NEGATIVE)</u>
BUDGETARY FUND BALANCES, BEGINNING	\$ 557,085	\$ 557,085	\$ (261,429)	\$ (818,514)
Resources (Inflows)				
Local sources:				
Food services	242,900	242,900	219,612	(23,288)
State sources:				
Equalization	0	0	45,879	45,879
Federal sources	1,813,000	1,813,000	2,045,943	232,943
Transfers from other funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Amounts available for appropriations	<u>2,612,985</u>	<u>2,612,985</u>	<u>2,050,005</u>	<u>(562,980)</u>
Charges to appropriations (outflows)				
Support services:				
Food services	2,411,488	2,411,488	2,911,983	(500,495)
Transfers to other funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total charges to appropriations	<u>2,411,488</u>	<u>2,411,488</u>	<u>2,911,983</u>	<u>(500,495)</u>
BUDGETARY FUND BALANCES, ENDING	\$ <u>201,497</u>	\$ <u>201,497</u>	\$ <u>(861,978)</u>	\$ <u>(1,063,475)</u>

**Morehouse Parish School Board
Notes to the Budgetary Comparison Schedule**

A. BUDGETS

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

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

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

Appropriations (unexpended budget balances) lapse at year-end.

Formal budget integration (within the accounting records) is employed as a management control device. All budgets are controlled at the function level. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments. There were no budget revisions during the year.

Encumbrances Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed. However, outstanding purchase orders are taken into consideration before expenditures are incurred in order to assure that applicable appropriations are not exceeded.

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

Excess of Expenditures Over Appropriations in Individual Funds The following individual funds had actual expenditures over budgeted expenditures for the year ended June 30, 2006:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund	\$35,058,175	\$35,398,722	\$340,547
School Food Service	2,411,488	2,911,983	500,495

MOREHOUSE PARISH SCHOOL BOARD

**Notes to Budgetary Comparison Schedule
For the Year Ended June 30, 2006**

Note B - Budget to GAAP Reconciliation - Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures

	<u>GENERAL FUND</u>	<u>SCHOOL FOOD SERVICE</u>
<u>Sources/inflows of resources:</u>		
Actual amounts (budgetary basis) "available for appropriation" from the Budgetary Comparison Schedule	\$ 35,106,372	\$ 2,050,005
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	2,137,437	261,429
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	(469,400)	0
Proceeds from insurance are inflows of budgetary resources but are not revenue for reporting purposes	(803,075)	0
Proceeds from revenue recognition loan are inflows of budgetary resources but are not revenue for reporting purposes	<u>(2,000,000)</u>	<u>0</u>
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>33,971,334</u>	<u>2,311,434</u>
<u>Uses/outflows of resources:</u>		
Actual amounts (budgetary basis) "Total charges to appropriations" from the Budgetary Comparison Schedule	35,398,722	2,911,983
Principal retirement of revenue recognition loan is an outflow of resources for budgetary purposes but not for reporting purposes	<u>(2,000,000)</u>	<u>0</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 33,398,722</u>	<u>\$ 2,911,983</u>

Morehouse Parish School Board

OTHER SUPPLEMENTAL INFORMATION

Morehouse Parish School Board

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

MOREHOUSE PARISH SCHOOL BOARD

**NONMAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet - By Fund Type
June 30, 2006**

Exhibit 2

	<u>SPECIAL</u> <u>REVENUE</u>	<u>CAPITAL</u> <u>PROJECTS</u>	<u>TOTAL</u>
ASSETS			
Cash and cash equivalents	\$ 73,490	\$ 278,783	\$ 350,273
Receivables	1,463,773	25,979	1,489,752
Interfund receivables	<u>0</u>	<u>80,240</u>	<u>80,240</u>
TOTAL ASSETS	<u>1,537,263</u>	<u>383,002</u>	<u>1,920,265</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts, salaries and other payables	255,939	10,380	266,319
Interfund payables	<u>1,293,830</u>	<u>80,240</u>	<u>1,374,070</u>
Total Liabilities	<u>1,549,769</u>	<u>90,620</u>	<u>1,640,389</u>
 Fund Balances:			
Unreserved and reported in special revenue and capital projects	<u>(12,506)</u>	<u>292,382</u>	<u>279,876</u>
Total Fund Balances	<u>(12,506)</u>	<u>292,382</u>	<u>279,876</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,537,263</u>	<u>\$ 383,002</u>	<u>\$ 1,920,265</u>

MOREHOUSE PARISH SCHOOL BOARD

**NONMAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances - By Fund Type
For the Year Ended June 30, 2006**

Exhibit 3

	<u>SPECIAL</u>	<u>CAPITAL</u>	
	<u>REVENUE</u>	<u>PROJECTS</u>	<u>TOTAL</u>
REVENUES			
Local sources:			
Taxes:			
Ad valorem	\$ 0	\$ 295,900	\$ 295,900
Sales and use	0	163,812	163,812
Interest earnings	0	36,459	36,459
Other	538	24	562
State sources:			
Other	681,574	0	681,574
Federal sources	<u>5,888,717</u>	<u>0</u>	<u>5,888,717</u>
 Total Revenues	 <u>6,570,829</u>	 <u>496,195</u>	 <u>7,067,024</u>
 EXPENDITURES			
Current:			
Instruction:			
Regular programs	646,293	198,030	844,323
Special programs	816,201	44,963	861,164
Other instructional programs	2,522,015	74,825	2,596,840
Support services:			
Student services	122,685	2,464	125,149
Instructional staff support	1,172,433	19,304	1,191,737
General administration	427,024	3,587	430,611
School administration	0	12,818	12,818
Business services	32,087	0	32,087
Plant services	114,921	272,670	387,591
Student transportation services	57,289	31,821	89,110
Central services	299,167	0	299,167
Food services	0	4,942	4,942
Capital outlay	0	3,717,048	3,717,048
Debt service:			
Principal retirement	0	15,000	15,000
Interest and bank charges	0	4,450	4,450
 Total Expenditures	 <u>6,210,115</u>	 <u>4,401,922</u>	 <u>10,612,037</u>
 EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	 <u>\$ 360,714</u>	 <u>\$ (3,905,727)</u>	 <u>\$ (3,545,013)</u>

(CONTINUED)

MOREHOUSE PARISH SCHOOL BOARD

**NONMAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances- By Fund Type
For the Year Ended June 30, 2006**

Exhibit 3

	<u>SPECIAL REVENUE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 0	\$ 0	\$ 0
Transfers out	<u>(469,400)</u>	<u>0</u>	<u>(469,400)</u>
Total Other Financing Sources (Uses)	<u>(469,400)</u>	<u>0</u>	<u>(469,400)</u>
Net Change in Fund Balances	(108,686)	(3,905,727)	(4,014,413)
FUND BALANCES - BEGINNING	<u>96,180</u>	<u>4,198,109</u>	<u>4,294,289</u>
FUND BALANCES (Deficit) - ENDING	<u>\$ (12,506)</u>	<u>\$ 292,382</u>	<u>\$ 279,876</u>

(CONCLUDED)

**Morehouse Parish School Board
Nonmajor Special Revenue Funds**

TITLE I This program is designed 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 This grant assists state and local educational agencies in improving elementary and secondary education. Grants are awarded for students at risk of failure in school; instructional materials; school-wide improvements and effective school programs; training and professional development; early identification of children with reading disabilities, personal excellence of students and student achievements; and innovative enhancements projects to the educational program and climate of the school.

MATH AND SCIENCE - TITLE II This program is designed to improve the skills of teachers and the quality of instruction in mathematics and science, also to increase the accessibility of such instruction to all students.

TITLE III This program is designed to ensure that limited English proficient children (LEP) and youth, including immigrant children and youth, attain English proficiency and meet the same challenging state academic content and student academic achievement standards as all children and youth are expected to meet.

TITLE V This grant assists state and local educational agencies in the reform of elementary and secondary education

SPECIAL EDUCATION These grants to states assist them in providing a free appropriate public education to all children with disabilities.

MISCELLANEOUS STATE GRANTS These funds provide financial assistance for contracted services such as speech, physical and occupational therapy.

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

ADULT EDUCATION - STATE-ADMINISTERED BASIC GRANT PROGRAM This program was designed to improve educational opportunities for adults and to encourage the establishment of adult education programs that will enable all adults to acquire basic educational skills necessary to function in a literate society, enable adults who so desire to complete secondary school, and enable adults to benefit from job training and retraining programs and obtain productive employment to more fully enjoy the benefits and responsibilities of citizenship.

VOCATIONAL EDUCATION The purpose of these grants are 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.

DRUG FREE - TITLE IV This program was designed to establish state and local programs of alcohol and drug abuse education and prevention coordinated with related community efforts and resources.

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) The purpose of this program is to provide grants to states, territories, or tribes to assist needy families with children so that children can be cared for in their own homes; to reduce dependency by promoting job preparation, work, and marriage; to reduce and prevent out-of-wedlock pregnancies; and to encourage the formation and maintenance of two-parent families.

**Morehouse Parish School Board
Nonmajor Special Revenue Funds**

LEARN This is part of a consortium for funds used to enhance teaching and learning in schools.

8G These grants are used to improve student academic achievement or vocational-technical skills. Other uses are the purchase of superior textbooks and providing support for teachers in critical shortage areas.

EDUCATION EXCELLENCE This fund accounts for the tobacco settlement money received from the state.

RURAL EDUCATION ACHIEVEMENT This grant provides financial assistance to carry out activities to help improve the quality of teaching and learning.

MISCELLANEOUS FUNDS These include various small federal and state grants.

SPECIAL FEDERAL

TECH-PREP EDUCATION The purpose of this grant is to develop and operate a four-year program designed to provide a tech-prep education program leading to a two-year associate degree or a two-year certification and to provide links between secondary schools and post-secondary educational institutions.

WORKPLACE INVESTMENT ACT (WIA) The WIA program provides job training and related assistance to economically disadvantaged individuals and others who face significant employment barriers. The ultimate goal of the Workforce Investment Act is to move trainees into permanent, self-sustaining employment.

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

COMPREHENSIVE SCHOOL REFORM DEMONSTRATION The purpose of this program aims to enable all children in the schools served, particularly low-achieving children, to meet challenging state content and student performance standards.

HURRICANE EDUCATION RECOVERY ACT The hurricane emergency relief fund accounts for the proceeds of the federal program which reimburses expenses incurred by the school board for students who were displaced by the hurricanes during 2005.

MOREHOUSE PARISH SCHOOL BOARD

NONMAJOR SPECIAL REVENUE FUNDS

Combining Balance Sheet

June 30, 2006

	MATH AND SCIENCE -				
	<u>TITLE I</u>	<u>TITLE VI</u>	<u>TITLE II</u>	<u>TITLE III</u>	<u>TITLE V</u>
ASSETS					
Cash and cash equivalents	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Receivables	<u>358,061</u>	<u>17,474</u>	<u>82,969</u>	<u>904</u>	<u>2,666</u>
TOTAL ASSETS	<u>358,061</u>	<u>17,474</u>	<u>82,969</u>	<u>904</u>	<u>2,666</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts, salaries and other payables	124,822	0	8,598	0	0
Interfund payable	<u>233,239</u>	<u>17,474</u>	<u>74,371</u>	<u>904</u>	<u>2,666</u>
Total Liabilities	<u>358,061</u>	<u>17,474</u>	<u>82,969</u>	<u>904</u>	<u>2,666</u>
Fund Balances:					
Unreserved - undesignated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 358,061</u>	<u>\$ 17,474</u>	<u>\$ 82,969</u>	<u>\$ 904</u>	<u>\$ 2,666</u>

Exhibit 4

	MISCELLANEOUS						
SPECIAL	STATE		ADULT	VOCATIONAL	DRUG FREE-		
EDUCATION	GRANTS	PRESCHOOL	EDUCATION	EDUCATION	TITLE IV	TANF	
\$ 0	\$ 0	\$ 0	\$ 0	48 \$	0 \$		32,106
<u>307,907</u>	<u>0</u>	<u>57,908</u>	<u>11,951</u>	<u>103,321</u>	<u>47,853</u>		<u>30,731</u>
<u>307,907</u>	<u>0</u>	<u>57,908</u>	<u>11,951</u>	<u>103,369</u>	<u>47,853</u>		<u>62,837</u>
57,232	0	23,683	0	7,434	3,303		8,134
<u>250,675</u>	<u>0</u>	<u>34,225</u>	<u>11,951</u>	<u>95,935</u>	<u>44,550</u>		<u>22,835</u>
<u>307,907</u>	<u>0</u>	<u>57,908</u>	<u>11,951</u>	<u>103,369</u>	<u>47,853</u>		<u>30,769</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>		<u>32,068</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>		<u>32,068</u>
<u>\$ 307,907</u>	<u>\$ 0</u>	<u>\$ 57,908</u>	<u>\$ 11,951</u>	<u>\$ 103,369</u>	<u>\$ 47,853</u>		<u>\$ 62,837</u>

(CONTINUED)

MOREHOUSE PARISH SCHOOL BOARD

NONMAJOR SPECIAL REVENUE FUNDS

Combining Balance Sheet

June 30, 2006

	<u>LEARN</u>	<u>8 (a)</u>	<u>EDUCATIONAL EXCELLENCE</u>	<u>RURAL EDUCATION ACHIEVEMENT</u>
ASSETS				
Cash and cash equivalents	\$ 0	\$ 0	\$ 11,753	\$ 0
Receivables	<u>2,419</u>	<u>85</u>	<u>0</u>	<u>51,822</u>
TOTAL ASSETS	<u>2,419</u>	<u>85</u>	<u>11,753</u>	<u>51,822</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts, salaries and other payables	0	0	0	3,794
Interfund payable	<u>2,419</u>	<u>85</u>	<u>2,261</u>	<u>48,028</u>
Total Liabilities	<u>2,419</u>	<u>85</u>	<u>2,261</u>	<u>51,822</u>
Fund Balances:				
Unreserved - undesignated	<u>0</u>	<u>0</u>	<u>9,492</u>	<u>0</u>
Total Fund Balances	<u>0</u>	<u>0</u>	<u>9,492</u>	<u>0</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,419</u>	<u>\$ 85</u>	<u>\$ 11,753</u>	<u>\$ 51,822</u>

Exhibit 4

MISCELLANEOUS FUNDS	SPECIAL FEDERAL	SCHOOL TECHNOLOGY	HURRICANE EDUCATION RECOVERY ACT	TOTAL
\$ 5,003	\$ 24,580	\$ 0	\$ 0	73,480
<u>60,456</u>	<u>91,257</u>	<u>36,364</u>	<u>199,625</u>	<u>1,463,773</u>
<u>65,459</u>	<u>115,837</u>	<u>36,364</u>	<u>199,625</u>	<u>1,537,263</u>
5,003	9,517	4,419	0	255,939
<u>60,456</u>	<u>160,386</u>	<u>31,945</u>	<u>199,625</u>	<u>1,293,830</u>
<u>65,459</u>	<u>169,903</u>	<u>36,364</u>	<u>199,625</u>	<u>1,549,769</u>
0	0	0	0	0
<u>0</u>	<u>(54,066)</u>	<u>0</u>	<u>0</u>	<u>(12,506)</u>
<u>0</u>	<u>(54,066)</u>	<u>0</u>	<u>0</u>	<u>(12,506)</u>
<u>\$ 65,459</u>	<u>\$ 115,837</u>	<u>\$ 36,364</u>	<u>\$ 199,625</u>	<u>\$ 1,537,263</u>

(CONCLUDED)

MOREHOUSE PARISH SCHOOL BOARD

**NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 2006**

	MATH AND SCIENCE -				
	TITLE I	TITLE VI	TITLE II	TITLE III	TITLE V
REVENUES					
Local sources:					
Other	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
State sources:					
Other	0	0	0	0	0
Federal sources	2,520,566	41,503	375,548	997	24,790
Total Revenues	2,520,566	41,503	375,548	997	24,790
EXPENDITURES					
Current:					
Instruction:					
Regular programs	0	0	98,504	0	0
Special programs	0	0	0	0	0
Other instructional programs	1,371,204	22,753	41,401	904	23,209
Support services:					
Student services	0	0	0	0	0
Instructional staff support	687,818	14,863	200,498	0	0
General administration	232,707	3,687	34,573	93	1,581
Business services	32,087	0	0	0	0
Plant services	114,361	0	0	0	0
Student transportation services	4,946	0	572	0	0
Central services	77,443	0	0	0	0
Capital outlay	0	0	0	0	0
Total Expenditures	2,520,566	41,503	375,548	997	24,790
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	0	0	0	0	0
OTHER FINANCING SOURCES (USES)					
Transfers out	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0
Net Change in Fund Balances	0	0	0	0	0
FUND BALANCES (Deficit) - BEGINNING	0	0	0	0	0
FUND BALANCES (Deficit) - ENDING	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

Exhibit 5

	MISCELLANEOUS						
<u>SPECIAL</u>	<u>STATE</u>		<u>ADULT</u>	<u>VOCATIONAL</u>	<u>DRUG FREE-</u>		
<u>EDUCATION</u>	<u>GRANTS</u>	<u>PRESCHOOL</u>	<u>EDUCATION</u>	<u>EDUCATION</u>	<u>TITLE IV</u>	<u>TANF</u>	
\$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0
	23,154	0	202,898	36,213	155,254	0	240
	<u>1,051,779</u>	<u>5,992</u>	<u>44,635</u>	<u>44,061</u>	<u>105,624</u>	<u>61,311</u>	<u>114,280</u>
	<u>1,074,933</u>	<u>5,992</u>	<u>247,533</u>	<u>80,274</u>	<u>260,878</u>	<u>61,311</u>	<u>114,520</u>
	0	0	21,583	0	104,296	862	0
	778,948	0	34,453	0	2,800	0	0
	0	737	144,076	78,178	140,913	2,997	104,218
	80,449	0	0	0	5,876	56,360	0
	96,393	4,787	41,836	0	(13)	0	2,080
	95,934	468	4,151	2,098	289	1,092	8,222
	0	0	0	0	0	0	0
	580	0	0	0	0	0	0
	42,649	0	1,434	0	6,717	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	<u>1,074,933</u>	<u>5,992</u>	<u>247,533</u>	<u>80,274</u>	<u>260,878</u>	<u>61,311</u>	<u>114,520</u>
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>32,068</u>
\$	<u>0 \$</u>	<u>0 \$</u>	<u>0 \$</u>	<u>0 \$</u>	<u>0 \$</u>	<u>0 \$</u>	<u>32,068</u>

(CONTINUED)

MOREHOUSE PARISH SCHOOL BOARD

**NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 2006**

	<u>LEARN</u>	<u>8 (g)</u>	<u>EDUCATIONAL EXCELLENCE</u>	<u>RURAL EDUCATION ACHIEVEMENT</u>
REVENUES				
Local sources:				
Other	\$ 0	\$ 0	\$ 0	\$ 0
State sources:				
Other	2,419	31,671	123,357	0
Federal sources:	0	0	0	167,281
Total Revenues	<u>2,419</u>	<u>31,671</u>	<u>123,357</u>	<u>167,281</u>
EXPENDITURES				
Current:				
Instruction:				
Regular programs	2,419	26,478	122,654	0
Special Programs	0	0	0	0
Other instructional programs	0	0	20,282	148,797
Support services:				
Student services	0	0	0	0
Instructional staff support	0	5,193	0	2,923
General administration	0	0	0	15,561
Business services	0	0	0	0
Plant services	0	0	0	0
Student transportation services	0	0	0	0
Central services	0	0	75,829	0
Capital outlay	0	0	0	0
Total Expenditures	<u>2,419</u>	<u>31,671</u>	<u>218,765</u>	<u>167,281</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>0</u>	<u>0</u>	<u>(95,408)</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Changes in Fund Balances	0	0	(95,408)	0
FUND BALANCE (Deficit) - BEGINNING	<u>0</u>	<u>0</u>	<u>104,900</u>	<u>0</u>
FUND BALANCE (Deficit) - ENDING	<u>\$ 0</u>	<u>\$ 0</u>	<u>9,492</u>	<u>\$ 0</u>

Exhibit 5

MISCELLANEOUS FUNDS	SPECIAL FEDERAL	SCHOOL TECHNOLOGY	HURRICANE EDUCATION RECOVERY ACT	TOTAL
\$ 0	\$ 538	\$ 0	\$ 0	538
106,368	0	0	0	681,574
<u>146,310</u>	<u>562,390</u>	<u>152,250</u>	<u>469,400</u>	<u>5,888,717</u>
<u>252,678</u>	<u>562,928</u>	<u>152,250</u>	<u>469,400</u>	<u>6,570,829</u>
147,791	87,005	34,701	0	646,293
0	0	0	0	816,201
57,156	348,704	16,488	0	2,522,015
0	0	0	0	122,685
39,616	50,976	25,463	0	1,172,433
8,115	8,762	9,491	0	427,024
0	0	0	0	32,087
0	0	0	0	114,921
0	971	0	0	57,289
0	79,788	66,107	0	299,167
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>252,678</u>	<u>576,206</u>	<u>152,250</u>	<u>0</u>	<u>6,210,115</u>
<u>0</u>	<u>(13,278)</u>	<u>0</u>	<u>469,400</u>	<u>360,714</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>(469,400)</u>	<u>(469,400)</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>(469,400)</u>	<u>(469,400)</u>
0	(13,278)	0	0	(108,686)
<u>0</u>	<u>(40,788)</u>	<u>0</u>	<u>0</u>	<u>96,180</u>
\$ 0	\$ (54,066)	\$ 0	\$ 0	(12,506)

(CONCLUDED)

**Morehouse Parish School Board
Nonmajor Capital Projects Funds**

SCHOOL DISTRICT 12 CONSTRUCTION

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.

CAPITAL IMPROVEMENTS

The capital improvements fund is 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.

EAST MOREHOUSE PARISH TAX DISTRICT

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
NONMAJOR CAPITAL PROJECTS FUNDS
Combining Balance Sheet
June 30, 2006

Exhibit 6

	SCHOOL DISTRICT 12 CONSTRUCTION	CAPITAL IMPROVEMENTS	EAST MOREHOUSE PARISH TAX DISTRICT	TOTAL
ASSETS				
Cash	\$ 86,644	\$ 84,777	\$ 105,362	\$ 276,783
Receivables	0	0	25,979	25,979
Interfund receivables	0	80,240	0	80,240
TOTAL ASSETS	86,644	165,017	131,341	383,002
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts, salaries, and other payables	0	0	10,380	10,380
Interfund payables	0	0	80,240	80,240
Total Liabilities	0	0	90,620	90,620
Fund Balances:				
Unreserved	86,644	165,017	40,721	292,382
Total Fund Balances	86,644	165,017	40,721	292,382
TOTAL LIABILITIES AND FUND BALANCES	\$ 86,644	\$ 165,017	\$ 131,341	\$ 383,002

MOREHOUSE PARISH SCHOOL BOARD

**NONMAJOR CAPITAL PROJECTS FUNDS
Combining Statement of Revenues, Expenditures,
and Changes In Fund Balances
For the Year Ended June 30, 2006**

Exhibit 7

	SCHOOL DISTRICT 12 CONSTRUCTION	CAPITAL IMPROVEMENTS	EAST MOREHOUSE PARISH TAX DISTRICT	TOTAL
REVENUES				
Local sources:				
Taxes:				
Ad valorem	\$ 43,906	\$ 0	\$ 251,994	\$ 295,900
Sales and use	0	0	163,812	163,812
Interest earnings	3,906	28,477	4,076	36,459
Other	0	0	24	24
Total Revenues	47,812	28,477	419,906	496,195
EXPENDITURES				
Current:				
Instruction:				
Regular programs	1	(1)	198,030	198,030
Special programs	0	0	44,963	44,963
Other instructional programs	0	9,926	64,899	74,825
Support services:				
Student services	0	0	2,464	2,464
Instructional staff support	0	0	19,304	19,304
General administration	158	0	3,431	3,587
School administration	0	0	12,818	12,818
Business services	0	0	0	0
Plant services	5,106	210,911	56,653	272,670
Student transportation	0	0	31,821	31,821
Food services	0	0	4,942	4,942
Capital outlay	134,774	3,582,274	0	3,717,048
Debt service				
Principal retirement	15,000	0	0	15,000
Interest and bank charges	4,450	0	0	4,450
Total Expenditures	159,487	3,803,110	439,325	4,401,922
Net changes in fund balances	(111,675)	(3,774,633)	(19,419)	(3,905,727)
FUND BALANCES - BEGINNING	198,319	3,939,650	60,140	4,198,109
FUND BALANCES - ENDING	\$ 86,644	\$ 165,017	\$ 40,721	\$ 292,382

**Morehouse Parish School Board
Agency Funds**

SCHOOL ACTIVITIES AGENCY FUND The activities of the various individual school accounts are accounted for in the school activities agency fund. While the accounts are under the supervision of the School Board, they belong to the individual schools or their student bodies and are not available for use by the School Board.

COX SCHOLARSHIP FUND The proceeds are used to provide scholarships.

MOREHOUSE PARISH SCHOOL BOARD

**AGENCY FUNDS
Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2006**

Exhibit 8

	<u>Balance, Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, Ending</u>
*****SCHOOL ACTIVITIES FUND*****				
ASSETS				
Cash and cash equivalents	\$ 286,063	\$ 1,702,313	\$ 1,641,934	\$ 346,442
	<u>286,063</u>	<u>1,702,313</u>	<u>1,641,934</u>	<u>346,442</u>
LIABILITIES				
Deposits due others	<u>286,063</u>	<u>1,702,313</u>	<u>1,641,934</u>	<u>346,442</u>
	<u>286,063</u>	<u>1,702,313</u>	<u>1,641,934</u>	<u>346,442</u>
*****COX SCHOLARSHIP FUND*****				
ASSETS				
Cash and cash equivalents	<u>2,000</u>	<u>1,200</u>	<u>2,000</u>	<u>1,200</u>
	<u>2,000</u>	<u>1,200</u>	<u>2,000</u>	<u>1,200</u>
LIABILITIES				
Deposits due others	<u>2,000</u>	<u>1,200</u>	<u>2,000</u>	<u>1,200</u>
	<u>2,000</u>	<u>1,200</u>	<u>2,000</u>	<u>1,200</u>
*****TOTAL*****				
ASSETS				
Cash and cash equivalents	<u>288,063</u>	<u>1,703,513</u>	<u>1,643,934</u>	<u>347,642</u>
	<u>288,063</u>	<u>1,703,513</u>	<u>1,643,934</u>	<u>347,642</u>
LIABILITIES				
Deposits due others	<u>288,063</u>	<u>1,703,513</u>	<u>1,643,934</u>	<u>347,642</u>
	<u>\$ 288,063</u>	<u>\$ 1,703,513</u>	<u>\$ 1,643,934</u>	<u>\$ 347,642</u>

MOREHOUSE PARISH SCHOOL BOARD
SCHOOL ACTIVITIES AGENCY FUND
Schedule of Changes in Deposits Due Others
For the Year Ended June 30, 2006

Exhibit 9

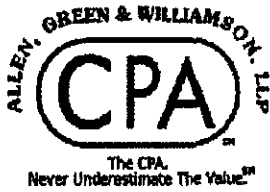
<u>SCHOOL</u>	<u>Balance, Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, Ending</u>
H. V. ADAMS	\$ 4,491	\$ 32,789	\$ 27,949	\$ 9,331
BASTROP MIDDLE SCHOOL	33,259	81,506	102,490	12,275
BASTROP HIGH SCHOOL	185,593	907,307	839,216	253,684
BEEKMAN	919	63,428	62,791	1,556
BONITA	1,251	10,124	11,375	0
CARVER	9,377	61,962	61,032	10,307
CHERRY RIDGE	5,917	38,000	41,975	1,942
COLLINGSTON	5,589	30,670	32,561	3,698
DELTA HIGH	4,819	112,723	114,241	3,301
EAST SIDE	20	47,929	44,692	3,257
MOREHOUSE MAGNET SCHOOL	8,565	118,284	115,976	10,873
OAK HILL	1,107	53,100	50,193	4,014
PINE GROVE	8,563	97,474	104,106	1,931
SOUTH SIDE	<u>16,593</u>	<u>47,017</u>	<u>33,337</u>	<u>30,273</u>
TOTAL	<u>\$ 286,063</u>	<u>\$ 1,702,313</u>	<u>\$ 1,641,934</u>	<u>\$ 346,442</u>

**Morehouse Parish School Board
Schedule of Compensation Paid Board Members
For the Year Ended June 30, 2006**

Exhibit 10

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 an additional \$50 per month for performing the duties of his office.

<u>Board Member</u>	<u>Amount</u>
Kris McKoin, President 1/1/06-Forward	\$ 2,700
Sylvia Reese Vice President 1/5/06-Forward	2,400
Hemp Lenoir, President 7/1/05-12/31/05	2,700
Susie Cox	2,400
Loe Dunn	2,400
James T. Pullin	2,400
Louis W. Warner	<u>2,400</u>
Total	<u>\$17,400</u>



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

Board Members

Morehouse Parish School Board
Bastrop, Louisiana

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Morehouse Parish School Board, as of and for the year ended June 30, 2006, which collectively comprise the School Board's basic financial statements and have issued our report thereon dated December 15, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the School Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the School Board's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying schedule of findings and questioned costs as items 06-F1, 06-F2, and 06-F3.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Management Letter Items

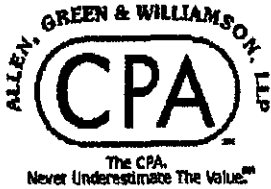
We also noted a certain matter that we reported to management of the School Board in a separate letter dated December 15, 2006.

This report is intended solely for the information and use of the Board, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513 this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

Allen, Green + Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
December 15, 2006



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

Board Members

Morehouse Parish School Board

Bastrop, Louisiana

Compliance

We have audited the compliance of Morehouse Parish School Board with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2006. The School Board's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Board's management. Our responsibility is to express an opinion on the School Board's compliance based on our audit.

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

In our opinion, the School Board complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of the School Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Board's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular No. A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513 this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

Allen, Green + Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
December 15, 2006

**Morehouse Parish School Board
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006**

Exhibit 11

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME	CFDA Number	Pass-Through Grantor No.	<u>Expenditures</u>
CASH FEDERAL AWARDS			
United States Department of Agriculture			
Passed Through Louisiana Department of Education:			
Team Nutrition Grants	10.574	N/A	\$ 4,391
School Breakfast Program	10.553	N/A	475,815
National School Lunch Program	10.555	N/A	<u>1,354,243</u>
Total United States Department of Agriculture			<u>1,834,449</u>
United States Department of Education			
Passed Through Louisiana Department of Education:			
Adult Education - State Grant Program	84.002	06-AE-34-F	44,061
Title I Grants to Local Educational Agencies	84.010	06-IASA-34-I	2,520,566
Special Education			
Grants to States (Part B)	84.027	06-1B-34-S	1,054,868
Preschool Grants	84.173	06-IP-34-S	44,635
Vocational Education			
Basic Grants to States	84.048	06-VE-34- 2B/BG	102,536
Tech-Prep Education	84.243	06-VE-34-3-FE	149,712
Title II (Mathematics and Science Partnerships)	84.366		123,850
Title II (Improving Teacher Quality)	84.367		508,767
Title IV (Safe and Drug-Free Schools - State Grant)	84.186	06-IASA-34-4	61,311
English Language Acquisition Grant (Title III)	84.365		997
Comprehensive School Reform Demonstration	84.332		41,503
Rural Education Achievement Program (REAP)	84.358	N/A	167,281
Technology Literacy Challenge	84.318	06-L1-34	251,876
Hurricane Education Recovery Act	84.938C		469,400
Reading First State Grant	84.357		4,435
LEARN Teacher Grant	84.267	N/A	22,460
Title V (State Grants For Innovative Programs)	84.298	N/A	<u>24,790</u>
Total United States Department of Education			<u>5,593,048</u>
United States Department of Health and Human Services			
Passed Through the Louisiana Department of Education:			
TANF	93.558	CFMS533847	<u>202,822</u>
United States Department of Defense			
Direct Programs			
Department of The Army			
ROTC	12.UNK	N/A	<u>88,456</u>
Total Cash Awards			
United States Department of Agriculture			
Passed Through Louisiana Department of Agriculture and Forestry:			
Food Distribution (Commodities)	10.550	N/A	<u>215,885</u>
TOTAL FEDERAL AWARDS			<u>\$7,934,660</u>

Morehouse Parish School Board
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

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

NOTE 2 - BASIS OF ACCOUNTING The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in note 1 to the School Board's basic financial statements.

NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS Federal awards revenues are reported in the School Board's basic financial statements as follows:

	<u>Federal Sources</u>
Title I	\$2,520,566
Title VI	41,503
Math & Science – Title II	375,548
Title III	997
Title V	24,790
Rural Education Achievement	167,281
Special Education	1,051,779
Miscellaneous State Grants	5,992
Preschool	44,635
Adult Education	44,061
Vocational Education	105,624
School Food Service	2,045,943
Drug Free – Title IV	61,311
TANF	114,280
Miscellaneous Funds	146,310
Special Federal	562,390
School Technology	152,250
Hurricane Education Recovery Act	469,400
Total	<u>\$7,934,660</u>

NOTE 4 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with accounting principles generally accepted in the United States of America.

NOTE 5 - MATCHING REVENUES For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures.

NOTE 6 - NONCASH PROGRAMS AND LOANS OUTSTANDING The commodities received, which are noncash revenues, are valued using prices provided by the United States Department of Agriculture. The School Board has an outstanding loan with the United States Environmental Protection Agency. The loan was for asbestos abatement and the amount outstanding at June 30, 2006, is \$15,298.

**Morehouse Parish School Board
Schedule of Findings and Questioned Costs
As of and for the Year Ended June 30, 2006**

PART I - Summary of the Auditors' Results

Financial Statement Audit

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

The reportable conditions were not considered to be a material weakness.

- iii. There were no instances of noncompliance considered material, as defined by the Government Auditing Standards, to the financial statements.

Audit of Federal Awards

- iv. There were no reportable conditions required to be disclosed by OMB Circular A-133.
- v. The type of report the auditor issued on compliance for major programs was unqualified.
- vi. The audit disclosed no findings which the auditor is required to report under OMB Circular No. A-133, Section .510(a).

- vii. The major federal programs are:

CFDA #84.010	Title I – Grants to Local Educational Agencies
CFDA#84.367	Title II – Improving Teacher Quality)
Special Education Cluster:	
CFDA #84.027	Grants to States (Part B)
CFDA #84.173	Pre-school
CFDA#84.938C	Hurricane Education Recovery Act

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

**Morehouse Parish School Board
Schedule of Findings and Questioned Costs
As of and for the Year Ended June 30, 2006**

PART II – Findings related to the basic financial statements which are required to be reported in accordance with Government Auditing Standards generally accepted in the United States of America:

Reference # and title: 06-F1 Budgeted a Deficit Fund Balance

Criteria or specific requirement: Louisiana Revised Statute 39:1309 of the Local Government Budget Act reads, in part "The adopted budget shall be balanced with approved expenditures not exceeding the total of estimated funds available.

Condition: The School Board budgeted an ending deficit balance of \$567,695 in the General Fund. The budget for the School Food Service Fund should have begun with a deficit budget from prior year, but began with a positive amount of \$557,085 which resulted in the variances between budgeted and actual revenues and expenditures greater than the 5% provided by the Local Government Budget Act.

Possible asserted effect (cause and effect):

Cause: The General Fund had an actual beginning deficit fund balance of \$1,885,156 as a result of previous years operations. The School Board did not anticipate receiving revenues in an amount necessary to eliminate the deficit, nor could the School Board reduce expenditures to an amount necessary to eliminate the deficit.

Effect: The School Board is in violation of Louisiana Revised Statute 39:1309.

Recommendations to prevent future occurrences: The School Board should take steps necessary to reduce expenditures and/or increase revenues to gain budgetary control over available resources and to eliminate the deficit fund balance.

Reference # and title: 06-F2 Unauthorized Cash Withdrawals of School Activity Funds

Criteria or specific requirement: The School Board has a fiduciary responsibility to ensure the safe keeping of school assets including all cash accounts.

Condition found: Unauthorized cash withdrawals were made by the bookkeeper of one school in the amount of \$17,872.16.

Possible asserted effect (cause and effect):

Cause: Internal control over school activity funds was ineffective.

Effect: Unauthorized cash withdrawals were made without detection.

Recommendations to prevent future occurrences: The School Board should review internal control procedures and strengthen procedures to help ensure unauthorized use of cash or any other school assets does not occur in the future. Also, the School Board should take all steps necessary to recoup all misappropriated funds.

**Morehouse Parish School Board
Schedule of Findings and Questioned Costs
As of and for the Year Ended June 30, 2006**

PART II – Findings related to the basic financial statements which are required to be reported in accordance with Government Auditing Standards generally accepted in the United States of America:

Reference # and title: **06-F3 School Activity Funds Bank Reconciliations Not Prepared Timely**

Criteria or specific requirement: Strong internal control procedures require all bank reconciliations be performed in a correct and timely manner. This ensures that unexplained differences are discovered quickly and can be researched. Also, there is usually only thirty days from the bank statement date to report and resolve any bank errors.

Condition: The schools are not reconciling bank statements to the general ledger monthly and submitting to the School Board as required by the "School Accounting Procedures Manual".

Possible asserted effect (cause and effect):

Cause: Internal control over school activity funds was ineffective.

Effect: The Schools are not reconciling bank statements in a correct or timely manner.

Recommendations to prevent future occurrences: The School Board should enforce compliance with the use of the School Accounting Procedures Manual. Bank accounts should be reconciled to the general ledger monthly and be submitted to the central office for review. Due to the circumstances during the current year in which monies were misused by a school employee at one school, it is of the utmost importance that a basis for review of cash accounts be available to the central office so that they may monitor the schools records to ensure accuracy.

**Morehouse Parish School Board
Summary Status of Prior Audit Findings
June 30, 2006**

Finding reference # and title: 05-F1

Loans Made To Other Funds from Dedicated Tax Funds

Condition: There are three funds established to account for sales taxes and the capital improvements fund has been established to account for the bond proceeds to be used for construction and renovation of school buildings, playgrounds, etc. These funds are designated funds as voted on by the parish taxpayers and as such are restricted as to their uses. During the course of the fiscal year, the school board experienced cash flow problems and had difficulty meeting the payroll and paying vendors. The sales tax funds and the capital improvements funds were used to loan money to the general fund. There were also occasions when the general fund had to loan money to these funds.

Corrective action taken: The School Board no longer makes loans from dedicated funds to other funds.

Finding reference # and title: 05-F2

Budget Variances Which Exceed 5%

Condition: Actual expenses exceeded budgeted expenses in the General Fund by approximately 10 percent.

Corrective action taken: See current-year budget finding 06-F1.

Finding reference # and title: 05-F3

Bank Reconciliations Not Prepared Timely

Condition: The reconciliations for the Master Fund (General Fund) and the Payroll Fund were not reconciled timely during the year ended June 30, 2005.

Corrective action planned: The School Board reconciles bank statements in a timely manner. See current-year finding 06-F3 referencing school activity bank reconciliations.

Finding reference # and title: 05-F4

Highly Qualified Teachers

Condition: Three of the four teachers examined hired after the first day of the 2002-2003 school year who teach core subjects in Title I schools did not meet the highly qualified definition.

Corrective action planned: The School Board has continued to hire highly qualified teachers applying for vacant positions when possible in order to comply with Title I regulations.

**Morehouse Parish School Board
Corrective Action Plans for Current-year Findings
As of and for the Year Ended June 30, 2006**

Finding reference # and title: 06-F1 Budgeted a Deficit Fund Balance

Condition: The School Board budgeted an ending deficit balance of \$567,695 in the General Fund. The budget for the School Food Service Fund should have begin with a deficit budget from prior year, but began with a positive amount of \$557,085 which resulted in the variances between budgeted and actual revenues and expenditures greater than the 5% provided by the Local Government Budget Act.

Corrective action planned: Due to the previous financial situation of the School Board, the only reasonable budget for the year ended June 30, 2006, was a deficit ending fund balance in the General Fund. There were not enough increases in revenues or decreases in expenditures to overcome the large deficit balance in one year. The budget was prepared accurately as possible. The budget for the year ending June 30, 2007 will not have a deficit ending fund balance.

Person responsible for corrective action:

Richard Hartley, Superintendent
Morehouse Parish School Board
P. O. Box 872
Bastrop, LA 71221-0872

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

Anticipated completion date: July 1, 2006 through June 30, 2007.

Finding reference # and title: 06-F2 Unauthorized Cash Withdrawals of School Activity Funds

Condition: Unauthorized cash withdrawals were made by the bookkeeper of one school in the amount of \$17,872.16.

Corrective action planned: Schools will be audited by a retired legislative auditor (CPA). Principals will be in-serviced on proper procedures for internal control. A claim was filed with the insurance company that issues the School Board's crime bond. The insurance company paid the claim amount less the \$5,000 deductible. Also, the judge ordered restitution payments be made to the School Board and to the insurance company by the bookkeeper.

Person responsible for corrective action:

Richard Hartley, Superintendent
Morehouse Parish School Board
P. O. Box 872
Bastrop, LA 71221-0872

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

Anticipated completion date: Currently being corrected and on-going until all funds are paid back.

Finding reference # and title: 06-F3 School Activity Funds Bank Reconciliations Not Prepared Timely

Condition: The schools are not reconciling bank statements to the general ledger monthly and submitting to the School Board as required by the "School Accounting Procedures Manual".

Corrective action planned: Principals are being given a manual that shows what they are responsible for completing monthly as required. Follow-up is being performed by the business manager and their supervisors to ensure they are in compliance with all internal control procedures and accounting policies established by the School Board.

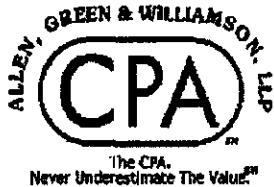
**Morehouse Parish School Board
Corrective Action Plans for Current-year Findings
As of and for the Year Ended June 30, 2006**

Person responsible for corrective action:

Richard Hartley, Superintendent
Morehouse Parish School Board
P. O. Box 872
Bastrop, LA 71221-0872

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

Anticipated completion date: Currently being corrected.



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(Retired) 1963 - 2000

Management Letter

Board Members

Morehouse Parish School Board

Bastrop, Louisiana

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Morehouse Parish School Board, as of and for the year ended June 30, 2006, we considered the School Board's internal control to plan our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control.

However, during our audit, we noted a certain matter involving internal control that is presented for your consideration. This letter does not affect our report dated December 15, 2006, on the financial statements of the School Board. We will review the status of this comment during our next audit engagement. Our comment and recommendation, which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss this comment in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendation. Management's response has also been included. We have performed no audit work to verify the content of the response.

06-M1 Issuance of 1099's

Comment: The School Board is not issuing 1099s to all individuals as defined by IRS laws and regulations.

Recommendation: The School Board should ensure that all individuals as defined by IRS laws and regulations receive a 1099 for monies received from the School Board.

Management's response: The guidelines for issuing 1099's have been misunderstood in the past. The guidelines have been explained to the employees in the accounts payable department. All 1099's issued for the calendar year of 2006 will be accordance with IRS law and regulations.

Our audit procedures are designed primarily to enable us to form opinions on the financial statements and, therefore, may not reveal all weaknesses in policies and procedures that may exist.

This report is intended solely for the information and use of the Board, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of this letter may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Allen, Green + Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
December 15, 2006

**Morehouse Parish School Board
Status of Prior Year Management Letter Item
As of and for the Year Ended June 30, 2006**

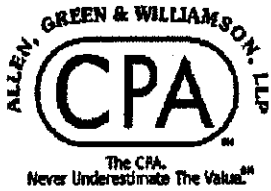
05-M1 Student Activity Funds

Comment: Two schools were visited in the current year. During the visit an overall review of student activity fund policies and procedures were performed as well as testing of receipts, disbursements, and bank reconciliations. The following are exceptions noted:

- **Bank Reconciliations:** One school did not list outstanding checks or deposits in transit and does not reconcile the bank balance to the general ledger balance. There was also three bank reconciliations examined at the second school. One bank reconciliation was not prepared timely and one reconciliation balance did not agree to the general ledger. The schools are not providing bank reconciliations to the central office each month for monitoring.
- **Receipts:** Both schools tested were not documenting receipts to actual concession sales. One school had six exceptions and the second school had nine exceptions in which there was no supporting documentation for receipt totals.
- **Disbursements:** At one of the schools examined the following exceptions were noted:
 - One check examined did not agree with the invoice or supporting documentation
 - Four checks were not supported by original invoices or other original documentation
 - None of the disbursements were approved by the principal
 - Three invoices were not marked "paid" or canceled in some form to prevent duplicate payments
- **Fixed assets:** At one school, four assets which are listed on the central office's listing as being at that location could not be traced to the actual asset. The school is not completing transfer forms and forwarding to the central office in a timely manner in order for the listing to reflect the proper location for each item.

Recommendation: Principals and bookkeepers should be reminded that the School Board has a Student Activity Handbook and these procedures should be followed at all times. The School Board should monitor student activity closely and perform internal audit procedures periodically throughout the school year.

Management's response: See current-year finding 06-F2 and 06-F3.



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board Members
Morehouse Parish School Board
Bastrop, Louisiana

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

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

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

1. We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:

- Total General Fund Instructional Expenditures,
- Total General Fund Equipment Expenditures,
- Total Local Taxation Revenue,
- Total Local Earnings on Investment in Real Property,
- Total State Revenue in Lieu of Taxes,
- Nonpublic Textbook Revenue, and
- Nonpublic Transportation Revenue.

Comment: There were no exceptions noted in testing the sample of 25 transactions, however, several variances in the Schedule 1. General Fund instructional and equipment expenditures categories, along with certain local revenues per the schedule did not reconcile with the amounts per the AFR.

Management's response: Adult Education expenditures were incorrectly included in the General Fund instructional and equipment expenditures categories. For the certain local revenues categories, only General Fund revenue was included when total revenue should have been included.

Education Levels of Public School Staff (Schedule 2)

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

Comment: Exceptions noted while applying agreed-upon procedures were the total number of full-time classroom teachers did not agree between schedule 2 and the payroll records. Also, full-time teachers in schedule 2 were 348 and 349 per the PEP report.

Management's Response: The PEP report is showing one teacher as full-time. PEP data shows part-time; payroll data file shows part-time. This must be a programming error. We have contacted our software provider for assistance in correcting this error.

3. We reconciled the combined total of principals and assistant principals per schedule "Experience of Public Principals and Full-time Teachers" to the combined total of principals and assistant principals per this schedule.

Comment: Exceptions noted while applying agreed-upon procedures were the principals and assistant principals did not agree between schedule 2 and the payroll records. Principals and assistant principals in schedule 2 were 22 and 24 per the PEP report.

Management's Response: The PEP report is counting two people as assistant principals, but they are not assistant principals. They are coded as other school administrators by the account function #2490. This must be a programming error. We have contacted our software provider for assistance in correcting this error.

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

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

Number and Type of Public Schools (Schedule 3)

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

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

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

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

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

Public Staff Data (Schedule 5)

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

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

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

Comment: While applying agreed-upon procedures it was noted the PEP report did not break out PIP's salary into a separate category; therefore, schedule could not be tested completely.

Management's Response: Other reports do not break out PIPs into separate categories any longer (for example: retirement systems). The only break down that we have for PIP is the payroll recap sheets that show the PIP amount actually paid.

Class Size Characteristics Schedule 6)

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

Comment: While applying agreed-upon procedures there were no exceptions noted on schedule 6, however 8 out of the 10 classes selected did not agree per the roll books with the rosters provided by the School Board.

Management's Response: Tentative class rosters are provided to teachers at the start of the school year. Principals are instructed to request that teachers include all names on the tentative roster in their roll book or their tentative roll books. Any students entering after the tentative roster is issued should be added at the bottom of the list in the roll book. All students must be accounted for. A notation is entered next to the name of all no-shows indicating what happened to them (moved out of district, moved to another school in the district, unknown, etc.). The names should never be removed from the roll book and match data entered into SIS. Any tentative rosters and roll books should remain with the permanent roll book. Principals will again be in-serviced on this procedure and will be required to do a follow-up check at the time of the October count or any other required student count.

Louisiana Educational Assessment Program (LEAP) for the 21st century (Schedule 7)

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

Comment: While applying agreed-upon procedures, variances between the test scores as provided by the testing authority and schedule 7 were noted.

Management's Response: Variances are usually caused by differences in rounding. Since we obtain all our scores from the testing authority, these are correct.

The Graduation Exit Exam for the 21st Century(Schedule 8)

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

Comment: While applying agreed-upon procedures, variances between the test scores as provided by the testing authority and schedule 8 were noted.

Management's Response: Variances are usually caused by differences in rounding. Since we obtain all our scores from the testing authority, these are correct.

The Iowa Tests(Schedule 9)

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

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

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

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

Allen, Green & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
December 15, 2006

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

**General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2006**

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$13,334,327	
Other Instructional Staff Activities	1,457,322	
Employee Benefits	7,002,679	
Purchased Professional and Technical Services	67,008	
Instructional Materials and Supplies	235,060	
Instructional Equipment	0	
Total Teacher and Student Interaction Activities	<u>22,096,396</u>	\$22,096,396

Other Instructional Activities 44,401

Pupil Support Activities	1,515,433	
Less: Equipment for Pupil Support Activities	<u>0</u>	
Net Pupil Support Activities		1,515,433

Instructional Staff Services	880,108	
Less: Equipment for Instructional Staff Services	<u>0</u>	
Net Instructional Staff Services		<u>880,108</u>

Total General Fund Instructional Expenditures \$24,536,338

Total General Fund Equipment Expenditures 0

Certain Local Revenue Sources

Local Taxation Revenue:

Constitutional Ad Valorem Taxes	\$676,423
Renewable Ad Valorem Tax	3,206,353
Debt Service Ad Valorem Tax	1,296,059
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	342,133
Sales and Use Taxes	<u>6,181,025</u>
Total Local Taxation Revenue	<u>\$11,701,993</u>

Local Earnings on Investment in Real Property:

Earnings from 16th Section Property	\$132,982
Earnings from Other Real Property	<u>85,600</u>
Total Local Earnings on Investment in Real Property	<u>\$218,582</u>

State Revenue in Lieu of Taxes:

Revenue Sharing - Constitutional Tax	\$78,841
Revenue Sharing - Other Taxes	134,127
Revenue Sharing - Excess Portion	0
Other Revenue in Lieu of Taxes	<u>28,597</u>
Total State Revenue in Lieu of Taxes	<u>\$241,565</u>

Nonpublic Textbook Revenue \$9,416

Nonpublic Transportation Revenue \$0

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

Education Levels of Public School Staff
As of October 1, 2005

Category	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	0	0.00%	4	1.15%	0	0.00%	0	0.00%
Bachelor's Degree	241	69.05%	3	0.86%	0	0.00%	0	0.00%
Master's Degree	75	21.49%	0	0.00%	4	16.67%	0	0.00%
Master's Degree + 30	23	6.59%	0	0.00%	19	79.17%	0	0.00%
Specialist in Education	2	0.57%	0	0.00%	1	4.17%	0	0.00%
Ph. D. or Ed. D.	1	0.29%	0	0.00%	0	0.00%	0	0.00%
Total	342	97.99%	7	2.01%	24	100.00%	0	0.00%

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

Number and Type of Public Schools
For the Year Ended June 30, 2006

Type	Number
Elementary	11
Middle/Jr. High	2
Secondary	3
Combination	0
Total	16

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

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

Experience of Public Principals and Full-time Classroom Teachers
As of October 1, 2005

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	0	0	0	1	2	2	5	10
Principals	0	0	0	2	2	1	9	14
Classroom Teachers	59	42	107	45	41	14	41	349
Total	59	42	107	48	45	17	55	373

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**Public School Staff Data
For the Year Ended June 30, 2006**

	All Classroom Teachers	Classroom Teachers Excluding ROTC and Rehired Retirees
Average Classroom Teachers' Salary Including Extra Compensation	\$38,519.00	\$38,019.00
Average Classroom Teachers' Salary Excluding Extra Compensation	\$36,432.00	\$35,915.00
Number of Teacher Full-time Equivalent (FTEs) used in Computation of Average Salaries	341	330

Note: Figures reported include all sources of funding (i.e., federal, state, and local) but exclude employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers and ROTC teachers receive more compensation because of a federal supplement. Therefore, these teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes and temporary employees.

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

Class Size Characteristics
As of October 1, 2005

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	56%	449	38%	310	6%	47	0%	0
Elementary Activity Classes	55%	69	37%	47	7%	9	1%	1
Middle/Jr. High	66%	105	34%	54	0%	0	0%	0
Middle/Jr. High Activity Classes	83%	29	14%	5	3%	1	0%	0
High	88%	410	11%	53	1%	5	0%	0
High Activity Classes	94%	78	4%	3	2%	2	0%	0
Combination	0%	0	0%	0	0%	0	0%	0
Combination Activity Classes	0%	0	0%	0	0%	0	0%	0

Note: The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students and maximum enrollment in grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band, and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**Louisiana Educational Assessment Program (LEAP) for the 21st Century
For the Year Ended June 30, 2006**

District Achievement Level Results	English Language Arts						Mathematics					
	2006		2005		2004		2006		2005		2004	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	6	1%	3	1%	5	0%	5	1%	10	2%	3	2%
Mastery	31	8%	58	12%	48	9%	52	13%	56	12%	41	11%
Basic	179	44%	236	50%	172	47%	161	39%	238	50%	177	45%
Approaching Basic	131	32%	132	28%	138	31%	119	29%	107	23%	123	29%
Unsatisfactory	64	16%	44	9%	112	13%	74	18%	62	13%	129	14%
Total	411		473		473		411		473		473	

District Achievement Level Results	Science						Social Studies					
	2006		2005		2004		2006		2005		2004	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	1	0%	3	1%	3	1%	4	1%	2	1%	1	0%
Mastery	29	9%	38	12%	25	9%	26	8%	35	11%	23	5%
Basic	108	35%	134	42%	89	31%	114	36%	141	44%	144	39%
Approaching Basic	104	33%	98	31%	119	35%	89	28%	81	26%	96	32%
Unsatisfactory	71	23%	44	14%	73	23%	80	26%	12	18%	45	25%
Total	313		317		309		313		271		309	

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

The Graduation Exit Exam for the 21st Century
For the Year Ended June 30, 2006

District Achievement Level Results	English Language Arts						Mathematics					
	2006		2005		2004		2006		2005		2004	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 10												
Advanced	1	0%	3	1%	5	2%	8	4%	6	3%	15	6%
Mastery	21	9%	32	15%	50	19%	31	14%	19	9%	32	12%
Basic	123	55%	113	53%	108	41%	107	48%	114	53%	121	45%
Approaching Basic	57	25%	49	23%	60	23%	40	18%	34	16%	47	18%
Unsatisfactory	23	10%	18	8%	42	16%	38	17%	42	20%	51	19%
Total	225		215		265		224		215		266	

District Achievement Level Results	Science						Social Studies					
	2006		2005		2004		2006		2005		2004	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 11												
Advanced	2	1%	5	2%	3	1%	1	0%	5	2%	0	0%
Mastery	7	3%	27	12%	24	10%	24	12%	26	12%	0	0%
Basic	74	37%	88	40%	85	38%	97	48%	107	49%	10	4%
Approaching Basic	70	35%	67	31%	73	31%	46	23%	55	25%	15	6%
Unsatisfactory	48	24%	31	14%	50	21%	33	16%	25	11%	216	90%
Total	201		218		235		201		218		241	

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

The IOWA and ILEAP Tests
 For the Year Ended June 30, 2006

IOWA Test	Composite	
	2005	2004
Iowa Test of Basic Skills (ITBS)		
Grade 3	54	54
Grade 5	56	52
Grade 6	50	48
Grade 7	49	50
Tests of Educational Development (TED)		
Grade 9	42	45

Scores are reported by National Percentile Rank. A student's National Percentile Rank shows the student's relative position or rank as compared to a large, representative sample of students in the same grade from the entire nation. A student with a score of 72 indicates that the student scored the same of better than 72 percent of the students in the norm group.

i LEAP Test

Students	District Achievement Level Results											
	English Language Arts			Mathematics			Science			Social Studies		
	2006		Percent	2006		Percent	2006		Percent	2006		Percent
Number	Percent	Number		Percent	Number		Percent	Number		Percent		
Grade 3												
Advanced	3	1%	9	2%	14	3%	3	1%				
Mastery	47	11%	53	12%	38	9%	57	13%				
Basic	178	41%	181	42%	201	46%	183	42%				
Approaching Basic	138	31%	118	27%	132	30%	125	29%				
Unsatisfactory	71	16%	72	17%	48	11%	85	15%				
Total	433		433		433		433					

Students	District Achievement Level Results											
	English Language Arts			Mathematics			Science			Social Studies		
	2006		Percent	2006		Percent	2006		Percent	2006		Percent
Number	Percent	Number		Percent	Number		Percent	Number		Percent		
Grade 5												
Advanced	0	0%	17	4%	2	1%	1	0%				
Mastery	25	6%	29	7%	34	9%	19	5%				
Basic	169	43%	178	45%	134	34%	176	45%				
Approaching Basic	130	33%	88	22%	155	39%	124	32%				
Unsatisfactory	69	18%	81	21%	68	17%	73	19%				
Total	383		383		383		383					

Students	District Achievement Level Results											
	English Language Arts			Mathematics			Science			Social Studies		
	2006		Percent	2006		Percent	2006		Percent	2006		Percent
Number	Percent	Number		Percent	Number		Percent	Number		Percent		
Grade 6												
Advanced	4	1%	13	4%	10	3%	22	7%				
Mastery	47	16%	35	12%	40	14%	33	11%				
Basic	173	59%	149	51%	139	47%	116	39%				
Approaching Basic	58	20%	66	22%	85	29%	81	27%				
Unsatisfactory	13	4%	32	11%	21	7%	43	15%				
Total	295		295		295		295					

District Achievement Level Results		English Language Arts		Mathematics		Science		Social Studies	
		2006	Percent	2006	Percent	2006	Percent	2006	Percent
Students		Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7									
Advanced		9	2%	8	2%	4	1%	0	0%
Mastery		46	11%	27	6%	44	10%	30	7%
Basic		223	53%	184	43%	142	34%	209	50%
Approaching Basic		111	26%	120	28%	170	40%	119	28%
Unsatisfactory		34	8%	85	20%	62	15%	63	15%
Total		423		424		422		421	

District Achievement Level Results		English Language Arts		Mathematics	
		2006	Percent	2006	Percent
Students		Number	Percent	Number	Percent
Grade 9					
Advanced		3	1%	11	4%
Mastery		29	11%	31	11%
Basic		149	55%	138	51%
Approaching Basic		78	29%	59	22%
Unsatisfactory		13	5%	33	12%
Total		272		272	