

Morehouse Parish School Board
Bastrop, Louisiana
Annual Financial Report
As of and for the Year Ended June 30, 2005

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 | 18 | 06



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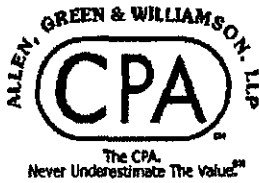
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**Morehouse Parish School Board
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Independent Auditors' Report

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, 2005, 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, 2005, 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 28, 2005, 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, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, as required by OMB Circular A-133, are presented for purposes of additional analysis and are 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 28, 2005

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, 2005. 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 \$1,228,799 for the year ended June 30, 2005 due mainly to an increase in the MFP, local tax collections, and an increase in the indirect costs received from federal programs. Federal sources decreased slightly by \$21,655, state sources decreased \$590,827, the state minimum foundation funding increased \$1,097,140 and other local sources decreased \$350,494. 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 2005 increased by \$520,983 and sales tax increased by \$369,442.

Total expenditures of the governmental funds increased by \$4,133,537. The increase was due to payment of completed construction costs.

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, and capital improvements 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 \$17,010,300 at June 30, 2005. Of this amount \$(2,359,788) 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, 2005

	<u>Governmental Activities</u>		
	<u>2005</u>	<u>2004</u>	<u>Variance</u>
Current and other assets	\$7,654,038	\$15,464,836	(\$7,810,798)
Capital assets	<u>29,878,307</u>	<u>23,595,757</u>	<u>6,282,550</u>
Total assets	<u>37,532,345</u>	<u>39,060,593</u>	<u>(1,528,248)</u>
Current and other liabilities	4,938,718	4,454,764	483,954
Long-term liabilities	<u>15,583,327</u>	<u>16,157,931</u>	<u>(574,604)</u>
Total liabilities	<u>20,522,045</u>	<u>20,612,695</u>	<u>(90,650)</u>
Net assets			
Invested in capital assets, net of debt	19,111,629	19,073,601	38,028
Restricted	258,459	984,839	(726,380)
Unrestricted	<u>(2,359,788)</u>	<u>(1,610,542)</u>	<u>(749,246)</u>
Total net assets	<u>\$17,010,300</u>	<u>\$18,447,898</u>	<u>(\$1,437,598)</u>

The (\$2,359,788) in unrestricted net assets of governmental activities represents accumulated results of all past year's operations. The net assets of the School Board decreased by \$1,437,598 due to a decrease in operating cash and an increase in capital assets. There was also an increase in plant services relating to maintenance of buildings and upkeep of facilities.

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, 2005**

	<u>2005</u>	<u>2004</u>	<u>Variance</u>
Net Assets - beginning	<u>\$18,447,898</u>	<u>\$18,872,386</u>	<u>(\$424,488)</u>
Revenues:			
Program revenues			
Charges for services	255,375	286,785	(31,410)
Operating grants and contributions	9,076,371	9,606,876	(530,505)
Capital grants and contributions	0	0	0
General Revenues			
Ad valorem taxes	5,163,647	4,642,664	520,983
Sales taxes	5,858,805	5,489,363	369,442
State equalization	21,599,413	20,502,273	1,097,140
Other general revenues	<u>803,476</u>	<u>1,153,970</u>	<u>(350,494)</u>
Total revenues	<u>42,757,087</u>	<u>41,681,931</u>	<u>1,075,156</u>
Functions/Program Expenses:			
Instruction			
Regular programs	17,528,738	17,188,851	339,887
Special programs	5,339,334	4,521,796	817,538
Other instructional programs	4,205,164	4,069,008	136,156
Support services			
Student services	1,550,291	1,426,837	123,454
Instructional staff support	1,967,718	2,025,129	(57,411)
General administration	559,256	757,198	(197,942)
School administration	2,440,225	2,158,967	281,258
Business services	653,774	918,644	(264,870)
Plant services	3,370,942	3,329,030	41,912
Student transportation services	2,170,440	1,811,654	358,786
Central services	591,514	476,294	115,220
Food Services	3,141,472	2,948,885	192,587
Community Service Programs	15,186	5,646	9,540
Interest on long-term debt	<u>660,631</u>	<u>468,480</u>	<u>192,151</u>
Total expenses	<u>44,194,685</u>	<u>42,106,419</u>	<u>2,088,266</u>
Increase (decrease) in net assets	<u>(1,437,598)</u>	<u>(424,488)</u>	<u>(1,013,110)</u>
Net Assets - ending	<u>\$ 17,010,300</u>	<u>\$ 18,447,898</u>	<u>(\$ 1,437,598)</u>

Governmental Activities As reported in the Statement of Activities, the cost of all governmental activities this year was \$44,194,685. The amount that taxpayers ultimately financed for these activities through School Board taxes was only \$34,862,939 because some of the cost was paid by those who benefited from the programs (\$255,375) or by other governments and organizations who subsidized certain programs with grants and contributions (\$9,076,371). The School Board paid for the remaining "public benefit" portion of its governmental activities with \$11,022,452 in taxes, \$21,599,413 in Minimum Foundation Program funds, \$803,476 in other revenues such as interest and other local sources.

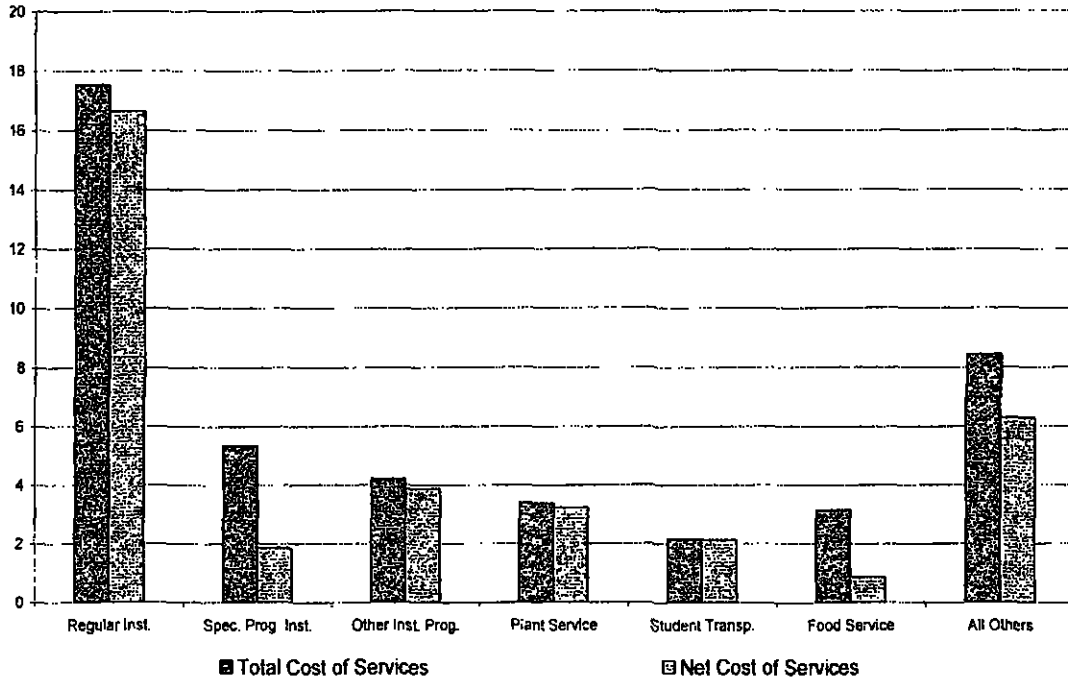
In the table below we have presented the cost of each of the School Board's six largest functions – regular programs, special programs, other instructional programs, plant services, student transportation services and food services as well as each program's net cost (total cost less revenues generated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

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

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

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Regular programs instruction	\$17,528,738	\$17,188,851	\$16,642,547	\$15,803,356
Special programs instruction	5,339,334	4,521,796	1,852,319	2,120,162
Other instructional programs	4,205,164	4,069,008	3,851,349	2,571,515
Plant services	3,370,942	3,329,030	3,229,613	3,154,507
Student transportation services	2,170,440	1,811,654	2,136,002	1,729,409
Food services	3,141,472	2,948,885	862,201	655,455
All others	<u>8,438,595</u>	<u>8,237,195</u>	<u>6,288,908</u>	<u>6,178,354</u>
Totals	<u>\$44,194,685</u>	<u>\$42,106,419</u>	<u>\$34,862,939</u>	<u>\$32,212,758</u>

2005
Total Cost of Services
Versus
Net Cost of Services
For the Year Ended June 30, 2005



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 decreased \$1,223,921 due mainly to over spending. The expenditures for salaries and benefits of the sales tax funds exceeded the revenues collected.

The fund balance of the capital improvements fund decreased \$6,773,336 due to the payment for completion of capital projects with no more revenues being received for capital projects. This fund balance will continue to decrease as we continue to complete all construction in progress.

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, 2005, the School Board had \$29,878,307 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 just over \$6,282,550 or 26.6 percent, from last year.

Capital Assets at June 30,

	2005	2004
Land	\$ 240,013	\$ 240,013
Buildings	19,023,148	15,950,274
Furniture and Equipment	3,812,594	3,446,604
Construction and Progress	<u>6,802,552</u>	<u>3,958,866</u>
Totals	<u>\$29,878,307</u>	<u>\$23,595,757</u>

DEBT ADMINISTRATION At June 30, 2005, the School Board had \$160,000 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 \$9,390,000 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 \$4,800,000 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, 2005, the School Board's net bonded debt of \$13,315,932 (total bonded debt of \$14,350,000 less assets in debt service funds of \$1,034,068) was well below the legal limit of \$41,520,868. 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 2005-2006 are an increase in state MFP money due to the displaced students from the hurricanes. The major changes anticipated in expenditures are an increase in all insurance premiums, an increase in utility costs, and an increase in gasoline/diesel costs for 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, 2005**

Statement A

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash and cash equivalents	\$ 3,422,618
Investments	1,993,302
Receivables (net)	2,124,886
Inventory	113,232
Capital assets:	
Land	240,013
Capital assets, net of depreciation	<u>29,638,294</u>
TOTAL ASSETS	<u>37,532,345</u>
LIABILITIES	
Accounts, salaries and other payables	4,541,062
Deferred revenue	181,725
Interest payable	215,931
Long-term liabilities	
Due within one year	1,053,964
Due in more than one year	<u>14,529,363</u>
TOTAL LIABILITIES	<u>20,522,045</u>
NET ASSETS	
Invested in capital assets, net of related debt	19,111,629
Restricted for:	
Capital projects	258,459
Unrestricted	<u>(2,359,788)</u>
TOTAL NET ASSETS	<u>\$ 17,010,300</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, 2005**

Statement B

	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
FUNCTIONS/PROGRAMS				
<i>Governmental activities:</i>				
<i>Instruction:</i>				
Regular programs	\$ 17,528,738	\$ 0	\$ 886,191	\$ 0 (16,642,547)
Special education programs	5,339,334		3,487,015	(1,852,319)
Other instructional programs	4,205,164	0	353,815	(3,851,349)
<i>Support services:</i>				
Student services	1,550,291		117,286	(1,433,005)
Instructional staff support	1,967,718		1,246,537	(721,181)
General administration	559,256		431,049	(128,207)
School administration	2,440,225		0	(2,440,225)
Business services	653,774		227,152	(426,622)
Plant services	3,370,942		141,329	(3,229,613)
Student transportation services	2,170,440	0	34,438	(2,136,002)
Central services	591,514		127,663	(463,851)
Food services	3,141,472	255,375	2,023,896	(862,201)
Community service programs	15,186			(15,186)
Interest on long-term debt	660,631	0	0	(660,631)
Total Governmental Activities	44,194,685	255,375	9,076,371	0 (34,862,939)
 <i>General revenues:</i>				
<i>Taxes:</i>				
Property taxes, levied for general purposes				5,163,647
Sales taxes, levied for general purposes				5,858,805
<i>Grants and contributions not restricted to specific programs</i>				
Minimum Foundation Program				21,599,413
Other unrestricted state				216,631
Interest and investment earnings				365,024
Miscellaneous				221,821
Total general revenues				33,425,341
 Changes in net assets				 (1,437,598)
 Net assets - beginning				 <u>18,447,898</u>
 Net assets - ending				 <u>\$ 17,010,300</u>

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

Morehouse Parish School Board

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

MOREHOUSE PARISH SCHOOL BOARD

**GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2005**

				Statement C
	GENERAL	CAPITAL IMPROVEMENTS	OTHER GOVERNMENTAL	TOTAL
ASSETS				
Cash and cash equivalents	\$ 1,174,534	\$ 705,273	\$ 1,542,811	\$ 3,422,618
Investments	66,827	1,926,475	0	1,993,302
Receivables	752,006	0	1,372,880	2,124,886
Interfund receivables	1,445,811	1,980,711	0	3,426,522
Inventory	64,816	0	48,416	113,232
TOTAL ASSETS	3,503,994	4,612,459	2,964,107	11,080,560
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts, salaries and other payables	3,510,114	440,848	590,100	4,541,062
Interfund payables	1,980,711	231,961	1,213,850	3,426,522
Deferred revenues	148,846	0	32,879	181,725
Incurred but not reported claims	1,760	0	0	1,760
Total Liabilities	5,641,431	672,809	1,836,829	8,151,069
Fund Balances:				
Reserved for:				
Inventory	0	0	15,537	15,537
Debt Service	0	0	1,034,068	1,034,068
Workers' compensation claims	0	0	0	0
Unreserved, reported in:				
General Fund - Undesignated	(2,137,437)	0	0	(2,137,437)
Special Revenue	0	0	(180,786)	(180,786)
Capital Projects	0	3,939,650	258,459	4,198,109
Total Fund Balances	(2,137,437)	3,939,650	1,127,278	2,929,491
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,503,994	\$ 4,612,459	\$ 2,964,107	\$ 11,080,560

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

MOREHOUSE PARISH SCHOOL BOARD

**Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets
June 30, 2005**

Statement D

Total fund balances - governmental funds \$ 2,929,491

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	\$ 41,138,433	
Depreciation expense to date	<u>(11,260,126)</u>	
		29,878,307

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, 2005 are:

Long-term liabilities		
Compensated absences payable	(875,239)	
Bonds payable	(14,350,000)	
Notes payable	(356,328)	
Interest payable	<u>(215,931)</u>	
		<u>(15,797,498)</u>

Net Assets - Governmental Activities \$ 17,010,300

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, 2005**

	Statement E				
	GENERAL	CAPITAL IMPROVEMENTS	OTHER GOVERNMENTAL	TOTAL	
REVENUES					
Local sources:					
Taxes:					
Ad valorem	\$ 3,636,834	\$ 0	\$ 1,526,813	\$ 5,163,647	
Sales and use	5,702,882	0	155,923	5,858,805	
Interest earnings	197,314	142,964	24,746	365,024	
Food services	0	0	255,375	255,375	
Other	400,655	3,842	145	404,642	
State sources:					
Equalization	21,553,534	0	45,879	21,599,413	
Other	385,365	0	706,773	1,092,138	
Federal sources	0	0	8,200,864	8,200,864	
Total Revenues	31,876,584	146,806	10,916,518	42,939,908	
EXPENDITURES					
Current:					
Instruction:					
Regular programs	16,198,000	96,421	975,839	17,270,260	
Special programs	4,432,719	0	860,725	5,293,444	
Other instructional programs	1,424,446	12,100	2,630,530	4,067,076	
Support services:					
Student services	1,430,549	0	119,742	1,550,291	
Instructional staff support	804,804	0	1,135,602	1,940,406	
General administration	126,191	0	432,387	558,578	
School administration	2,263,043	14,845	162,337	2,440,225	
Business services	566,456	1,918	61,376	629,750	
Plant services	2,783,143	388,144	165,877	3,337,164	
Student transportation services	1,976,005	0	62,850	2,038,855	
Central services	451,621	0	127,663	579,284	
Food services	430,036	0	2,692,456	3,122,492	
Community service programs	14,740	0	0	14,740	
Capital outlay	160,946	6,406,148	804,124	7,371,218	
Debt service:					
Principal retirement	37,003	0	325,000	362,003	
Interest and bank charges	803	566	664,200	665,569	
Total Expenditures	33,100,505	6,920,142	11,220,708	51,241,355	
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ (1,223,921)	\$ (6,773,336)	\$ (304,190)	\$ (8,301,447)	

(CONTINUED)

MOREHOUSE PARISH SCHOOL BOARD

**GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 2005**

				Statement E
	<u>GENERAL</u>	<u>CAPITAL IMPROVEMENTS</u>	<u>OTHER GOVERNMENTAL</u>	<u>TOTAL</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 0	\$ 0	\$ 0	\$ 0
Transfers out	0	0	0	0
 Total Other Financing Sources (Uses)	 0	 0	 0	 0
 Net Change in Fund Balances	 (1,223,921)	 (6,773,336)	 (304,190)	 (8,301,447)
FUND BALANCES (Deficit) - BEGINNING	<u>(913,516)</u>	<u>10,712,986</u>	<u>1,431,468</u>	<u>11,230,938</u>
FUND BALANCES (Deficit) - ENDING	<u>\$ (2,137,437)</u>	<u>\$ 3,939,650</u>	<u>\$ 1,127,278</u>	<u>\$ 2,929,491</u>

(CONCLUDED)

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

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, 2005**

Statement F

Total net change in fund balances - governmental funds \$ (8,301,447)

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	\$ (905,847)	
Capital outlays	7,371,218	6,465,371

Repayment of bond principal and capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 362,003

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 used \$ (670,200) exceeded the amounts earned \$ (455,841) by \$ 214,359 214,359

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	\$388,558	
<u>Accumulated depreciation</u>	<u>(205,737)</u>	
Net loss	\$ 182,821	(182,821)

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 \$4,937. 4,937

Change in net assets of governmental activities \$ (1,437,598)

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, 2005

Statement G

	<u>AGENCY FUND</u>
ASSETS	
Cash and cash equivalents	\$ <u>288,063</u>
Total assets	<u>288,063</u>
LIABILITIES	
Deposits due others	<u>288,063</u>
Total liabilities	<u>\$ 288,063</u>

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

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

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**Morehouse Parish School Board
Notes to the 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 sixteen schools within the parish with a total enrollment of approximately 5,200 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 are 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.

Capital improvements - 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.

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.

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

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.

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.

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

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.

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.

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

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.

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

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

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.

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

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 an other financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

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.

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

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.

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 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, 2005:

<u>Fund</u>	<u>Deficit Amount</u>
General Fund	\$2,137,437
School Food Service	261,429
Special Federal	40,788

Management expects to correct these deficits by reducing expenditures.

B. Excess of Expenditures Over Appropriations in Individual Funds The following individual funds had actual expenditures over budgeted expenditures for the year ended June 30, 2005:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund	<u>\$30,036,060</u>	<u>\$33,100,505</u>	<u>\$3,064,445</u>

The unfavorable variance was caused by failing to include the three sales tax funds which are a part of the general fund for reporting purposes.

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 17, 2004	November 17, 2004
Total taxes are due	December 31, 2004	December 31, 2004
Lien date	January 1, 2005	March 15, 2005
Penalties and interest are added	May 1, 2005	March 15, 2005

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 \$166,083,470 in calendar year 2004. Louisiana state law exempts the first \$7,500 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption was \$33,934,790 of the assessed value in calendar year 2004.

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

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 2005 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

NOTE 4 - DEPOSITS AND INVESTMENTS At June 30, 2005, the School Board had the following investments:

<u>Investment type</u>	<u>Maturities</u>	<u>Fair Value</u>
Louisiana Asset Management Pool (LAMP)	Less than 1 year	<u>\$1,993,302</u>

Interest Rate Risk: The School Boards' 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 investment in LAMP was rated AAAM by Standard & Poor's. The School Boards' 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 Boards' deposits may not be returned to it. As of June 30, 2005, the School Board's bank balance of \$5,419,544 was exposed to custodial credit risk because it was uninsured and collateralized with security held by the pledging financial institutions trust department or agent but not in the School Board's name. Even though the pledge securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the School Board that the fiscal agent has failed to pay deposited funds upon request.

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

NOTE 5 - RECEIVABLES The receivables at June 30, 2005, are as follows:

<u>Class of Receivable</u>	<u>General</u>	<u>Other Governmental</u>	<u>Total</u>
Taxes			
Ad valorem tax	\$ 2,418	\$ 56	\$ 2,474
Sales and use	504,617	14,569	519,186
Intergovernmental - grants:			
Federal	0	1,350,051	1,350,051
State	240,544	0	240,544
Other	4,427	8,204	12,631
Total	<u>\$752,006</u>	<u>\$1,372,880</u>	<u>\$2,124,886</u>

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

NOTE 6 - FIXED ASSETS Capital assets balances and activity for the year ended June 30, 2005, are as follows:

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Ending</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 240,013	\$ 0	\$ 0	\$ 240,013
Construction in progress	<u>3,958,866</u>	<u>6,474,516</u>	<u>3,630,830</u>	<u>6,802,552</u>
Total capital assets, not being depreciated	<u>4,198,879</u>	<u>6,474,516</u>	<u>3,630,830</u>	<u>7,042,565</u>
Capital assets, being depreciated				
Buildings	24,597,906	3,630,830	169,512	28,059,224
Furniture and equipment	<u>5,358,988</u>	<u>896,702</u>	<u>219,046</u>	<u>6,036,644</u>
Total	<u>29,956,894</u>	<u>4,527,532</u>	<u>388,558</u>	<u>34,095,868</u>
Less accumulated depreciation				
Buildings	8,647,632	388,444	0	9,036,076
Furniture and equipment	<u>1,912,384</u>	<u>517,403</u>	<u>205,737</u>	<u>2,224,050</u>
Total accumulated depreciation	<u>10,560,016</u>	<u>905,847</u>	<u>205,737</u>	<u>11,260,126</u>
Total capital assets, being depreciated, net	<u>19,396,878</u>	<u>3,621,685</u>	<u>182,821</u>	<u>22,835,742</u>
Governmental activities capital assets, net	<u>\$23,595,757</u>	<u>\$10,096,201</u>	<u>\$3,813,651</u>	<u>\$29,878,307</u>

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

Depreciation expense was charged to governmental activities as follows:

Regular programs	\$472,836
Special programs	45,890
Vocational programs	30,425
Other instructional programs	51,689
Student services	54,695
Instructional Staff Support	1,279
General administration	27,312
School administration	678
Business services	24,024
Plant services	33,778
Student transportation	131,585
Central services	12,230
Food services	18,980
Community services	<u>446</u>
Total depreciation expense	<u>\$905,847</u>

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
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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

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

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.

Contribution rates (as a percentage of covered salaries) for active plan members as established by the Louisiana Legislature for the year ended June 30, 2005 are as follows:

	<u>Employee</u>	<u>Employer</u>
Louisiana Teachers' Retirement System:		
Regular	8.0%	15.50%
Plan B	5.0%	15.50%
Louisiana School Employees' Retirement System	7.5%	14.80%

Total covered payroll of the School Board for TRS - Regular Plan, TRS - Plan B, and LSERS for the year ended June 30, 2005, amounted to \$20,009,088, \$720,029 and \$1,638,430, respectively. Employer contributions for the year ended June 30, 2005, and each of the two preceding years are as follows:

<u>Fiscal year ended</u>	<u>TR.S.</u>		<u>LSERS.</u>	
	<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, 2003	2,586,270	83.95	0
June 30, 2004	3,055,433	85.78	171,168	78.8
June 30, 2005	3,681,159	87.28	297,929	81.4

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, 2005. 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 2005 totaled \$2,184,366 for 474 retirees.

NOTE 9 - ACCOUNTS, SALARIES AND OTHER PAYABLES The payables at June 30, 2005, are as follows:

	<u>General</u>	<u>Capital Improvements</u>	<u>Other Governmental</u>	<u>Total</u>
Salaries and withholding	\$3,385,733	\$ 0	\$520,685	\$3,906,418
Accounts	<u>124,381</u>	<u>440,848</u>	<u>69,415</u>	<u>634,644</u>
Total	<u>\$3,510,114</u>	<u>\$440,848</u>	<u>\$590,100</u>	<u>\$4,541,062</u>

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

NOTE 10 - COMPENSATED ABSENCES At June 30, 2005, employees of the School Board have accumulated and vested \$875,239 of employee leave benefits, including \$12,510 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 \$875,239 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, 2005, are as follows:

Balance, beginning	\$ 403,817
Additions	1,383,351
Deductions	<u>1,499,105</u>
Balance, ending	<u>\$ 288,063</u>

NOTE 12 - LONG-TERM LIABILITIES The following is a summary of the long-term obligation transactions for the year ended June 30, 2005:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Bonds payable:					
General obligation debt	\$14,675,000	\$ 0	\$ 325,000	\$14,350,000	\$ 345,001
Notes payable	393,330	0	37,002	356,328	37,003
Other liabilities:					
Worker's compensation claims payable	82,010	264	80,514	1,760	1,760
Compensated absences	<u>1,089,598</u>	<u>455,841</u>	<u>670,200</u>	<u>875,239</u>	<u>670,200</u>
Governmental activities					
Long-term liabilities	<u>\$16,239,938</u>	<u>\$ 456,105</u>	<u>\$1,112,717</u>	<u>\$15,583,327</u>	<u>\$1,053,964</u>

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

Individual obligation issues are as follows:

	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Principal Outstanding</u>
<u>General obligation</u>				
Certificate of indebtedness				
Series 2004	\$ 175,000	3.55%	March 1, 2014	\$ 160,000
General Obligation Bonds				
Series 2003	9,800,000	4.58%	March 1, 2028	9,390,000
General Obligation Bonds				
Series 2004	4,900,000	4.30%	March 1, 2029	4,800,000
<u>Notes payable</u>				
EPA note	98,364	4.551%	December 31, 2009	20,298
QZAB note	440,040	3.906%	November 1, 2015	<u>336,030</u>
Total				<u>\$14,706,328</u>

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

The obligations are due as follows:

<u>Year Ending June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2006	\$ 382,004	\$ 647,793	\$ 1,029,797
2007	397,003	628,803	1,025,806
2008	412,003	608,963	1,020,966
2009	432,003	588,273	1,020,276
2010	457,300	564,697	1,021,997
2011-2014	2,575,015	2,532,584	5,107,599
2015-2020	3,026,000	1,994,675	5,020,675
2020-2025	3,860,000	1,279,347	5,139,347
2026-2029	<u>3,165,000</u>	<u>329,918</u>	<u>3,494,918</u>
Total	<u>\$14,706,328</u>	<u>\$9,175,053</u>	<u>\$23,881,381</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, 2005, are as follows:

<u>Year Ending June 30,</u>	<u>EPA Principal Payments</u>	<u>EPA Interest Payments</u>	<u>Total</u>	<u>QZAB Principal Payments</u>
2006	\$ 4,143	\$ 857	\$ 5,000	\$ 32,003
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	11	297	32,003
Thereafter	<u>0</u>	<u>0</u>	<u>0</u>	<u>16,000</u>
Total	<u>\$18,208</u>	<u>\$2,090</u>	<u>\$20,298</u>	<u>\$336,030</u>

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, 2005, the statutory limit is \$46,252,038, and outstanding net bonded debt totals \$13,315,932.

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

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

Due from/to others:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Capital Improvements	\$ 231,961
Capital Improvements	General Fund	1,980,711
General Fund	Other Governmental	<u>1,213,850</u>
Total		<u>\$3,426,522</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. The payable from the general fund to the capital improvements fund is to cover a cash short fall until a short term loan can be negotiated.

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.

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 30,2005 . 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. The amount for benefit payments and claims includes \$26,000 which was transferred to the General Fund cash account, as the School Board is no longer self-insured for worker's compensation.

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

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

	<u>Beginning of Fiscal Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Benefit Payments and Claims</u>	<u>End of Fiscal Year Liability</u>
Workers' Compensation:				
2002-2003	\$79,105	\$66,812	\$62,592	\$83,325
2003-2004	83,325	205,347	206,662	82,010
2004-2005	\$82,010	\$264	\$80,514	\$1,760

The School Board is no longer self-insured for workers' compensation. The end of the year liabilities do not include incremental costs and are managements' best estimate of the remaining liability.

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 \$15,600. 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 July, 2005 in the amount of \$2,000,000 for operating purposes. The loan is in the form of a Revenue Anticipation Note, Series 2005, with principal and interest due June 30, 2006. The stated interest rate is 3.44%.

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 \$21,599,413 which is 50 percent of total revenues.

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, 2005, the School Board had entered into purchase orders and commitments as follows:

<u>Fund</u>	<u>General</u>	<u>Capital Improvements</u>	<u>Other Governmental</u>	<u>Total</u>
Totals	<u>\$18,536</u>	<u>\$72,099</u>	<u>\$89,166</u>	<u>\$179,801</u>

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.

MOREHOUSE PARISH SCHOOL BOARD

**GENERAL FUND
Budgetary Comparison Schedule
For the Year Ended June 30, 2005**

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	\$ (913,516)	\$ (913,516)	\$ (913,516)	0
Resources (inflows)				
Local sources:				
Ad valorem	2,058,588	2,058,588	3,636,834	1,578,246
Sales and use	6,040,484	6,040,484	5,702,882	(337,602)
Interest earnings	499,520	499,520	197,314	(302,206)
Other	390,165	390,165	400,655	10,490
State sources:				
Equalization	20,966,520	20,966,520	21,553,534	587,014
Other	370,742	370,742	385,365	14,623
Transfers from other funds	(289,959)	(289,959)	0	289,959
Proceeds from capital lease	0	0	0	0
	<u>29,122,544</u>	<u>29,122,544</u>	<u>30,963,068</u>	<u>1,840,524</u>
Amounts available for appropriations				
Charges to appropriations (outflows)				
Instruction:				
Regular programs	14,878,608	14,878,608	16,198,000	(1,319,392)
Special programs	4,078,586	4,078,586	4,432,719	(354,133)
Other instructional programs	923,334	923,334	1,424,446	(501,112)
Support services:				
Student services	967,314	967,314	1,430,549	(463,235)
Instructional staff support	693,538	693,538	804,804	(111,266)
General administration	149,109	149,109	126,191	22,918
School administration	2,110,650	2,110,650	2,263,043	(152,393)
Business services	563,331	563,331	566,456	(3,125)
Plant services	2,633,728	2,633,728	2,783,143	(149,415)
Student transportation services	1,551,413	1,551,413	1,976,005	(424,592)
Central services	485,546	485,546	451,621	33,925
Food services	346,969	346,969	430,036	(83,067)
Community service programs	5,301	5,301	14,740	(9,439)
Capital Outlay	1,080	1,080	160,946	(159,866)
Debt service:				
Principal retirement	647,553	647,553	37,003	610,550
Interest and bank charges	0	0	803	(803)
Transfers to other funds	0	0	0	0
	<u>30,036,060</u>	<u>30,036,060</u>	<u>33,100,505</u>	<u>(3,064,445)</u>
Total charges to appropriations				
BUDGETARY FUND BALANCES, ENDING	\$ (913,516)	\$ (913,516)	\$ (2,137,437)	\$ (1,223,921)

**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 fund had actual expenditures over budgeted expenditures for the year ended June 30, 2005:

	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund	<u>\$30,036,060</u>	<u>\$33,100,505</u>	<u>\$3,064,445</u>

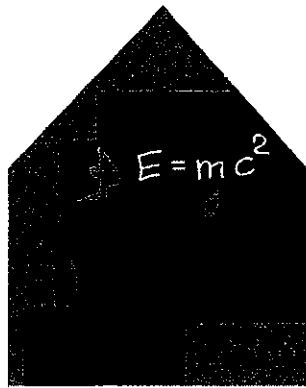
MOREHOUSE PARISH SCHOOL BOARD

Notes to Budgetary Comparison Schedule
For the Year Ended June 30, 2005

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

	<u>GENERAL FUND</u>
<u>Sources/inflows of resources:</u>	
Actual amounts (budgetary basis) "available for appropriation" from the Budgetary Comparison Schedule	\$ 30,963,068
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	<u>913,516</u>
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>31,876,584</u>
<u>Uses/outflows of resources:</u>	
Actual amounts (budgetary basis) "Total charges to appropriations" from the Budgetary Comparison Schedule	<u>33,100,505</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 33,100,505</u>

Morehouse Parish School Board



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, 2005

Exhibit 2

	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL
ASSETS				
Cash and cash equivalents	\$ 241,989	\$ 1,032,668	\$ 268,154	\$ 1,542,811
Investments	0	0	0	0
Receivables	1,356,856	1,400	14,624	1,372,880
Interfund receivables	0	0	0	0
Inventory	48,416	0	0	48,416
TOTAL ASSETS	1,647,261	1,034,068	282,778	2,964,107
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts, salaries and other payables	566,588	0	23,512	590,100
Interfund payables	1,213,043	0	807	1,213,850
Deferred revenue	32,879	0	0	32,879
Total Liabilities	1,812,510	0	24,319	1,836,829
Fund Balances:				
Reserved for inventory	15,537	0	0	15,537
Reserved for debt service	0	1,034,068	0	1,034,068
Unreserved and reported in special revenue and capital projects	(180,786)	0	258,459	77,673
Total Fund Balances	(165,249)	1,034,068	258,459	1,127,278
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,647,261	\$ 1,034,068	\$ 282,778	\$ 2,964,107

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, 2005

Exhibit 3

	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL
REVENUES				
Local sources:				
Taxes:				
Ad valorem	\$ 0	\$ 1,266,751	\$ 260,062	\$ 1,526,813
Sales and use	0	0	155,923	155,923
Interest earnings	0	17,651	7,095	24,746
Food services	255,375	0	0	255,375
Other	138	0	7	145
State sources:				
Equalization	45,879	0	0	45,879
Other	706,773	0	0	706,773
Federal sources	8,200,864	0	0	8,200,864
Total Revenues	9,209,029	1,284,402	423,087	10,916,518
EXPENDITURES				
Current:				
Instruction:				
Regular programs	701,230	0	274,609	975,839
Special programs	804,225	0	56,500	860,725
Other instructional programs	2,607,577	0	22,953	2,630,530
Support services:				
Student services	117,286	0	2,456	119,742
Instructional staff support	1,135,602	0	0	1,135,602
General administration	430,416	0	1,971	432,387
School administration	0	0	162,337	162,337
Business services	58,418	0	2,958	61,376
Plant services	137,986	0	27,891	165,877
Student transportation services	34,439	0	28,411	62,850
Central services	127,663	0	0	127,663
Food services	2,687,992	0	4,464	2,692,456
Capital outlay	717,994	0	86,130	804,124
Debt service:				
Principal retirement	0	310,000	15,000	325,000
Interest and bank charges	0	660,591	3,609	664,200
Total Expenditures	9,560,828	970,591	689,289	11,220,708
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ (351,799)	\$ 313,811	\$ (266,202)	\$ (304,190)

(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, 2005**

Exhibit 3

	<u>SPECIAL</u>	<u>DEBT</u>	<u>CAPITAL</u>	<u>TOTAL</u>
	<u>REVENUE</u>	<u>SERVICE</u>	<u>PROJECTS</u>	
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 0	\$ 0	\$ 0	\$ 0
Transfers out	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
 Total Other Financing Sources (Uses)	 <u>0</u>	 <u>0</u>	 <u>0</u>	 <u>0</u>
 Net Change in Fund Balances	 (351,799)	 313,811	 (266,202)	 (304,190)
 FUND BALANCES - BEGINNING	 <u>186,550</u>	 <u>720,257</u>	 <u>524,661</u>	 <u>1,431,468</u>
 FUND BALANCES (Deficit) - ENDING	 <u>\$ (165,249)</u>	 <u>\$ 1,034,068</u>	 <u>\$ 258,459</u>	 <u>\$ 1,127,278</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 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.

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.

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.

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

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

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.

MOREHOUSE PARISH SCHOOL BOARD

NONMAJOR SPECIAL REVENUE FUNDS

Combining Balance Sheet

June 30, 2005

	<u>TITLE I</u>	<u>TITLE VI</u>	<u>MATH AND SCIENCE - TITLE II</u>	<u>TITLE V</u>	<u>SPECIAL EDUCATION</u>
ASSETS					
Cash and cash equivalents	\$ 55,359	\$ 0	\$ 8,795	\$ 0	\$ 7,140
Receivables	411,257	5,290	112,520	1,293	209,356
Inventory	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL ASSETS	<u>466,616</u>	<u>5,290</u>	<u>121,315</u>	<u>1,293</u>	<u>216,496</u>
 LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts, salaries and other payables	198,180	2,674	27,413	0	37,910
Interfund payable	268,436	2,616	93,902	1,293	178,586
Deferred revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>466,616</u>	<u>5,290</u>	<u>121,315</u>	<u>1,293</u>	<u>216,496</u>
 Fund Balances:					
Reserved for inventory	0	0	0	0	0
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>\$ 466,616</u>	 <u>\$ 5,290</u>	 <u>\$ 121,315</u>	 <u>\$ 1,293</u>	 <u>\$ 216,496</u>

Exhibit 4

MISCELLANEOUS							
STATE		ADULT	VOCATIONAL	SCHOOL	DRUG FREE-		
GRANTS	PRESCHOOL	EDUCATION	EDUCATION	FOOD	TITLE IV	TANF	
				SERVICE			
\$ 0	\$ 0	\$ 4,509	\$ 0	\$ 0	\$ 0	\$ 34,182	
0	75,884	4,590	83,553	242,445	14,471	19,287	
0	0	0	0	48,416	0	0	
0	75,884	9,099	83,553	290,861	14,471	53,469	
0	43,228	6,938	10,554	172,053	0	10,340	
0	32,656	2,161	72,999	347,358	14,471	11,061	
0	0	0	0	32,879	0	0	
0	75,884	9,099	83,553	552,290	14,471	21,401	
0	0	0	0	15,537	0	0	
0	0	0	0	(276,966)	0	32,068	
0	0	0	0	(261,429)	0	32,068	
\$ 0	\$ 75,884	\$ 9,099	\$ 83,553	\$ 290,861	\$ 14,471	\$ 53,469	

(CONTINUED)

MOREHOUSE PARISH SCHOOL BOARD
NONMAJOR SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2005

	<u>LEARN</u>	<u>8 (g)</u>	<u>EDUCATIONAL EXCELLENCE</u>	<u>RURAL EDUCATION ACHIEVEMENT</u>
ASSETS				
Cash and cash equivalents	\$ 0	\$ 0	\$ 106,524	\$ 2,887
Receivables	7,573	7,309	0	13,271
Inventory	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL ASSETS	<u>7,573</u>	<u>7,309</u>	<u>106,524</u>	<u>16,158</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts, salaries and other payables	0	722	1,624	8,930
Interfund payable	7,573	6,587	0	7,228
Deferred revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>7,573</u>	<u>7,309</u>	<u>1,624</u>	<u>16,158</u>
 Fund Balances:				
Reserved for inventory	0	0	0	0
Unreserved - undesignated	<u>0</u>	<u>0</u>	<u>104,900</u>	<u>0</u>
Total Fund Balances	<u>0</u>	<u>0</u>	<u>104,900</u>	<u>0</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 7,573</u>	 <u>\$ 7,309</u>	 <u>\$ 106,524</u>	 <u>\$ 16,158</u>

Exhibit 4

MISCELLANEOUS FUNDS	SPECIAL FEDERAL	TOTAL
\$ 426	\$ 22,167	\$ 241,989
70,385	78,372	1,356,856
<u>0</u>	<u>0</u>	<u>48,416</u>
<u>70,811</u>	<u>100,539</u>	<u>1,647,261</u>
15,526	30,496	566,588
55,285	110,831	1,213,043
<u>0</u>	<u>0</u>	<u>32,879</u>
<u>70,811</u>	<u>141,327</u>	<u>1,812,510</u>
0	0	15,537
<u>0</u>	<u>(40,788)</u>	<u>(180,786)</u>
<u>0</u>	<u>(40,788)</u>	<u>(165,249)</u>
<u>\$ 70,811</u>	<u>\$ 100,539</u>	<u>\$ 1,647,261</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, 2005

	TITLE I	TITLE VI	MATH AND SCIENCE - TITLE II	TITLE V	SPECIAL EDUCATION
REVENUES					
Local sources:					
Food services	\$ 0	\$ 0	\$ 0	\$ 0	0
Other	0	0	0	0	0
State sources:					
Equalization	0	0	0	0	0
Other	0	0	0	0	24,442
Federal sources	<u>2,629,871</u>	<u>81,211</u>	<u>542,818</u>	<u>23,856</u>	<u>1,281,299</u>
Total Revenues	<u>2,629,871</u>	<u>81,211</u>	<u>542,818</u>	<u>23,856</u>	<u>1,305,741</u>
EXPENDITURES					
Current:					
Instruction:					
Regular programs	128	0	218,608	0	40,172
Special programs	0	0	0	0	710,391
Other instructional programs	1,446,759	60,357	53,562	23,856	0
Support services:					
Student services	0	0	0	0	56,714
Instructional staff support	601,836	13,298	220,567	0	94,069
General administration	229,668	7,556	50,081	0	93,835
Business services	33,792	0	0	0	24,626
Plant services	135,262	0	0	0	2,724
Student transportation services	11,137	0	0	0	20,118
Central services	80,543	0	0	0	29,041
Food services	0	0	0	0	0
Capital outlay	<u>90,746</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>234,051</u>
Total Expenditures	<u>2,629,871</u>	<u>81,211</u>	<u>542,818</u>	<u>23,856</u>	<u>1,305,741</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	0	0	0	0	0
FUND BALANCES (Deficit) - BEGINNING	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCES (Deficit) - ENDING	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>

Exhibit 5

MISCELLANEOUS STATE GRANTS	PRESCHOOL	ADULT EDUCATION	VOCATIONAL EDUCATION	SCHOOL FOOD SERVICE	DRUG FREE- TITLE IV	TANF
\$ 0	\$ 0	\$ 0	\$ 0	\$ 255,375	\$ 0	0
0	0	0	0	138	0	0
0	0	0	0	45,879	0	0
0	220,262	32,144	113,904	0	0	0
<u>50,311</u>	<u>63,199</u>	<u>60,472</u>	<u>138,586</u>	<u>2,023,896</u>	<u>63,978</u>	<u>60,077</u>
<u>50,311</u>	<u>283,461</u>	<u>92,616</u>	<u>252,490</u>	<u>2,325,288</u>	<u>63,978</u>	<u>60,077</u>
0	47,965	0	100,996	0	0	0
0	54,834	0	0	0	0	0
11,376	170,894	89,053	115,473	0	0	60,077
0	0	0	0	0	60,572	0
10,579	2,898	3,563	12,949	0	2,539	0
0	5,758	0	0	0	867	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	1,312	0	121	0	0	0
0	0	0	0	0	0	0
0	0	0	0	2,687,992	0	0
<u>28,356</u>	<u>0</u>	<u>0</u>	<u>14,255</u>	<u>82,065</u>	<u>0</u>	<u>0</u>
<u>50,311</u>	<u>283,461</u>	<u>92,616</u>	<u>243,794</u>	<u>2,770,057</u>	<u>63,978</u>	<u>60,077</u>
0	0	0	8,696	(444,769)	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>(8,696)</u>	<u>183,340</u>	<u>0</u>	<u>32,068</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (261,429)</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, 2005

	<u>LEARN</u>	<u>8 (g)</u>	<u>EDUCATIONAL EXCELLENCE</u>	<u>RURAL EDUCATION ACHIEVEMENT</u>
REVENUES				
Local sources:				
Food services	\$ 0	\$ 0	\$ 0	0
Other	0	0	0	0
State sources:				
Equalization	0	0	0	0
Other	7,573	39,215	137,569	0
Federal sources:	0	0	0	169,816
Total Revenues	<u>7,573</u>	<u>39,215</u>	<u>137,569</u>	<u>169,816</u>
EXPENDITURES				
Current:				
Instruction:				
Regular programs	7,573	26,220	16,819	0
Special Programs	0	0	0	0
Other instructional programs	0	0	19,177	147,207
Support services:				
Student services	0	0	0	0
Instructional staff support	0	12,995	0	1,861
General administration	0	0	0	11,561
Business services	0	0	0	0
Plant services	0	0	0	0
Student transportation services	0	0	0	0
Central services	0	0	18,079	0
Food services	0	0	0	0
Capital outlay	0	0	0	9,187
Total Expenditures	<u>7,573</u>	<u>39,215</u>	<u>54,075</u>	<u>169,816</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	0	0	83,494	0
FUND BALANCE (Deficit) - BEGINNING	<u>0</u>	<u>0</u>	<u>21,406</u>	<u>0</u>
FUND BALANCE (Deficit) - ENDING	<u>\$ 0</u>	<u>\$ 0</u>	<u>104,900</u>	<u>\$ 0</u>

Exhibit 5

MISCELLANEOUS FUNDS	SPECIAL FEDERAL	TOTAL
\$ 0	\$ 0	\$ 255,375
0	0	138
0	0	45,879
131,664	0	706,773
<u>385,746</u>	<u>625,728</u>	<u>8,200,864</u>
<u>517,410</u>	<u>625,728</u>	<u>9,209,029</u>
218,895	23,854	701,230
39,000	0	804,225
10,074	399,912	2,607,577
0	0	117,286
97,889	60,559	1,135,602
20,632	10,458	430,416
0	0	58,418
0	0	137,986
0	1,751	34,439
0	0	127,863
0	0	2,687,992
<u>130,920</u>	<u>128,414</u>	<u>717,994</u>
<u>517,410</u>	<u>624,948</u>	<u>9,560,828</u>
0	780	(351,799)
<u>0</u>	<u>(41,568)</u>	<u>186,550</u>
<u>\$ 0</u>	<u>\$ (40,788)</u>	<u>\$ (165,249)</u>

(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.

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.

QZAB

Proceeds from Qualified Zone Academy Bond Program used for various projects authorized under the QZAB regulations.

MOREHOUSE PARISH SCHOOL BOARD
NONMAJOR CAPITAL PROJECTS FUNDS
Combining Balance Sheet
June 30, 2005

Exhibit 6

	SCHOOL DISTRICT 12 <u>CONSTRUCTION</u>	EAST MOREHOUSE PARISH <u>TAX DISTRICT</u>	<u>QZAB</u>	<u>TOTAL</u>
ASSETS				
Cash	\$ 220,482	\$ 47,672	\$ 0	\$ 268,154
Investments	0	0	0	0
Receivables	0	14,624	0	14,624
Interfund receivables	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL ASSETS	<u>220,482</u>	<u>62,296</u>	<u>0</u>	<u>282,778</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts, salaries, and other payables	22,163	1,349	0	23,512
Interfund payables	<u>0</u>	<u>807</u>	<u>0</u>	<u>807</u>
Total Liabilities	<u>22,163</u>	<u>2,156</u>	<u>0</u>	<u>24,319</u>
Fund Balances:				
Unreserved	<u>198,319</u>	<u>60,140</u>	<u>0</u>	<u>258,459</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 220,482</u>	<u>\$ 62,296</u>	<u>\$ 0</u>	<u>\$ 282,778</u>

MOREHOUSE PARISH SCHOOL BOARD
NONMAJOR CAPITAL PROJECTS FUNDS
Combining Statement of Revenues, Expenditures,
and Changes In Fund Balances
For the Year Ended June 30, 2005

Exhibit 7

	SCHOOL DISTRICT 12 CONSTRUCTION	EAST MOREHOUSE PARISH TAX DISTRICT	QZAB	TOTAL
REVENUES				
Local sources:				
Taxes:				
Ad valorem	\$ 42,891	\$ 217,171	\$ 0	\$ 260,062
Sales and use	0	155,923	0	155,923
Interest earnings	4,761	2,334	0	7,095
Other	7	0	0	7
Total Revenues	47,659	375,428	0	423,087
EXPENDITURES				
Current:				
Instruction:				
Regular programs	9	274,600	0	274,609
Special programs	0	56,500	0	56,500
Other instructional programs	0	22,953	0	22,953
Support services:				
Student services	0	2,456	0	2,456
General administration	0	1,971	0	1,971
School administration	0	162,337	0	162,337
Business services	0	30	2,928	2,958
Plant services	0	27,891	0	27,891
Student transportation	0	28,411	0	28,411
Food services	0	4,464	0	4,464
Capital outlay	68,368	17,762	0	86,130
Debt service				
Principal retirement	15,000	0	0	15,000
Interest and bank charges	3,609	0	0	3,609
Total Expenditures	86,986	599,375	2,928	689,289
Net changes in fund balances	(39,327)	(223,947)	(2,928)	(266,202)
FUND BALANCES - BEGINNING	237,646	284,087	2,928	524,661
FUND BALANCES - ENDING	\$ 198,319	\$ 60,140	\$ 0	\$ 258,459

**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, 2005**

Exhibit 8

	<u>Balance, Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, Ending</u>
*****SCHOOL ACTIVITIES FUND*****				
ASSETS				
Cash and cash equivalents	\$ 402,617	\$ 1,381,351	\$ 1,497,905	\$ 286,063
	<u>402,617</u>	<u>1,381,351</u>	<u>1,497,905</u>	<u>286,063</u>
LIABILITIES				
Deposits due others	<u>402,617</u>	<u>1,381,351</u>	<u>1,497,905</u>	<u>286,063</u>
	<u>402,617</u>	<u>1,381,351</u>	<u>1,497,905</u>	<u>286,063</u>
*****COX SCHOLARSHIP FUND*****				
ASSETS				
Cash and cash equivalents	<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>	<u>2,000</u>
LIABILITIES				
Deposits due others	<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>	<u>2,000</u>
*****TOTAL*****				
ASSETS				
Cash and cash equivalents	<u>403,817</u>	<u>1,383,351</u>	<u>1,499,105</u>	<u>288,063</u>
	<u>403,817</u>	<u>1,383,351</u>	<u>1,499,105</u>	<u>288,063</u>
LIABILITIES				
Deposits due others	<u>403,817</u>	<u>1,383,351</u>	<u>1,499,105</u>	<u>288,063</u>
	<u>\$ 403,817</u>	<u>\$ 1,383,351</u>	<u>\$ 1,499,105</u>	<u>\$ 288,063</u>

MOREHOUSE PARISH SCHOOL BOARD
SCHOOL ACTIVITIES AGENCY FUND
Schedule of Changes in Deposits Due Others
For the Year Ended June 30, 2005

Exhibit 9

<u>SCHOOL</u>	<u>Balance, Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, Ending</u>
H. V. ADAMS	\$ 4,656	\$ 73,421	\$ 73,586	\$ 4,491
BASTROP MIDDLE SCHOOL	49,353	72,674	88,768	33,259
BASTROP HIGH SCHOOL	244,937	567,134	626,478	185,593
BEEKMAN	5,785	61,419	66,285	919
BONITA	1,724	11,149	11,622	1,251
CARVER	6,859	56,811	54,293	9,377
CHERRY RIDGE	11,944	47,102	53,129	5,917
COLLINGSTON	4,256	25,775	24,442	5,589
DELTA HIGH	5,961	142,445	143,587	4,819
EAST SIDE	9,381	47,701	57,062	20
MOREHOUSE MAGNET SCHOOL	30,349	95,604	117,388	8,565
OAK HILL	4,321	57,189	60,403	1,107
PINE GROVE	6,782	81,749	79,968	8,563
SOUTH SIDE	<u>16,309</u>	<u>41,178</u>	<u>40,894</u>	<u>16,593</u>
TOTAL	<u>\$ 402,617</u>	<u>\$ 1,381,351</u>	<u>\$ 1,497,905</u>	<u>\$ 286,063</u>

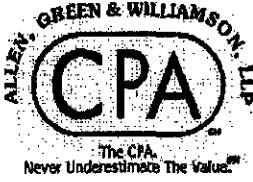
Morehouse Parish School Board

**Schedule of Compensation Paid Board Members
For the Year Ended June 30, 2005**

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>
Hamp Lenoir, President 1/1/05-6/30/05	\$ 2,700
Kris McKoin Vice President 1/5/05-6/30/05	2,400
James T. Pullin, President 7/1/04-12/31/04	2,700
Susie Cox	2,400
Loe Dunn	2,400
Sylvia Reese	2,400
Louis Warner, Jr.	2,400
Total	<u>\$17,400</u>



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1963 - 2000

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, 2005, which collectively comprise the School Board's basic financial statements and have issued our report thereon dated December 28, 2005. 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 item 05-F1, 05-F2, and 05-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. We do not consider the reportable conditions mentioned above to be material weaknesses.

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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards which is described in the accompanying Schedule of Findings and Questioned Costs as item 05-F1 and 05-F2.

Management Letter Items

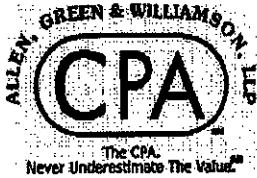
We also noted certain additional matters that we reported to management of the School Board in a separate letter dated December 28, 2005.

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 28, 2005



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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, 2005. 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, 2005. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as 05-04.

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 28, 2005

**Morehouse Parish School Board
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2005**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME	CFDA <u>Number</u>	Pass-Through <u>Grantor No.</u>	<u>Expenditures</u>
CASH FEDERAL AWARDS			
United States Department of Agriculture			
Passed Through Louisiana Department of Education:			
School Breakfast Program	10.553	N/A	\$ 485,576
National School Lunch Program	10.555	N/A	<u>1,365,558</u>
Total United States Department of Agriculture			<u>1,851,134</u>
United States Department of Education			
Passed Through Louisiana Department of Education:			
Adult Education - State Grant Program	84.002	04-AE-34-F	60,472
Title I Grants to Local Educational Agencies	84.010	04-IASA-34-I	2,629,871
Special Education			
Grants to States (Part B)	84.027	04-1B-34-S	1,281,299
Preschool Grants	84.173	04-IP-34-S	63,199
Vocational Education			
Basic Grants to States	84.048	04-VE-34-2B/BG	138,586
Tech-Prep Education	84.243	04-VE-34-3-FE	146,361
Title II (Improving Teacher Quality State Grants)	84.367	04-IASA-34-2	680,973
Title IV (Safe and Drug-Free Schools - State Grant)	84.186	04-IASA-34-4	63,978
Rural Education Achievement Program (REAP)	84.358	N/A	169,816
Technology Literacy Challenge	84.318	04-L1-34	227,136
Title V	84.031	N/A	23,856
Passed Through the Office of Education Research and Improvement:			
Technology Innovation Challenge Grants	84.303	R303A980332	247,591
Class Size Reduction	84.340	N/A	<u>81,211</u>
Total United States Department of Education			<u>\$5,814,349</u>
United States Department of Health and Human Services			
Passed Through the Louisiana Department of Education:			
TANF	93.558	CFMS533847	<u>200,091</u>
United States Department of Labor			
Passed Through the Union Community Action, Farmerville, LA:			
Workforce Investment Act (WIA)	17.258	N/A	<u>52,574</u>
United States Department of Defense			
Direct Programs			
Department of The Army			
ROTC	NONE	N/A	<u>109,954</u>
Total Cash Awards			
NONCASH FEDERAL AWARDS			
United States Department of Agriculture			
Passed Through Louisiana Department of Agriculture and Forestry:			
Food Distribution (Commodities)	10.550	N/A	<u>172,762</u>
TOTAL FEDERAL AWARDS			<u>\$8,200,864</u>

Morehouse Parish School Board
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2005

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	\$2,629,871
Title VI	81,211
Math & Science -- Title II	542,818
Title V	23,856
Special Education	1,281,299
Miscellaneous State Grants	50,311
Preschool	63,199
Adult Education	60,472
Vocational Education	138,586
School Food Service	2,023,896
Drug Free -- Title IV	63,978
TANF	60,077
Rural Education Achievement	169,816
Miscellaneous Funds	385,746
Special Federal	<u>625,728</u>
Total	<u>\$8,200,864</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, 2005, is \$20,298.

**Morehouse Parish School Board
Schedule of Findings and Questioned Costs
As of and for the Year Ended June 30, 2005**

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

Audit of Federal Awards

- iv. There were 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 one finding 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
 - Child Nutrition Cluster:
 - CFDA #10.553 School Breakfast Program
 - CFDA #10.555 National School Lunch Program
- 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, 2005**

PART II – Findings related to the 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: 05-F1 Loans Made To Other Funds from Dedicated Tax Funds

Criteria or specific requirement: The purpose of fund accounting is to establish a self-balancing set of accounts which are maintained to ensure observance of limitations and restrictions placed on the use of the resources for each fund. Funds which account for sales tax revenue or bond proceeds are restricted in use by voter referendum.

Condition found: 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.

Possible asserted effect (cause and effect):

Cause: Cash flow problems caused loans from dedicated funds.

Effect: The limitations placed on these funds have not been observed.

Recommendations to prevent future occurrences: Cash flow analysis should be performed and alternative solutions such as tax anticipation notes should be considered.

Reference # and title: 05-F2 Budget Variances Which Exceed 5%

Criteria or specific requirement: Louisiana Revised Statute 39:1311 requires an amended budget when projected revenues and other sources exceed actual revenues and other sources by five percent or more. This also applies when actual expenditures and other uses exceed projected expenditures and other uses by five percent or more.

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

Possible asserted effect (cause and effect):

Cause: The budget was not monitored during the year for variances in which amendments were needed to remain below 5% requirement of state law.

Effect: Louisiana Revised Statutes regarding budgetary processes were not followed.

Recommendations to prevent future occurrences: The budget should be monitored during the year for any variances of 5% or greater and adopt any required amendments.

Reference # and title: 05-F3 Bank Reconciliations Not Prepared Timely

Criteria or specific requirement: Good internal controls require that bank reconciliations be performed timely. 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.

**Morehouse Parish School Board
Schedule of Findings and Questioned Costs
As of and for the Year Ended June 30, 2005**

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

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

Possible asserted effect (cause and effect):

Cause: Accounting problems in the past caused the bank reconciliations to be behind.

Effect: Bank reconciliations were not reconciled monthly as required.

Recommendations to prevent future occurrences: Bank reconciliations should be prepared within thirty days of the end of the month.

**Morehouse Parish School Board
Schedule of Findings and Questioned Costs
As of and for the Year Ended June 30, 2005**

PART III – Findings and questioned costs for federal awards which are required to be reported under OMB Circular A-133 Section .510(a):

Reference # and title: **05-F4** **Highly Qualified Teachers**

Federal Program and specific award identification: Title I, CFDA #84.010, Passed through the Louisiana Department of Education.

Criteria or specific requirement: The School Board must ensure that any teacher who is hired after the first day of the 2002-2003 school year to teach a core academic subject and who works in a program supported with Title I funds is highly qualified as defined in 34 CFR section 200.56. This requirement applies to teachers in Title I targeted assistance programs who teach a core academic subject and are paid with Title I funds and to all teachers who teach a core academic subject in a Title I school wide program school. Core academic subjects are English, reading or language arts, mathematics, science, foreign languages, civics and government, economics, arts, history, and geography.

Condition: 3 of 4 teachers examined hired after the first day of 2002-2003 school year who teach core subjects in Title I schools did not meet the highly qualified definition.

Possible asserted effect (cause and effect):

Cause: The School Board does not always have highly qualified teachers applying for positions, thus teachers who are not highly qualified must be hired.

Effect: The School Board is not in compliance with Title I regulation regarding highly qualified teachers for teachers hired after the first day of the 2002-2003 school year.

Recommendations to prevent future occurrences: Teachers working in programs supported by Title I should meet the definition of highly qualified.

**Morehouse Parish School Board
Summary Status of Prior Audit Findings
June 30, 2005**

Reference # and title: 04-F1 Inadequate Accounting

Condition found: It appears that monthly reports were not maintained and no comparative analysis were performed. There were large debit balances in the accounts payable. There was a balance of over thirteen million dollars in the accounts payable general ledger clearing account. The interfund receivables and payables were not balanced and were out over three million dollars. The interfund transfers were not balanced and were approximately three times the prior year balances. A transfer of \$557,179 was made to a bank as the final payment of a certificate of indebtedness but was never entered into the books. Retiree group insurance charges totaling over \$950,000 were never booked to the general ledger. Interfund payable/receivable accounts were often miscoded and there appeared to be no research to ascertain if the entries were original entries or were reversals of existing entries. Revenue and expenditure accounts were coded instead of coding to asset and liability accounts. Two payroll runs during the month of October, 2003 required that funds be transferred into the payroll account. No funds were transferred because there appeared to be adequate funds in the payroll account as indicated on the face of the payroll run sheet. At the end of the fiscal year, there was over \$155,000 due to the payroll account from other funds. In addition, a miscalculation on the amount paid for retiree insurance by the general fund resulted in a due from the payroll fund being understated by \$415,696. An accounts payable run totaling \$131,203 was not posted. A receivable and revenue account were posted twice resulting in revenues being overstated \$114,838.

Corrective action taken: Monthly reports are being prepared and presented to the board at the monthly finance committee meeting. All due to/from accounts have been reconciled and balanced. Bank accounts have been reconciled which insures that all payables and receivables have been posted to the books. Trial balances have been run as of 6/2005 and all funds are balanced. Transfer reports have been reconciled as of June 30, 2005. Cost reimbursement programs have received a current budget stating actual revenues and expenditures as of June 30, 2005 to ensure that any additional budget revisions necessary are done before year end. All bank transfers and journal entries have been posted as of the end of 2005.

Reference # and title: 04-F2 Capital Assets Overstated

Condition found: The test of fixed assets showed that the salvage value for all assets was set at fifty (50) percent of the total cost of the asset. This is not a reasonable estimate for the salvage value of capital assets. The accumulated depreciation report included approximately \$133,000 in assets which were below the capitalization threshold. The list of disposed items included a value of zero for accumulated depreciation even though most items were fully depreciated.

Corrective action taken: The data has been corrected for 2002-2003, 2003-2004, and 2004-2005.

Reference # and title: 04-F3 Bid Advertisements

Condition found: One advertisement which included three separate bids was not run 25 days prior to the bid opening. One advertisement was first run on a Saturday. An emergency was declared but was never advertised in the local journal.

Corrective action taken: Advertisements have been run for all bids with one exception. This exception was the fault of the newspaper personnel. The school board has a statement from the newspaper that verifies this.

**Morehouse Parish School Board
Summary Status of Prior Audit Findings
June 30, 2005**

Reference # and title: 04-F4 Loans Made To Other Funds from Dedicated Tax Funds

Condition found: 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. In August, 2003 separate bank accounts were established for the three sales tax funds. The cash for the ½% renewed sales tax had formerly been a part of the master bank account. When the new account was established, the funds which existed in the master bank account were never transferred. Over \$300,000 was transferred from the capital improvements fund to the general fund in April, 2004 and these funds had not been repaid as of June 30, 2004. See current year finding 05-F1.

Corrective action planned : Since April 2005, no loans have been made between funds. A loan for \$2,000,000 was obtained from a bank for operating purposes. The money owed to other funds is being repaid as it becomes available.

Reference # and title: 04-F5 Late Filing of Report

Condition found: The audit report was filed with the Legislative Auditor's office more than two months after the deadline.

Corrective action taken: The accounting records are in better condition which should make it possible to file a timely report.

Reference # and title: 04-F6 Budget Overruns

Condition: Actual expenses exceeded budgeted expenses in the General Fund by approximately twenty-four percent. See current year finding 05-F2.

Corrective action planned: Reports are submitted monthly to the school board. Budget revisions will be done as needed.

Reference # and title: 04-F7 Semi-Annual Certifications Not Completed for Title I

Condition: We found no certifications for the seven Title I employees tested.

Corrective action taken: Certifications for federal employees are being done correctly now.

**Morehouse Parish School Board
Corrective Action Plan for Current-Year Audit Findings
As of and for the Year Ended June 30, 2005**

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 planned: Effective with the 2005-06 school year, no loans will be made from dedicated funds.

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: Immediately

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 planned: The budget will be monitored more closely and budget revisions will be made as needed.

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: Immediately

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: Bank reconciliations will be prepared monthly.

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: Immediately

**Morehouse Parish School Board
Corrective Action Plan for Current-Year Audit Findings
As of and for the Year Ended June 30, 2005**

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.

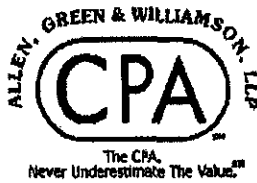
Corrective action planned: The School Board will continue to hire highly qualified teachers applying for vacant positions when among candidates applying for the job so as to be in compliance with Title I regulations.

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: Immediately



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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, 2005, 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 28, 2005, 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.

04-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: The schools have received a new handbook to help them with the monthly postings and reconciliation of their accounts. Schools will be audited this year to ensure policy and procedures are being followed.

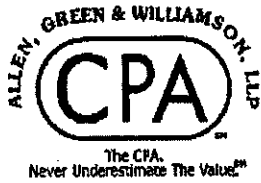
Our audit procedures are designed primarily to enable us to form opinions on the financial statements and, therefore, may not reveal all weaknesses in policies and procedures that may exist.

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 28, 2005



ALLEN, GREEN & WILLIAMSON, LLP

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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 are no exceptions noted as a result of applying agreed upon procedures.

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: There were no exceptions noted as a result of applying the agreed upon procedures.

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: There were no exceptions noted in applying agreed upon procedures.

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: There were no exceptions noted in 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: There were no exceptions noted 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: There were no exceptions noted 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: There were no exceptions noted as a result of applying agreed upon procedures.

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

Comment: There were no exceptions noted as a result of applying the agreed upon procedures.

Class Size Characteristics Schedule 6)

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

Comment: There were no exceptions noted as a result of applying agreed upon procedures.

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: There were no exceptions noted as a result of applying agreed upon procedures.

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: There were no exceptions noted as a result of applying agreed upon procedures.

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: There were no exceptions noted 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 28, 2005

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2005**

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	13,337,476	
Other Instructional Staff Activities	1,505,828	
Employee Benefits	6,351,683	
Purchased Professional and Technical Services	106,066	
Instructional Materials and Supplies	244,868	
Instructional Equipment	32,665	
Total Teacher and Student Interaction Activities		\$21,578,586

Other Instructional Activities 53,443

Pupil Support Activities	1,430,549	
Less: Equipment for Pupil Support Activities	-	
Net Pupil Support Activities		1,430,549

Instructional Staff Services	769,695	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		769,695

Total General Fund Instructional Expenditures \$23,832,273

Total General Fund Equipment Expenditures 153,350

Certain Local Revenue Sources

Local Taxation Revenue:

Constitutional Ad Valorem Taxes	\$654,818
Renewable Ad Valorem Tax	3,077,451
Debt Service Ad Valorem Tax	-
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	85,959
Sales and Use Taxes	5,858,805
Total Local Taxation Revenue	<u>\$9,677,033</u>

Local Earnings on Investment in Real Property:

Earnings from 16th Section Property	146,093
Earnings from Other Real Property	-
Total Local Earnings on Investment in Real Property	<u>146,093</u>

State Revenue in Lieu of Taxes:

Revenue Sharing - Constitutional Tax	\$80,208
Revenue Sharing - Other Taxes	136,423
Revenue Sharing - Excess Portion	-
Other Revenue in Lieu of Taxes	-
Total State Revenue in Lieu of Taxes	<u>\$216,631</u>

Nonpublic Textbook Revenue \$7,457

Nonpublic Transportation Revenue -

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**Education Levels of Public School Staff
As of October 1, 2004**

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		4	100.00%	0		0	
Bachelor's Degree	263	71.00%	0	0.00%	0	0.00%	0	0.00%
Master's Degree	77	21.00%	0	0.00%	4	18.00%	0	0.00%
Master's Degree + 30	28	7.00%	0	0.00%	18	78.00%	0	0.00%
Specialist in Education	3	1.00%	0	0.00%	1	4.00%	0	0.00%
Ph. D. or Ed. D.	1	0.00%	0	0.00%	0	0.00%	0	0.00%
Total	372	100.00%	4	100.00%	23	100.00%	0	0.00%

Schedule 3

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**Number and Type of Public Schools
For the Year Ended June 30, 2005**

Type	Number
Elementary	10
Middle/Jr. High	2
Secondary	2
Combination	0
Total	14

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

Schedule 4

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**Experience of Public Principals and Full-time Classroom Teachers
As of October 1, 2004**

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals			1	2	1	1	4	9
Principals			1	2	1	1	9	14
Classroom Teachers	48	58	104	52	38	20	56	376
Total	48	58	106	56	40	22	69	399

Schedule 5

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

Public School Staff Data
For the Year Ended June 30, 2005

	All Classroom Teachers	Classroom Teachers Excluding ROTC and Rehired Retirees
Average Classroom Teachers' Salary Including Extra Compensation	\$36,829.00	\$36,571.00
Average Classroom Teachers' Salary Excluding Extra Compensation	\$35,327.00	\$35,063.00
Number of Teacher Full-time Equivalents (FTEs) used in Computation of Average Salaries	378	366

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.

Schedule 6

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

Class Size Characteristics
As of October 1, 2004

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	70.3	591	25.3	213	4.4	37	0	0
Elementary Activity Classes	64.5	69	28	30	6.5	7	0.9	1
Middle/Jr. High	60.9	81	33.8	45	5.3	7	0	0
Middle/Jr. High Activity Classes	100	14	0	0	0	0	0	0
High	75.4	382	22.1	112	2.6	13	0	0
High Activity Classes	92.2	83	4.4	4	3.3	3	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.

Schedule 7

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

Louisiana Educational Assessment Program (LEAP) for the 21st Century
For the Year Ended June 30, 2005

District Achievement Level Results	English Language Arts						Mathematics					
	2005		2004		2003		2005		2004		2003	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	3	1	5	0	0	1	10	2	3	2	8	1
Mastery	58	12	46	9	38	10	56	12	41	11	47	7
Basic	238	50	172	47	202	45	238	50	177	45	192	42
Approaching Basic	132	28	138	31	135	38	107	23	123	29	123	34
Unsatisfactory	44	9	112	13	54	6	62	13	129	13	59	16
Total	473	100	473	100	429	100	473	100	473	100	429	100

District Achievement Level Results	Science						Social Studies					
	2005		2004		2003		2005		2004		2003	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	8	2	5	1	4	2	0	0	1	0	2	0
Mastery	42	9	41	10	42	9	19	4	35	6	24	4
Basic	210	44	172	32	139	45	200	42	177	50	214	50
Approaching Basic	184	39	184	45	183	34	165	35	138	30	127	31
Unsatisfactory	29	6	70	12	51	10	88	19	121	14	82	15
Total	473	100	472	100	429	100	472	100	472	100	429	100

District Achievement Level Results	English Language Arts						Mathematics					
	2005		2004		2003		2005		2004		2003	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6												
Advanced	2	1	1	1	2	1	4	1	6	2	6	1
Mastery	38	12	29	10	33	17	14	4	10	3	10	3
Basic	138	43	128	33	111	34	144	44	165	40	140	34
Approaching Basic	101	32	111	40	134	43	90	27	87	26	92	36
Unsatisfactory	40	12	41	16	52	5	79	24	61	29	100	28
Total	319	100	310	100	332	100	331	100	329	100	348	100

District Achievement Level Results	Science						Social Studies					
	2005		2004		2003		2005		2004		2003	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6												
Advanced	3	1	3	1	2	0	2	1	1	0	1	1
Mastery	38	12	25	9	31	11	35	11	23	5	15	9
Basic	134	42	89	31	102	38	141	44	144	39	126	50
Approaching Basic	98	31	119	35	116	39	81	26	86	32	104	27
Unsatisfactory	44	14	73	24	77	13	12	18	45	24	81	13
Total	317	100	309	100	328	101	271	100	309	100	327	100

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

The Graduation Exit Exam for the 21st Century
For the Year Ended June 30, 2005

District Achievement Level Results	English Language Arts						Mathematics					
	2005		2004		2003		2005		2004		2003	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 10												
Advanced	3	1	5	2	0	0	6	3	15	6	8	3
Mastery	32	15	50	19	18	7	19	9	32	12	47	17
Basic	113	53	108	41	120	44	114	53	121	45	107	39
Approaching Basic	49	23	60	23	78	29	34	16	47	18	41	15
Unsatisfactory	18	8	42	15	54	20	42	20	51	19	68	26
Total	215	100	265	100	270	100	215	101	266	100	271	100

District Achievement Level Results	Science						Social Studies					
	2005		2004		2003		2005		2004		2003	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 11												
Advanced	5	2	3	1	2	1	5	2	0	0	5	2
Mastery	27	12	24	10	23	11	26	12	0	0	26	13
Basic	88	40	85	36	74	36	107	49	10	4	94	46
Approaching Basic	67	31	73	31	48	23	55	25	15	6	41	20
Unsatisfactory	31	15	50	22	60	29	25	12	216	90	40	19
Total	218	100	235	100	207	100	218	100	241	100	206	100

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

The IOWA Tests
For the Year Ended June 30, 2005

	Composite		
	2005	2004	2003
Test of Basic Skills (ITBS)			
Grade 3	54	54	52
Grade 5	56	52	52
Grade 6	50	48	48
Grade 7	49	50	48
Tests of Educational Development (ITED)			
Grade 9	42	45	47

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.