

**MOREHOUSE PARISH SCHOOL BOARD  
BASTROP, LOUISIANA**

**Financial Report  
June 30, 2019**



**CRI** CARR  
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## **Independent Auditors' Report**

Board Members  
Morehouse Parish School Board  
Bastrop, Louisiana

## **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Morehouse Parish School Board (the School Board) as of and for the year ended June 30, 2019, and related notes to the financial statements, which collectively comprise the School Board's basic financial statements as listed in the table of contents.

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

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

## **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Beekman Alumni and Friends, Inc., which represent 19 percent, 5 percent, and 15 percent, respectively, of the assets, net position, and revenues of the School Board. Those financial statements were audited by other auditors, whose reports thereon were furnished to us, and our opinion, insofar as it relates to the amounts included for Beekman Alumni and Friends, Inc., is based solely upon the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



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

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

### ***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Morehouse Parish School Board, as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

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

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Board's basic financial statements. The combining and individual nonmajor fund financial statements, the Schedule of Compensation Paid to Board Members, the Schedule of Compensation, Benefits and Other Payments to Agency Head are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the Schedule of Compensation Paid to Board Members, the Schedule of Compensation, Benefits and Other Payments to Agency Head, and the Schedule of Expenditures of Federal Awards, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the accompanying other supplementary information, as listed in the table of contents, is fairly stated, in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2020, 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 solely 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 effectiveness of the School Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Board's internal control over financial reporting and compliance.



**CARR, RIGGS & INGRAM, LLC**  
Shreveport, Louisiana

June 24, 2020

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(Unaudited)**



## **Morehouse Parish School Board Management's Discussion and Analysis (Unaudited)**

We offer readers of the Morehouse Parish School Board's financial statements this narrative overview and analysis of the financial activities of the Morehouse Parish School Board for the fiscal year ended June 30, 2019. It is designed to assist the reader in focusing on significant financial issues and identifying changes in the School Board's financial position.

### **Financial Highlights**

Government-wide financial highlights for the 2018-19 fiscal year include the following:

- Statement of Net Position – The liabilities of the Morehouse Parish School Board exceeded its assets at the close of the most recent fiscal year by \$78.1 million (net position / deficit).
- Capital Assets – Total capital assets (net of depreciation) were \$17.8 million or 67% of the total assets. Morehouse Parish School Board uses these assets to provide educational services to children and adults; consequently, these assets are not available for future spending.
- Long-Term Obligations – The School Board's total obligations increased by approximately \$2.9 million.
- Statement of Activities – The total net position of the Morehouse Parish School Board increased by approximately \$3.5 million for the year ended June 30, 2019.

Morehouse Parish School Board ended the 2018-2019 fiscal year with a fund balance in the General Fund of approximately \$417 thousand.

- Governmental Funds Balance Sheet – As of the close of the 2018-2019 fiscal year, Morehouse Parish School Board's governmental funds reported combined ending fund balance of \$6.7 million, a decrease of approximately \$67 thousand in comparison with the prior fiscal year. This fund balance is comprised of approximately (1) \$417,000 in General Fund, (2) \$2.9 million in the school food service fund, (3) \$191,000 in the debt service fund, (4) \$2.8 million in the sales tax fund and (5) \$270,000 in the remaining special revenue and capital projects funds.
- Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances – Total revenues for the year ended June 30, 2019 for the governmental funds of Morehouse Parish School Board amounted to \$48.3 million. Approximately 98% of this amount is received from four major revenue sources: (1) \$25.9 million from Minimum Foundation Program, (2) \$9 million from federal grants, (2) \$4.3 million from local ad valorem taxes and (3) \$7.4 million from local sales and use taxes.



## Morehouse Parish School Board Management's Discussion and Analysis (Unaudited)

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School Board's basic financial statements. Morehouse Parish School Board's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of Morehouse Parish School Board's finances, in a manner similar to a private-sector business.

- The Statement of Net Position presents information on all of the School Board's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Morehouse Parish School Board is improving or deteriorating.
- The Statement of Activities presents information showing how the School Board's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Morehouse Parish School Board, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of Morehouse Parish School Board can be divided into two categories: governmental funds and fiduciary funds.

- *Governmental funds.* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the fiscal year. Such information may be useful in evaluating Morehouse Parish School Board near-term financing requirements.

## Morehouse Parish School Board Management's Discussion and Analysis (Unaudited)

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of Morehouse Parish School Board's near-term financing decision. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Morehouse Parish School Board maintains seventeen governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, Title 1, Sales Tax, and School Food Service funds, all of which are considered to be major funds. Data for the remaining thirteen governmental fund groups are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Morehouse Parish School Board adopts an annual appropriated budget for its General Fund and all Special Revenue Funds. Budgetary comparison schedules have been provided to demonstrate compliance with these budgets.

- *Fiduciary funds.* Fiduciary funds are used to account for resources held for the benefit of parties outside Morehouse Parish School Board. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support Morehouse Parish School Board's own programs. The School Board maintains one fiduciary fund named the School Activity Fund.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School Board's compliance with budgets for its major funds. The combining statements for non-major governmental funds are presented immediately following the required supplementary information.

## Morehouse Parish School Board Management's Discussion and Analysis (Unaudited)

### Financial Analysis of Government-wide Activities

The largest portion of Morehouse Parish School Board's total assets, totaling approximately \$17.8 million, reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding, of \$12.3 million. The School Board uses these capital assets to provide educational services to children and adults; consequently, these assets are not available for future spending. Although Morehouse Parish School Board's investment in its capital assets net position is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

| <i>June 30,</i>                     | 2019                   | 2018<br>(restated)     | Variance            |
|-------------------------------------|------------------------|------------------------|---------------------|
| Current and other assets            | \$ 8,637,201           | \$ 9,240,375           | \$ (603,174)        |
| Capital assets                      | 16,685,174             | 19,111,150             | (2,425,976)         |
| <b>Total assets</b>                 | <b>25,322,375</b>      | <b>28,351,525</b>      | <b>(3,029,150)</b>  |
| Deferred outflows of resources      | 28,901,829             | 19,001,123             | 9,900,706           |
| Current and other liabilities       | 2,106,567              | 2,651,106              | (544,539)           |
| Long-term liabilities               | 107,810,047            | 104,872,926            | 2,937,121           |
| <b>Total liabilities</b>            | <b>109,916,614</b>     | <b>107,524,032</b>     | <b>2,392,582</b>    |
| Deferred inflows of resources       | 23,508,749             | 22,570,935             | 937,814             |
| <b>Net position</b>                 |                        |                        |                     |
| Net invested in capital assets      | 4,325,610              | 6,938,980              | (2,613,370)         |
| Restricted                          | 6,155,075              | 6,406,297              | (251,222)           |
| Unrestricted                        | (89,681,844)           | (96,087,596)           | 6,405,752           |
| <b>Total net position (deficit)</b> | <b>\$ (79,201,159)</b> | <b>\$ (82,742,319)</b> | <b>\$ 3,541,160</b> |

Restricted net position of \$6.1 million is reported separately to show the legal constraints for the payment of instructional costs, food services and outstanding long-term debt obligations and future construction projects and to limit the School Board from using these funds for day-to-day operations. The food service fund accounts for \$2.9 million of the total with the debt service fund accounting for \$190,000. The remaining balance is money restricted for capital projects, maintenance, and instructional costs.



## Morehouse Parish School Board Management's Discussion and Analysis (Unaudited)

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

| <i>For the years ended June 30,</i>                             | Governmental Activities |                        |                     |
|---|-------------------------|------------------------|---------------------|
|   | 2019                    | 2018                   | Variance            |
| <b>Revenues</b>   |                         |                        |                     |
| Program revenues  |                         |                        |                     |
| Charges for services  | \$ 16,673               | \$ 16,427              | \$ 246              |
| Operating and capital grants and contributions                  | 9,431,216               | 9,786,064              | (354,848)           |
| General revenues  |                         |                        |                     |
| Ad valorem taxes  | 5,791,714               | 5,656,612              | 135,102             |
| Sales taxes   | 5,989,734               | 5,995,560              | (5,826)             |
| Minimum foundation program                                      | 25,870,892              | 26,450,291             | (579,399)           |
| Other general revenues  | 1,369,873               | 762,897                | 606,976             |
| <b>Total revenues</b>   | <b>48,470,102</b>       | <b>48,667,851</b>      | <b>(197,749)</b>    |
| <b>Expenses</b>   |                         |                        |                     |
| Instruction   |                         |                        |                     |
| Regular programs  | 5,862,964               | 8,193,247              | (2,330,283)         |
| Special programs  | 4,281,209               | 3,524,269              | 756,940             |
| Other instructional programs                                    | 13,675,127              | 13,037,259             | 637,868             |
| Support services  |                         |                        |                     |
| Pupil support services  | 2,351,254               | 1,836,328              | 514,926             |
| Instructional staff support                                     | 3,163,886               | 2,406,590              | 757,296             |
| General administration  | 1,246,103               | 1,141,652              | 104,451             |
| School administration   | 2,165,782               | 1,727,590              | 438,192             |
| Business services   | 824,045                 | 671,495                | 152,550             |
| Plant services  | 3,325,247               | 3,247,618              | 77,629              |
| Student transportation services                                 | 3,049,222               | 2,757,036              | 292,186             |
| Central services  | 667,580                 | 781,867                | (114,287)           |
| Other support services  | 2,285                   | 2,014                  | 271                 |
| School food services  | 2,753,239               | 2,690,436              | 62,803              |
| Facility acquisition and construction                           | 1,120,652               | 1,564,873              | (444,221)           |
| Debt service - interest on long-term obligations                | 440,347                 | 474,182                | (33,835)            |
| <b>Total expenses</b>   | <b>44,928,942</b>       | <b>44,056,456</b>      | <b>872,486</b>      |
| <b>Increase (decrease) in net position (deficit)</b>            | <b>3,541,160</b>        | <b>4,611,395</b>       | <b>(1,070,235)</b>  |
| <b>Net position (deficit) - beginning, as originally stated</b> | <b>(81,588,926)</b>     | <b>(68,357,169)</b>    | <b>(13,231,757)</b> |
| Prior period adjustment   | (1,153,393)             | (17,843,152)           | 16,689,759          |
| <b>Net position (deficit) - beginning, as restated</b>          | <b>(82,742,319)</b>     | <b>(86,200,321)</b>    | <b>3,458,002</b>    |
| <b>Net position (deficit) - ending</b>                          | <b>\$ (79,201,159)</b>  | <b>\$ (81,588,926)</b> | <b>\$ 2,387,767</b> |



## Morehouse Parish School Board Management's Discussion and Analysis (Unaudited)

### Governmental Activities

Expenses are classified by functions/programs. Instructional services for fiscal 2019 totaled \$23,819,300, compared to a total of \$24,754,775 for 2018. The remaining functions are considered support services and relate to those functions that support the instructional services provided, such as pupil support, instructional staff support, administration, transportation, and plant services. Support services for fiscal 2019 totaled \$16,795,404 compared to \$14,572,190 for 2018.

The remaining expenditures of \$4,376,787 consist of \$1,183,201 for facility acquisition and construction, \$2,753,239 for food and service operations and \$440,347 for interest expense on long-term obligations.

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

| June 30,                        | Total Cost of Services |               | Net Cost of Services |               |
|---------------------------------|------------------------|---------------|----------------------|---------------|
|                                 | 2019                   | 2018          | 2019                 | 2018          |
| Regular programs                | \$ 5,862,964           | \$ 8,193,247  | \$ 5,532,499         | \$ 8,017,797  |
| Special programs                | 4,281,209              | 3,524,269     | 3,792,464            | 3,108,752     |
| Other instructional programs    | 13,675,127             | 13,037,259    | 10,473,411           | 9,487,053     |
| Plant services                  | 3,325,247              | 3,247,618     | 3,324,546            | 3,247,618     |
| Student transportation services | 3,049,222              | 2,757,036     | 2,987,868            | 2,700,744     |
| Food services                   | 2,753,239              | 2,690,436     | 98,797               | (291,491)     |
| All others                      | 11,981,934             | 10,606,591    | 9,271,468            | 7,983,493     |
| Totals                          | \$ 44,928,942          | \$ 44,056,456 | \$ 35,481,052        | \$ 34,253,966 |

The related program revenues for fiscal year 2019 directly related to these expenses totaled \$9,447,890, including \$16,673 in charges for such services. The balance of expenses represents the cost to the taxpayers. The costs of governmental activities exceeding restricted state and federal grants are paid primarily from the following sources:

- **Minimum Foundation Program (MFP)** – MFP is the funding formula for the 69 school districts in the state of Louisiana. The School Board was allocated \$25,870,892 in MFP funds in fiscal year FY19; with \$8,622,877 passed through to the district's Type 3 Charter, Beekman Alumni and Friends, Inc. The net amount received by the School Board was \$20,009,115, which is 41.3% of the total revenues received by the School Board.
- **Federal grant revenues** – Federal grant revenues are the second largest source of revenue for the School Board, generating \$8,955,717 in revenue, or 18.5% of total revenue.
- **Sales Tax revenues** – Sales tax revenues are the third largest source of revenue for the School Board, generating \$5,989,734, in revenue, or 12.4% of total revenue.

## **Morehouse Parish School Board Management's Discussion and Analysis (Unaudited)**

- **Ad Valorem tax revenues** – Ad valorem, or property tax revenues, the fourth largest source of revenues, accounts for \$5,791,714, in revenue, or 11.9% of total revenues.

### **Financial Analysis of Governmental Funds**

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

The focus of Morehouse Parish School Board's government funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Morehouse Parish School Board's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a School Board's net resources available for spending at the end of the fiscal year.

- As of the close of the current fiscal year, Morehouse Parish School Board's governmental funds reported a combined ending fund balance of \$6,656,550; a decrease of \$67,044 in comparison with the prior fiscal year.
- The General Fund is the chief operating fund of Morehouse Parish School Board. At the end of the current fiscal year, the fund balance of the General Fund is \$417,216.
- The Special Revenue Funds, including nonmajor special revenue funds, have a total fund balance of \$5,924,674 of which \$84,259 is nonspendable, \$2,940,960 is restricted for instructional costs, \$2,850,285 is restricted for food services and \$49,170 is restricted for construction and maintenance costs.
- The Debt Service Funds have a total fund balance of \$190,920 all of which is restricted for the payment of debt service.
- The Capital Projects Funds have a fund balance of \$123,740 all of which is restricted for construction projects.

### **General Fund Budgetary Highlights**

In accordance with Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA-R.S 39:1301 et seq), Morehouse Parish School Board must adopt a budget for the General Fund and all Special Revenue funds prior to September 15th. The original budget for the School Board was adopted on September 6, 2018.

## Morehouse Parish School Board Management's Discussion and Analysis (Unaudited)

The original General Fund Budget projected an ending fund balance of \$200,000, with the amended budget projecting to end the year with a positive balance of \$110,000. The actual ending balance for the General Fund came in at \$417,216.

### Capital Assets and Debt Administration

**Capital Assets:** Morehouse Parish School Board's investment in capital assets as of June 30, 2019, amounts to \$17,776,018 (net of accumulated depreciation and impairment loss). This investment in capital assets includes land, buildings and improvements, furniture and equipment, and construction in progress. The table below shows the value at the end of the fiscal year.

| <i>June 30,</i>            | 2019                 | 2018                 |
|----------------------------|----------------------|----------------------|
| Land                       | \$ 319,013           | \$ 319,013           |
| Construction in progress   | -                    | 805,397              |
| Buildings and improvements | 13,099,626           | 14,862,763           |
| Furniture and equipment    | 3,266,535            | 3,123,977            |
|                            | <u>\$ 16,685,174</u> | <u>\$ 19,111,150</u> |

**Long-Term Debt:** At the end of the current fiscal year, Morehouse Parish School Board had total debt outstanding of \$14.0 million. Of the amount, \$11.1 million comprises debt backed by the full faith and credit of the government. The following table summarizes bonds outstanding at June 30, 2019 and 2018.

| <i>June 30,</i>          | 2019                 | 2018                 |
|--------------------------|----------------------|----------------------|
| General Obligation Bonds |                      |                      |
| Series 2011, refunding   | \$ 5,095,000         | \$ 5,560,000         |
| Series 2012, refunding   | 2,775,000            | 3,000,000            |
| Series 2016, refunding   | 3,240,000            | 3,455,000            |
| Limited Tax Bonds        |                      |                      |
| Series 2016, refunding   | 1,120,000            | 1,170,000            |
| Capital Leases           |                      |                      |
| Bus Leases               | 1,554,088            | 1,087,785            |
| Equipment Lease          | 256,743              | 494,037              |
| Total outstanding debt   | <u>\$ 14,040,831</u> | <u>\$ 14,766,822</u> |



## **Morehouse Parish School Board Management's Discussion and Analysis (Unaudited)**

### **Future Operations**

The School Board adopted a General Fund budget for 2019-2020 with an operating surplus of \$99,658. For the upcoming fiscal year, listed below are several factors considered for 2019-2020 operations and budget preparations.

- The 2019-2020 Minimum Foundation Program funding reflects the Department of Education's model with no growth. The state and local base cost per pupil remains at \$4,001. The district is required to sustain the certificated classroom teacher pay raises from the 2016-2017 appropriation.
- As a participant of the Louisiana Office of Group Benefits, employer group insurance premiums increased by more than 10%, as the provisions of the Affordable Care Act continue to be implemented and as changes to premium options occurred.
- Sales Tax revenue is projected to decrease by 5% based on historical trends.
- Out of state travel suspended unless determined to be necessary or required by grantor.
- The district will continue to strive to obtain a 7.5% fund balance as recommended by the Louisiana Legislative Auditor.

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

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



## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**

# Morehouse Parish School Board

## Statement of Net Position

|   | Primary<br>Governmental<br>Activities | Component<br>Unit<br>Beekman Alumni<br>and Friends, Inc. |
|---|---------------------------------------|--|
| <i>June 30, 2019</i>                        |                                       |  |
| <b>Assets</b>                               |                                       |  |
| Cash and cash equivalents                   | \$ 6,256,363                          | \$ 2,766,652   |
| Restricted cash                             | -                                     | 177,384  |
| Investments                                 | 79,846                                | 21,834   |
| Restricted investments                      | -                                     | 575,000  |
| Receivables                                 |                                       |  |
| Ad valorem taxes                            | 7,737                                 | -  |
| Sales and use taxes                         | 506,227                               | -  |
| Federal grants                              | 1,235,830                             | -  |
| State grants                                | 283,705                               | -  |
| Other                                       | 143,474                               | 5,876  |
| Inventory                                   | 124,019                               | -  |
| Other assets                                | -                                     | 47,483   |
| Capital assets, net                         | 16,685,174                            | 2,395,690  |
| <b>Total assets</b>                         | <b>25,322,375</b>                     | <b>5,989,919</b>   |
| <b>Deferred outflows of resources</b>       |                                       |  |
| Deferred outflows related to pensions       | 25,668,622                            |  |
| Deferred outflows related to OPEB           | 3,233,207                             | -  |
| <b>Total deferred outflows of resources</b> | <b>28,901,829</b>                     |  |
| <b>Liabilities</b>                          |                                       |  |
| Accounts payable                            | 173,281                               | 103,850  |
| Salaries and wages payable                  | 1,781,072                             | 1,083,240  |
| Deferred revenue                            | 26,298                                | -  |
| Interest payable - bonds                    | 125,916                               | -  |
| Long-term liabilities                       |                                       |  |
| Due within one year                         | 1,506,661                             | 319,921  |
| Due in more than one year                   | 106,303,386                           | 906,938  |
| <b>Total liabilities</b>                    | <b>109,916,614</b>                    | <b>2,413,949</b>   |
| <b>Deferred inflows of resources</b>        |                                       |  |
| Deferred inflows related to pensions        | 21,326,714                            |  |
| Deferred inflows related to OPEB            | 2,182,035                             | -  |
| <b>Total deferred inflows of resources</b>  | <b>23,508,749</b>                     |  |
| <b>Net position</b>                         |                                       |  |
| Net investment in capital assets            | 4,325,610                             | 2,395,690  |
| Restricted for                              |                                       |  |
| Instructional costs                         | 2,940,960                             | -  |
| Capital projects                            | 123,740                               | -  |
| Debt service                                | 190,920                               | -  |
| School food service                         | 2,850,285                             | -  |
| Instructional and maintenance costs         | 49,170                                | -  |
| Student activity funds                      | -                                     | 181,158  |
| Unrestricted                                | (89,681,844)                          | 999,122  |
| <b>Total net position (deficit)</b>         | <b>\$ (79,201,159)</b>                | <b>\$ 3,575,970</b>                                      |

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

# Morehouse Parish School Board

## Statement of Activities

| For the year ended June 30, 2019                             | EXPENSES             | Primary Government<br>PROGRAM REVENUES |  | NET (EXPENSES)<br>REVENUES AND<br>CHANGES IN<br>NET POSITION | Component<br>Unit |
|--|----------------------|--|--|--|-------------------|
|  |                      | CHARGES FOR<br>SERVICES                | OPERATING<br>GRANTS AND<br>CONTRIBUTIONS |  |                   |
| <b>Functions/programs</b>                                    |                      |  |  |  |                   |
| Governmental Activities                                      |                      |  |  |  |                   |
| Instructional services                                       |                      |  |  |  |                   |
| Regular programs   | \$ 5,862,964         | \$ -                                   | \$ 330,465                               | \$ (5,532,499)   |                   |
| Special education programs                                   | 4,281,209            | -                                      | 488,745                                  | (3,792,464)  |                   |
| Vocational programs  | 701,003              | -                                      | 180,534                                  | (520,469)  |                   |
| Other instructional programs                                 | 10,459,934           | 750                                    | 436,003                                  | (10,023,181)   |                   |
| Special programs   | 2,512,914            | -                                      | 2,584,430                                | 71,516   |                   |
| Adult/continuing education                                   | 1,276                | -                                      | -  | (1,276)  |                   |
| Support services   |                      |  |  |  |                   |
| Pupil support services                                       | 2,351,254            | -                                      | 184,479                                  | (2,166,775)  |                   |
| Instructional staff support services                         | 3,163,886            | -                                      | 2,327,978                                | (835,908)  |                   |
| General administration                                       | 1,246,103            | -                                      | 8,347                                    | (1,237,756)  |                   |
| School administration  | 2,165,782            | -                                      | 14,468                                   | (2,151,314)  |                   |
| Business services  | 824,045              | -                                      | -  | (824,045)  |                   |
| Plant services   | 3,325,247            | -                                      | 701                                      | (3,324,546)  |                   |
| Student transportation services                              | 3,049,222            | -                                      | 61,354                                   | (2,987,868)  |                   |
| Central services   | 667,580              | -                                      | 175,193                                  | (492,387)  |                   |
| Other support services                                       | 2,285                | -                                      | -  | (2,285)  |                   |
| Noninstructional services                                    |                      |  |  |  |                   |
| Food service operations                                      | 2,753,239            | 15,923                                 | 2,638,519                                | (98,797)   |                   |
| Facility acquisition and construction                        | 1,120,652            | -                                      | -  | (1,120,652)  |                   |
| Debt service   |                      |  |  |  |                   |
| Interest and fiscal charges on<br>long-term obligations      | 440,347              | -                                      | -  | (440,347)  |                   |
| <b>Total Primary Government</b>                              | <b>\$ 44,928,942</b> | <b>\$ 16,673</b>                       | <b>\$ 9,431,216</b>                      | <b>\$ (35,481,053)</b>                                       |                   |
| <b>Component Unit</b>  |                      |  |  |  |                   |
| Beekman Alumni and Friends, Inc.                             | \$ 8,210,022         | \$ 57,451                              | \$ 2,978                                 | \$ -   | \$ (8,149,593)    |
| <b>General revenues</b>                                      |                      |  |  |  |                   |
| Taxes  |                      |  |  |  |                   |
| Ad valorem taxes levied for                                  |                      |  |  |  |                   |
| General purposes   |                      |  |  | 4,920,169  | -                 |
| Debt service purposes  |                      |  |  | 871,545  | -                 |
| Sales taxes levied for general purposes                      |                      |  |  | 5,989,734  | -                 |
| Grants and contributions not restricted to specific programs |                      |  |  |  |                   |
| Minimum foundation program                                   |                      |  |  | 25,870,892   | 8,622,877         |
| State revenue sharing  |                      |  |  | 681,561  | -                 |
| Interest and investment earnings                             |                      |  |  | 67,303   | 7,394             |
| Gain (loss) on disposals of assets                           |                      |  |  | 191,000  | -                 |
| Student Activity Funds                                       |                      |  |  | -  | 44,795            |
| Other  |                      |  |  | 430,009  | 3,660             |
| <b>Total general revenues</b>                                |                      |  |  | <b>39,022,213</b>  | <b>8,678,726</b>  |
| Changes in net position                                      |                      |  |  | 3,541,160  | 529,133           |
| Net position (deficit) at beginning of year                  |                      |  |  | (81,588,926)   | 3,046,837         |
| Prior period adjustments                                     |                      |  |  | (1,153,393)  | -                 |
| Net position (deficit) at beginning of year, restated        |                      |  |  | (82,742,319)   | 3,046,837         |
| Net position (deficit) at end of year                        |                      |  |  | \$ (79,201,159)  | \$ 3,575,970      |

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



## **FUND FINANCIAL STATEMENTS**

## Morehouse Parish School Board Balance Sheet – Governmental Funds

|                                      | MAJOR FUNDS         |                   |                     |                        |                   | AGGREGATE<br>REMAINING<br>FUNDS |                      |
|--------------------------------------|---------------------|-------------------|---------------------|------------------------|-------------------|---------------------------------|----------------------|
|                                      | GENERAL             | SPECIAL REVENUE   |                     |                        | DEBT              | NONMAJOR                        |                      |
| June 30, 2019                        | FUND                | TITLE I           | SALES TAX           | SCHOOL FOOD<br>SERVICE | SERVICE           | GOVERNMENTAL                    | TOTAL                |
| <b>Assets</b>                        |                     |                   |                     |                        |                   |                                 |                      |
| Cash and cash equivalents            | \$ 429,667          | \$ -              | \$ 2,684,442        | \$ 2,760,477           | \$ 184,783        | \$ 196,995                      | \$ 6,256,364         |
| Investments                          | 79,846              | -                 | -                   | -                      | -                 | -                               | 79,846               |
| Accounts receivable                  | 244,992             | 442,488           | 506,227             | 192,375                | 6,137             | 784,755                         | 2,176,974            |
| Due from other funds                 | 1,934,738           | -                 | -                   | 197                    | -                 | -                               | 1,934,935            |
| Inventory                            | 39,760              | -                 | -                   | 84,259                 | -                 | -                               | 124,019              |
| Total assets                         | <u>\$ 2,729,003</u> | <u>\$ 442,488</u> | <u>\$ 3,190,669</u> | <u>\$ 3,037,308</u>    | <u>\$ 190,920</u> | <u>\$ 981,750</u>               | <u>\$ 10,572,138</u> |
| <b>Liabilities and fund balances</b> |                     |                   |                     |                        |                   |                                 |                      |
| <b>Liabilities</b>                   |                     |                   |                     |                        |                   |                                 |                      |
| Accounts payable                     | \$ 125,874          | \$ 19,492         | \$ -                | \$ 2,723               | \$ -              | \$ 25,197                       | \$ 173,286           |
| Salaries and wages payable           | 1,146,327           | 125,803           | 349,284             | 71,904                 | -                 | 87,751                          | 1,781,069            |
| Due to other funds                   | 1,039,586           | 203,519           | 1,155               | 11,238                 | -                 | 679,437                         | 1,934,935            |
| Other liabilities                    | -                   | -                 | -                   | 16,899                 | -                 | 9,399                           | 26,298               |
| Total liabilities                    | <u>2,311,787</u>    | <u>348,814</u>    | <u>350,439</u>      | <u>102,764</u>         | <u>-</u>          | <u>801,784</u>                  | <u>3,915,588</u>     |
| <b>Fund balances</b>                 |                     |                   |                     |                        |                   |                                 |                      |
| <b>Nonspendable</b>                  |                     |                   |                     |                        |                   |                                 |                      |
| Inventory and other assets           | 39,760              | -                 | -                   | 84,259                 | -                 | -                               | 124,019              |
| <b>Restricted for</b>                |                     |                   |                     |                        |                   |                                 |                      |
| Instructional costs                  | -                   | 93,674            | 2,840,230           | -                      | -                 | 7,056                           | 2,940,960            |
| Construction and maintenance costs   | -                   | -                 | -                   | -                      | -                 | 49,170                          | 49,170               |
| Food services                        | -                   | -                 | -                   | 2,850,285              | -                 | -                               | 2,850,285            |
| Debt service                         | -                   | -                 | -                   | -                      | 190,920           | -                               | 190,920              |
| Capital projects                     | -                   | -                 | -                   | -                      | -                 | 123,740                         | 123,740              |
| Unassigned                           | 377,456             | -                 | -                   | -                      | -                 | -                               | 377,456              |
| Total fund balances                  | <u>417,216</u>      | <u>93,674</u>     | <u>2,840,230</u>    | <u>2,934,544</u>       | <u>190,920</u>    | <u>179,966</u>                  | <u>6,656,550</u>     |
| Total liabilities and fund balances  | <u>\$ 2,729,003</u> | <u>\$ 442,488</u> | <u>\$ 3,190,669</u> | <u>\$ 3,037,308</u>    | <u>\$ 190,920</u> | <u>\$ 981,750</u>               | <u>\$ 10,572,138</u> |

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

# Morehouse Parish School Board

## Reconciliation of the Balance Sheet of Governmental Funds to Statement of Net Position

Total fund balances - governmental funds \$ 6,656,550

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

|                          |                     |            |
|--------------------------|---------------------|------------|
| Cost of capital assets   | 47,745,107          |            |
| Accumulated depreciation | <u>(31,059,933)</u> | 16,685,174 |

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

|                                  |                     |               |
|----------------------------------|---------------------|---------------|
| Long-term liabilities            |                     |               |
| Compensated absences payable     | (893,669)           |               |
| General obligation bonds payable | (11,110,000)        |               |
| Capital lease payable            | (1,810,831)         |               |
| Sales tax bonds payable          | (1,120,000)         |               |
| Worker's Compensation IBNR       | (40,055)            |               |
| Other post employment benefits   | (54,690,064)        |               |
| Bond premium                     | (129,564)           |               |
| Interest payable                 | (125,916)           |               |
| Net pension obligations          | <u>(38,015,864)</u> | (107,935,963) |

|  |                  |            |
|--|------------------|------------|
| Deferred outflows of resources related to pensions (from pension schedule) | 25,668,622       |            |
| Deferred outflows of resources related to OPEB                             | <u>3,233,207</u> | 28,901,829 |

|  |                    |              |
|--|--------------------|--------------|
| Deferred inflows of resources related tp pensions (from pension schedules) | (21,014,995)       |              |
| Deferred inflows of resources related to OPEB                              | <u>(2,493,754)</u> | (23,508,749) |

|                               |  |                        |
|-------------------------------|--|------------------------|
| <b>Net Position (Deficit)</b> |  | <b>\$ (79,201,159)</b> |
|-------------------------------|--|------------------------|

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

**Morehouse Parish School Board**

**Statement of Revenues, Expenditures and Changes in Fund Balances -  
Governmental Funds**

|  | MAJOR FUNDS     |                 |              |                        |                 | AGGREGATE<br>REMAINING<br>FUNDS |              |
|--|-----------------|-----------------|--------------|------------------------|-----------------|---------------------------------|--------------|
|  | GENERAL<br>FUND | SPECIAL REVENUE |              | SCHOOL FOOD<br>SERVICE | DEBT<br>SERVICE | NONMAJOR                        | TOTAL        |
|  |                 | TITLE 1         | SALES TAX    |                        |                 | GOVERNMENTAL                    |              |
| For the year ended June 30, 2019                     |                 |                 |              |                        |                 |                                 |              |
| REVENUES   |                 |                 |              |                        |                 |                                 |              |
| Local sources  |                 |                 |              |                        |                 |                                 |              |
| Ad valorem taxes                                     | \$ 2,865,205    | \$ -            | \$ -         | \$ -                   | \$ 871,545      | \$ 602,842                      | \$ 4,339,592 |
| Sales and use taxes                                  | -               | -               | 7,441,855    | -                      | -               | -                               | 7,441,855    |
| Earnings on investments                              | 40,547          | -               | 20,943       | -                      | 3,211           | 2,601                           | 67,302       |
| Cash payments for meals                              | -               | -               | -            | 15,923                 | -               | -                               | 15,923       |
| Other local revenue                                  | 884,284         | -               | 6,232        | -                      | -               | 5,280                           | 895,796      |
| State sources  |                 |                 |              |                        |                 |                                 |              |
| State equalization                                   | 25,870,892      | -               | -            | 52,941                 | -               | -                               | 25,923,833   |
| Revenue sharing                                      | 161,309         | -               | -            | -                      | -               | -                               | 161,309      |
| Other unrestricted revenue                           | 1,272           | -               | -            | -                      | 3,739           | 340,024                         | 345,035      |
| Other restricted revenue                             | 103,626         | -               | -            | -                      | -               | -                               | 103,626      |
| Federal sources                                      |                 |                 |              |                        |                 |                                 |              |
| Federal restricted grants-in-aid                     | -               | 3,462,965       | -            | 2,585,578              | -               | 2,907,174                       | 8,955,717    |
| Total revenues                                       | 29,927,135      | 3,462,965       | 7,469,030    | 2,654,442              | 878,495         | 3,857,921                       | 48,249,988   |
| EXPENDITURES   |                 |                 |              |                        |                 |                                 |              |
| Current  |                 |                 |              |                        |                 |                                 |              |
| Instructional services                               |                 |                 |              |                        |                 |                                 |              |
| Regular programs                                     | 14,179,167      | -               | 4,302,377    | -                      | -               | 331,881                         | 18,813,425   |
| Special education programs                           | 2,840,577       | -               | 730,302      | -                      | -               | 596,153                         | 4,167,032    |
| Vocational programs                                  | 429,465         | -               | 100,721      | -                      | -               | 179,887                         | 710,073      |
| Other instructional programs                         | 1,279,874       | -               | 146,980      | -                      | -               | 403,988                         | 1,830,842    |
| Special programs                                     | 39,747          | 1,817,447       | 100,602      | -                      | -               | 339,992                         | 2,297,788    |
| Adult/Continuing education programs                  | -               | -               | 1,276        | -                      | -               | -                               | 1,276        |
| Support services                                     |                 |                 |              |                        |                 |                                 |              |
| Pupil support services                               | 1,696,262       | -               | 340,223      | -                      | -               | 169,820                         | 2,206,305    |
| Instructional staff support                          | 729,088         | 1,046,698       | 193,824      | -                      | -               | 1,075,512                       | 3,045,122    |
| General administration                               | 902,503         | 5,000           | 232,410      | -                      | 27,669          | 23,008                          | 1,190,590    |
| School administration                                | 1,739,276       | -               | 329,389      | -                      | -               | 32,153                          | 2,100,818    |
| Business services                                    | 713,650         | -               | 119,764      | -                      | -               | 62                              | 833,476      |
| Plant services                                       | 2,732,621       | -               | 407,128      | -                      | -               | 3,846                           | 3,143,595    |
| Student transportation services                      | 2,211,299       | 809             | 442,737      | -                      | -               | 97,387                          | 2,752,232    |
| Central services                                     | 448,470         | 145,151         | 78,223       | -                      | -               | 6,335                           | 678,179      |
| Other support services                               | -               | -               | 2,286        | -                      | -               | -                               | 2,286        |
| Noninstructional services                            |                 |                 |              |                        |                 |                                 |              |
| Food service operations                              | 201,540         | -               | 205,347      | 2,261,591              | -               | 13,877                          | 2,682,355    |
| Debt service   |                 |                 |              |                        |                 |                                 |              |
| Principal  | 434,779         | -               | -            | -                      | 905,000         | 50,000                          | 1,389,779    |
| Interest   | 54,881          | -               | -            | -                      | 356,702         | 46,273                          | 457,856      |
| Capital outlay                                       | 663,788         | -               | 65,250       | 51,886                 | -               | -                               | 780,924      |
| Total expenditures                                   | 31,296,987      | 3,015,105       | 7,798,839    | 2,313,477              | 1,289,371       | 3,370,174                       | 49,083,953   |
| Excess (deficiency) of revenues<br>over expenditures | (1,369,852)     | 447,860         | (329,809)    | 340,965                | (410,876)       | 487,747                         | (833,965)    |
| OTHER FINANCING SOURCES (USES)                       |                 |                 |              |                        |                 |                                 |              |
| Proceeds from sale of assets                         | 105,033         | -               | -            | -                      | -               | -                               | 105,033      |
| Proceeds from issuance of debt                       | 663,788         | -               | -            | -                      | -               | -                               | 663,788      |
| Transfers in   | 886,840         | -               | -            | -                      | -               | -                               | 886,840      |
| Payments to bond escrow                              | -               | -               | -            | -                      | (1,900)         | -                               | (1,900)      |
| Transfers out  | -               | (354,186)       | -            | -                      | -               | (532,654)                       | (886,840)    |
| Total other financing sources (uses)                 | 1,655,661       | (354,186)       | -            | -                      | (1,900)         | (532,654)                       | 766,921      |
| Net change in fund balances                          | 285,809         | 93,674          | (329,809)    | 340,965                | (412,776)       | (44,907)                        | (67,044)     |
| Fund balances at beginning of year                   | 131,407         | -               | 3,170,039    | 2,593,579              | 603,696         | 224,873                         | 6,723,594    |
| Fund balances at end of year                         | \$ 417,216      | \$ 93,674       | \$ 2,840,230 | \$ 2,934,544           | \$ 190,920      | \$ 179,966                      | \$ 6,656,550 |

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



## Morehouse Parish School Board

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

|  |    |          |
|--|----|----------|
| Total net change in fund balances - Governmental Funds | \$ | (67,044) |
|--|----|----------|

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

Capital outlays are reported in the governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives.

Capital assets:

|                 |                    |  |             |
|-----------------|--------------------|--|-------------|
| Capital Outlays | 786,600            |  |             |
| Depreciation    | (1,688,009)        |  |             |
| Impairment loss | <u>(1,524,567)</u> |  | (2,425,976) |

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, interest expense is recognized as the interest accrues, regardless of when it is due.

|   |  |       |
|---|--|-------|
| Excess of interest accrued over interest paid |  | 8,409 |
|---|--|-------|

|   |  |         |
|---|--|---------|
| Change in deferred inflows of resources - pension plans |  | 311,719 |
|---|--|---------|

|  |  |           |
|--|--|-----------|
| Change in deferred outflows of resources - pension plans |  | 3,233,207 |
|--|--|-----------|

|  |  |             |
|--|--|-------------|
| Change in deferred inflows of resources - other post-employment benefits |  | (1,249,533) |
|--|--|-------------|

|   |  |           |
|---|--|-----------|
| Change in deferred outflows of resources - other post-employment benefits |  | 6,667,499 |
|---|--|-----------|

The issuance of long-term debt provides current financial resources of governmental funds, while the repayment of the principal of the long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Changes in long-term debt

|   |                 |  |             |
|---|-----------------|--|-------------|
| Proceeds from issuance of debt                | (663,788)       |  |             |
| Principal portion of debt service payments    | 1,389,779       |  |             |
| Change in bond premiums                       | 10,999          |  |             |
| Net change in other post-employment benefits  | (3,136,233)     |  |             |
| Net change in net pension liability           | (504,613)       |  |             |
| Net change in worker's compensation liability | <u>(33,265)</u> |  | (2,937,121) |

|  |           |                  |
|--|-----------|------------------|
| <b>Change in net position of governmental activities</b> | <b>\$</b> | <b>3,541,160</b> |
|--|-----------|------------------|

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

**Morehouse Parish School Board**  
**Statement of Fiduciary Net Position – Fiduciary Funds**

| <i>June 30, 2019</i>                  | <b>School<br/>Activity<br/>Funds</b> |
|---------------------------------------|--------------------------------------|
| <hr/>                                 |                                      |
| <b>Assets</b>                         |                                      |
| Cash and cash equivalents             | \$ 242,710                           |
| <hr/>                                 |                                      |
| <b>Liabilities</b>                    |                                      |
| Amounts held for other organizations  | 242,710                              |
| <hr/>                                 |                                      |
| <b>Net Position</b>                   |                                      |
| Restricted for student activity funds | \$ -                                 |
| <hr/>                                 |                                      |

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

**Morehouse Parish School Board**  
**Discretely Presented Component Unit – Beekman Alumni and Friends, Inc.**  
**Statement of Net Position**

*June 30, 2019*

**Assets**

|   |              |
|---|--------------|
| Current assets                                  |              |
| Cash  | \$ 2,766,652 |
| Restricted cash                                 | 177,384      |
| Investments                                     | 21,834       |
| Restricted investments                          | 575,000      |
| Receivables                                     | 5,876        |
| Other assets                                    | 47,483       |
| Total current assets                            | 3,594,229    |
| Capital assets, net of accumulated depreciation | 2,395,690    |
| Total assets                                    | \$ 5,989,919 |

**Liabilities**

|   |            |
|---|------------|
| Current liabilities                     |            |
| Accounts payable                        | \$ 103,850 |
| Salaries and wages payable              | 1,083,240  |
| Accrued interest payable                | 437        |
| Current portion of long term debt       | 282,629    |
| Current portion of compensated absences | 36,855     |
| Total current liabilities               | 1,507,011  |
| Non-current liabilities                 |            |
| Long term debt, non-current             | 636,274    |
| Compensated absences, non-current       | 270,664    |
| Total liabilities                       | 2,413,949  |

**Net Position**

|   |              |
|---|--------------|
| Without Donor Restrictions                  |              |
| Designated by the Board for Loan Collateral | 575,000      |
| Undesignated                                | 2,819,812    |
| With Donor Restrictions                     | 181,158      |
| Total net position                          | 3,575,970    |
| Total liabilities and net position          | \$ 5,989,919 |

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

**Morehouse Parish School Board**  
**Discretely Presented Component Unit – Beekman Alumni and Friends, Inc.**  
**Statement of Activities**

*For the year ended June 30, 2019*

|  |    |           |
|--|----|-----------|
| <b>Expenses</b>                            |    |           |
| Instructional                              | \$ | 5,198,274 |
| Support services                           |    | 3,011,748 |
| Operation on non-instructional service     |    | -         |
| Total expenses                             |    | 8,210,022 |
| <b>Program Revenues</b>                    |    |           |
| Charges for services                       |    | 57,451    |
| Operating grants and contributions         |    | 14,729    |
| Total program revenues                     |    | 72,180    |
| Net program expense                        |    | 8,137,842 |
| <b>General Revenues</b>                    |    |           |
| Grants not restricted to specific purposes |    |           |
| Minimum Foundation Program                 |    | 8,622,877 |
| Interest and investment earnings           |    | 7,394     |
| Student activity funds                     |    | 33,044    |
| Other revenue                              |    | 3,660     |
| Total general revenues                     |    | 8,666,975 |
| Change in net position                     |    | 529,133   |
| <b>Net Position</b>                        |    |           |
| Beginning of year                          |    | 3,046,837 |
| End of year                                | \$ | 3,575,970 |

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



## **Morehouse Parish School Board**

### **Notes to the Basic Financial Statements**

#### **Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

#### ***Financial Reporting Entity***

The School Board is considered a primary government, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Fiscally independent means that the School Board may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The accompanying financial statements present the School Board and its component unit, an entity for which the School Board is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the School Board. The accounting policies of the School Board conform to generally accepted accounting principles (GAAP) as applied to governmental entities. The more significant accounting policies are described below.

In evaluating the School Board as a reporting entity, management has considered all potential component units in accordance with Section 2100: *Defining the Financial Reporting Entity* of the Governmental Accounting Standards Board (GASB) Codification.

#### ***Discretely Presented Component Unit***

The School Board has one component unit, Beekman Alumni and Friends, Inc. Beekman Alumni and Friends, Inc. is a legally separately entity and, as such, appoints its own Board. Beekman Alumni and Friends, Inc. is a Type 3 Charter School that opened in the Fall of 2013. It has a June 30 fiscal year-end. Complete financial statements of this component unit can be obtained from Beekman Alumni and Friends, Inc. or the School Board. The School Board and its component unit represent the reporting entity. Additionally, the School Board is a legally separate elected governing body and does not meet the definition of a component unit of any other entity.

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

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Government-Wide and Fund Financial Statements***

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Major individual governmental funds are reported as separate columns in the fund financial statements.

#### ***Measurement Focus, Basis of Accounting and Financial Statement Presentation***

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Property taxes, sales taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue sources (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the School Board.



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

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Government-Wide Financial Statements***

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds.

As discussed earlier, the School Board has one discretely presented component unit. While the Beekman Alumni and Friends, Inc. is considered to be a major component unit, it is nevertheless shown in separate column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

#### ***Fund Financial Statements***

The fund financial statements provide information about the School Board's funds. Separate statements for each fund category is presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

The School Board reports the following major governmental funds:

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

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

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

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

Sales tax is designed to account for the collection and distribution of the sales tax levies to provide additional support to the school system to include funding of capital improvements and employee salaries.

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

## **Morehouse Parish School Board**

### **Notes to the Basic Financial Statements**

#### **Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### ***Fund Financial Statements (Continued)***

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

##### ***Budgetary Information***

###### *Budgetary basis of accounting*

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and special revenue funds. Certain special revenue funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards) and sometimes span a period of more than one fiscal year.

##### ***Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity***

###### *Cash and Cash Equivalents*

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

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

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

###### *Investments*

Investments for the School Board include certificates of deposits, which are stated at cost, which approximates fair market value.



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

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Receivables*

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include property taxes, sales taxes, and grants.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, grants, and other similar intergovernmental revenues since they are usually both measureable and available.

#### *Interfund Activities and Transactions*

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” within the fund financial statements. These amounts are eliminated in the governmental columns of the statement of net position, except for the net residual amounts due from other governmental agencies and due to vendors in the normal course of business.

Interfund transactions are reflected as services provided, reimbursements, or transfers. Services provided, deemed to be at or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefitting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

#### *Inventories*

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies, purchased food and commodities. The cost of such inventories is recorded as expenditures/expense when consumed rather than when purchased.

#### *Restricted Assets*

Certain assets of the School Board are classified as restricted assets on the statement of net position because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors or laws or regulations of other governments. Special restricted asset accounts have been established to account for the sources and uses of these limited assets as follows:

*Bond debt service accounts* – Includes certain proceeds from issuance of revenue bonds, as well as certain resources set aside for the repayment of bonds.

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

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Capital Assets*

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

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Capital assets have not been assigned a salvage value because management feels that the salvage value is immaterial. Straight-line depreciation is used based on the following useful lives:

|                         |            |
|-------------------------|------------|
| Buildings               | 40 years   |
| Furniture and equipment | 3-15 years |

#### *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

The School Board has two (2) items that qualify for reporting as deferred outflows of resources, the *deferred outflows related to pension* and *deferred outflows related to other post-employment benefits*, both reported in the government-wide statement of net position. The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred outflows related to pensions and other post-employment benefits will be recognized as either pension expense or other post-employment benefit expense or a reduction in the net pension liability in future reporting periods.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflow of resources*, represents an acquisition of position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School Board has two (2) items that qualify for reporting as deferred inflows of resources. The *deferred inflows related to pensions* are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred inflows related to pensions and other post-employment benefits will be recognized as a reduction to pension expense or other post-employment benefits expense in future reporting periods.



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

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Compensated Absences*

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

#### *Long-Term Obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums are deferred and amortized over the life of the bonds and are recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASB Codification Section 130: *Interest Costs – Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

In the fund financial statements, governmental fund types recognized bond premium and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

#### *Categories and Classification of Fund Equity*

*Net position flow assumption* – Sometimes the School Board will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School Board's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

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

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Categories and Classification of Fund Equity (Continued)*

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

*Fund balance policies* – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The School Board itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, specifies the following classifications:

*Nonspendable fund balance* – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Restricted fund balance* – Restricted fund balances are restricted when constraints placed on the use of resources either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance* – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School Board's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the School Board that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

*Assigned fund balance* – Amounts in the assigned fund balance classification are intended to be used by the School board for specific purposes but do not meet the criteria to be classified as committed. The School Board may also assign fund balance as it does when appropriate fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.



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

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Categories and Classification of Fund Equity (Continued)*

*Unassigned fund balance* – Unassigned fund balance is the residual classification for the General Fund.

#### *Revenues, and Expenditures / Expenses*

*Program revenues* – Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

*Property taxes* – Property taxes attach as an enforceable lien on real property and are levied as of July 1st. The tax levy is divided into two billings: the first billing (mailed on July 1) is an estimate of the current year's levy based on the prior year's taxes; the second billing (mailed on January 1) reflects adjustments to the current year's actual levy. The billings are considered past due 30 days after the respective tax billing date, at which time the applicable property is subject to lien, and penalties and interest are assessed.

#### *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

#### *Subsequent Events*

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 31, 2019. See Note 7 for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

#### *Recently Issued and Implemented Accounting Pronouncements*

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

In January, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement seeks to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB 84 will be effective for the fiscal years beginning after December 15, 2018.

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

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Recently Issued and Implemented Accounting Pronouncements (continued)*

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.



## **Morehouse Parish School Board**

### **Notes to the Basic Financial Statements**

#### **Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### *Recently Issued and Implemented Accounting Pronouncements (continued)*

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

The School Board is evaluating the requirements of the above statements and the impact on reporting.

#### **Note 2: DETAILED NOTES ON ALL FUNDS**

##### ***Deposits and Investments***

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

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

Differences between School Board balances and the bank balances arise because of the net effect of deposits-in-transit and outstanding checks.

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

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

***Deposits and Investments (Continued)***

The following is a schedule of the School Board's cash and cash equivalents at June 30, 2019.

|  | School Board<br>Book Balances | Bank Balance        |
|--|-------------------------------|---------------------|
| Cash on deposit                        | \$ 6,254,426                  | \$ 8,364,397        |
| Petty cash                             | 100                           | -                   |
| <b>Total cash and cash equivalents</b> | <b>\$ 6,254,526</b>           | <b>\$ 8,364,397</b> |

The School Board's deposits are collateralized as follows:

|                                      |                     |
|--------------------------------------|---------------------|
| Federal Deposit Insurance            | \$ 250,000          |
| Pledged Securities                   | 9,010,592           |
| <b>Total collateralized deposits</b> | <b>\$ 9,260,592</b> |

The School Board's investments at June 30, 2019, consist of a certificate of deposit with a carrying and market value of \$79,846. It is held by the School Board's agent in the School Board's name and is collateralized.

*Credit risk* – Section 150: *Investments* of the GASB Codification requires that governments provide information about credit risk associated with their investments by disclosing the credit rating of investments in debt securities as described by nationally recognized statistical rating organizations. The School Board's investment policy limit investments to securities with specific ranking criteria.

*Concentration risk* – Section 150: *Investments* of the GASB Codification requires disclosures of investments in any one issuer that represents five percent or more of total investments, excluding investments issued or explicitly guaranteed by the U.S government, investments in mutual funds, external investments pools and other pooled investments. The School Board's investment policy does not address concentration risk.

*Fair Value* – GASB Codification Section 3100: *Fair Value Measurements* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).



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

### Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

#### *Deposits and Investments (Continued)*

The three levels of the fair value hierarchy under the codification are described as follows:

Level 1 (L1): Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the School Board has the ability to access.

Level 2 (L2): Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 (L3): Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

| Investments by Fair Value Level | June 30, 2019    | Fair Value Measurements Using |             |             |
|---------------------------------|------------------|-------------------------------|-------------|-------------|
|                                 |                  | (Level 1)                     | (Level 2)   | (Level 3)   |
| Certificates of Deposit         | \$ 79,846        | \$ 79,846                     | \$ -        | \$ -        |
|                                 | <u>\$ 79,846</u> | <u>\$ 79,846</u>              | <u>\$ -</u> | <u>\$ -</u> |

The certificates of deposit matured in August 2019 and have been renewed to be mature in August 2020.

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

### Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

#### Receivables

Receivables consisted of the following:

| June 30, 2019               | General    | Title I    | School<br>Food<br>Service | Sales<br>Tax | Debt<br>Service | Nonmajor<br>Governmental | Total        |
|-----------------------------|------------|------------|---------------------------|--------------|-----------------|--------------------------|--------------|
| Taxes:                      |            |            |                           |              |                 |                          |              |
| Ad Valorem                  | \$ 5,818   | \$ -       | \$ -                      | \$ -         | \$ 1,556        | \$ 363                   | \$ 7,737     |
| Sales Tax                   | -          | -          | -                         | 506,227      | -               | -                        | 506,227      |
| Intergovernmental - grants: |            |            |                           |              |                 |                          |              |
| Federal                     | -          | 442,488    | 192,375                   | -            | -               | 600,967                  | 1,235,830    |
| State                       | 106,496    | -          | -                         | -            | 3,243           | 173,966                  | 283,705      |
| Other                       | 132,678    | -          | -                         | -            | 1,338           | 9,458                    | 143,474      |
| Total                       | \$ 244,992 | \$ 442,488 | \$ 192,375                | \$ 506,227   | \$ 6,137        | \$ 784,754               | \$ 2,176,973 |

#### Capital Assets

The following is a summary of changes in capital assets during the year ended June 30, 2019:

|   | Beginning<br>Balance | Additions   | Deletions  | Impairment     | Ending<br>Balance |
|---|----------------------|-------------|------------|----------------|-------------------|
| Governmental activities                     |                      |             |            |                |                   |
| Capital assets not being depreciated        |                      |             |            |                |                   |
| Land  | \$ 319,013           | \$ -        | \$ -       | \$ -           | \$ 319,013        |
| Construction in progress                    | 805,397              | -           | 805,397    | -              | -                 |
| Total capital assets not being depreciated  | 1,124,410            | -           | 805,397    | -              | 319,013           |
| Capital assets being depreciated            |                      |             |            |                |                   |
| Buildings and improvements                  | 41,988,757           | 862,397     | 5,059,078  | -              | 37,792,076        |
| Furniture and equipment                     | 8,904,419            | 729,600     | -          | -              | 9,634,019         |
| Total capital assets being depreciated      | 50,893,176           | 1,591,997   | 5,059,078  | -              | 47,426,095        |
| Less accumulated depreciation               |                      |             |            |                |                   |
| Building and improvements                   | 27,125,994           | 1,100,967   | 5,059,078  | 1,524,567      | 24,692,450        |
| Furniture and equipment                     | 5,780,442            | 587,042     | -          | -              | 6,367,484         |
| Total accumulated depreciation              | 32,906,436           | 1,688,009   | 5,059,078  | 1,524,567      | 31,059,934        |
| Total capital assets being depreciated, net | 17,986,740           | (96,012)    | -          | (1,524,567)    | 16,366,161        |
| Governmental activities capital assets, net | \$ 19,111,150        | \$ (96,012) | \$ 805,397 | \$ (1,524,567) | \$ 16,685,174     |

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

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

*Capital Assets (Continued)*

Depreciation expense was allocated to the governmental functions in the statement of activities as follows:

|                                       |                     |
|---------------------------------------|---------------------|
| Instructional services:               |                     |
| Regular programs                      | \$ 25,092           |
| Special education programs            | 3,384               |
| Vocational programs                   | 3,970               |
| Other instructional programs          | 3,373               |
| Special programs                      | 73,235              |
| Support services:                     |                     |
| Pupil support services                | 1,611               |
| Instructional staff support services  | 899                 |
| General administration                | 722                 |
| Business services                     | 177                 |
| Plant services                        | 123,635             |
| Student transportation services       | 318,499             |
| Central services                      | 872                 |
| Noninstructional services:            |                     |
| Food service operations               | 20,497              |
| Facility acquisition and construction | 1,112,043           |
| <b>Total depreciation expense</b>     | <b>\$ 1,688,009</b> |

Program expenses presented in the statement of activities include an impairment loss of \$1,524,567 due to the closure of two elementary schools in January 2019.

The allocation of the impairment losses were as follows:

|                                      |                     |
|--------------------------------------|---------------------|
| Instructional services               |                     |
| Regular programs                     | \$ 457,372          |
| Special education programs           | 304,913             |
| Other instructional programs         | 76,228              |
| Special programs                     | 76,228              |
| Support services                     |                     |
| Pupil support services               | 152,457             |
| Instructional staff support services | 152,457             |
| General administration               | 76,228              |
| School administration                | 76,228              |
| Plant services                       | 76,228              |
| Noninstructional services            |                     |
| Food service operations              | 76,228              |
| <b>Total impairment loss</b>         | <b>\$ 1,524,567</b> |



## **Morehouse Parish School Board**

### **Notes to the Basic Financial Statements**

#### **Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

##### *Long-Term Debt and Liabilities*

In fiscal year 2012, the School Board issued \$7,775,000 in general obligation bonds to provide resources to purchase securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$7,250,000 in general obligation bonds. As a result, these general obligation bonds are considered defeased and the liability for those bonds has been removed from the general obligation long-term debt. The amount paid to the escrow agent exceeded the bonds refunded by \$472,537. This amount is being netted against the new bonds and amortized over the remaining life of the refunded bonds, which is shorter than the life of the new bonds. The School Board refunding resulted in a reduction of \$545,863 in future debt service payments for an economic benefit of \$427,076. The amount outstanding as of June 30, 2019 was \$5,095,000.

In fiscal year 2013, the School Board issued \$3,885,000 in General Obligation Bonds for the purpose of providing resources for the refunding of \$3,635,000 in Series 2004 General Obligation Bonds. The net proceeds of \$3,865,424 (including a \$76,043 bond premium and after \$95,619 in bond issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payments of the refunded bonds. As a result, the Series 2004 General Obligation Bonds are considered defeased and the liability for those bonds has been removed from the statement of net position. The amount outstanding as of June 30, 2019 was \$2,775,000.

In fiscal year 16, the School Board issued \$3,725,000 in general obligation refunding bonds for District No. A to advance refund \$3,565,000 of the series 2007 general obligation bonds to reduce total future debt service payments. The net proceeds of the bonds of \$3,714,615 (including a \$110,938 premium and after \$121,323 in issuance costs) were placed in an irrevocable trust with an escrow agent for the purpose of generating resources for all future debt service payments of the refunded general obligation bonds. The refunding resulted in a present value savings of \$454,097. The amount outstanding as of June 30, 2019 was \$3,240,000.

In fiscal year 2016, the School Board issued \$1,270,000 of Limited Tax Bonds, Series 2016 of Consolidated School District No.12 for the purpose of refunding and extending the School Board's outstanding \$925,000 Limited Tax Bonds, Series 2014 and acquiring, constructing, improving or equipping public elementary and secondary schools as authorized in the proposition approved by the voters on May 3, 2014 and paying the costs of issuance of the bonds. The amount outstanding as of June 30, 2019 was \$1,120,000.

The School Board has pledged future collections of the 10 mills (such rate being subject to adjustment from time to time due to reassessment) District 12 ad valorem tax to repay the Limited Tax Bonds, Series 2016 of Consolidated School District No. 12. For the year ended June 30, 2019, the School Board received \$109,176 from the collection of the 10 mills. See current year refunding note above for additional information related to the bond issuance. The annual required principal and interest payments are expected to be 89.9% of the tax revenue over the remaining life of the bonds.



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

### Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

#### *Long-Term Debt and Liabilities (Continued)*

Long-term liability activity for the year ended June 30, 2019, was as follows for governmental activities:

|                                    | Beginning<br>Balance  | Additions           | Deletions           | Ending<br>Balance     | Due Within<br>One Year |
|------------------------------------|-----------------------|---------------------|---------------------|-----------------------|------------------------|
| <b>Governmental Activities</b>     |                       |                     |                     |                       |                        |
| <b>Bonds payable:</b>              |                       |                     |                     |                       |                        |
| General obligation debt            | \$ 12,015,000         | \$ -                | \$ 905,000          | \$ 11,110,000         | \$ 935,000             |
| Limited tax bond                   | 1,170,000             | -                   | 50,000              | 1,120,000             | 55,000                 |
| <b>Other liabilities:</b>          |                       |                     |                     |                       |                        |
| Capital lease payable              | 1,581,822             | 663,788             | 434,779             | 1,810,831             | 382,153                |
| Compensated absences               | 893,669               | 76,772              | 76,772              | 893,669               | 83,454                 |
| Workers' Compensation IBNR         | 6,790                 | 33,265              | -                   | 40,055                | 40,055                 |
| Net pension liability              | 37,511,251            | 504,613             | -                   | 38,015,864            | -                      |
| Bond premium                       | 140,563               | -                   | 10,999              | 129,564               | 10,999                 |
| Other post employment benefits     | 51,553,831            | 3,136,233           | -                   | 54,690,064            | -                      |
| <b>Total long-term obligations</b> | <b>\$ 104,872,926</b> | <b>\$ 4,414,671</b> | <b>\$ 1,477,550</b> | <b>\$ 107,810,047</b> | <b>\$ 1,506,661</b>    |

Compensated absences, other post-employment benefits and the net pension liability will be liquidated in future periods primarily by the General Fund for governmental activities.

The following is a summary of governmental activities bonds payable for the year ended June 30, 2019:

| Bonds Payable                   | Original<br>Issue | Interest Rate | Range of<br>Maturities | Principal            | Interest            |
|---------------------------------|-------------------|---------------|------------------------|----------------------|---------------------|
| <b>Limited Tax Bonds</b>        |                   |               |                        |                      |                     |
| Series 2016, refunding          | \$ 1,270,000      | 1.50 - 5.00%  | 2016 - 2035            | \$ 1,120,000         | \$ 463,233          |
| <b>General Obligation Bonds</b> |                   |               |                        |                      |                     |
| Series 2011, refunding          | \$ 7,775,000      | 3.17%         | 2012 - 2028            | 5,095,000            | 845,597             |
| Series 2012, refunding          | \$ 3,885,000      | 1.25 - 3.50%  | 2012 - 2029            | 2,775,000            | 533,187             |
| Series 2016, refunding          | \$ 3,725,000      | 1.00 - 3.00%  | 2016 - 2032            | 3,240,000            | 683,300             |
| <b>Total</b>                    |                   |               |                        | <b>\$ 12,230,000</b> | <b>\$ 2,525,317</b> |

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

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

*Long-Term Debt and Liabilities (Continued)*

Debt service requirements on all School Board bonds and certificates of indebtedness outstanding at June 30, 2019, are as follows:

| Year Ending<br>June 30, | Principal     | Interest     | Total         |
|-------------------------|---------------|--------------|---------------|
| 2020                    | \$ 990,000    | \$ 377,747   | \$ 1,367,747  |
| 2021                    | 1,020,000     | 350,822      | 1,370,822     |
| 2022                    | 1,050,000     | 322,542      | 1,372,542     |
| 2023                    | 1,080,000     | 293,525      | 1,373,525     |
| 2024                    | 1,115,000     | 262,124      | 1,377,124     |
| 2025-2029               | 5,535,000     | 772,568      | 6,307,568     |
| 2030-2034               | 1,345,000     | 141,240      | 1,486,240     |
| 2035-2039               | 95,000        | 4,750        | 99,750        |
| Total                   | \$ 12,230,000 | \$ 2,525,318 | \$ 14,755,318 |

*Deferred Outflows of Resources and Deferred Inflows of Resources*

The balances of deferred inflows and outflows of resources as of June 30, 2019 consist of:

|   | Deferred Outflows | Deferred Inflows |
|---|-------------------|------------------|
| Net Pension Liabilities (GASB 68):                    |                   |                  |
| Teachers' Retirement System of Louisiana (TRSL)       | \$ 24,532,525     | \$ 20,720,191    |
| Louisiana School Employees' Retirement System (LSERS) | 1,136,097         | 606,523          |
| Other Post-employment Benefits (GASB 75)              | 3,233,207         | 2,182,035        |
| Total   | \$ 28,901,829     | \$ 23,508,749    |

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

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

*Interfund Receivables, Payables and Transfers*

Individual balances due to/from other funds at June 30, 2019, are as follows:

|                                    | <u>Due From</u>     | <u>Due To</u>       |
|------------------------------------|---------------------|---------------------|
| Major Funds:                       |                     |                     |
| General Fund                       | \$ 1,934,738        | \$ 1,039,586        |
| Special Revenue:                   |                     |                     |
| Title I                            | -                   | 203,519             |
| Sales Tax                          | -                   | 1,155               |
| School Food Service                | 197                 | 11,238              |
| Non-major Funds:                   |                     |                     |
| Special Revenue:                   |                     |                     |
| Special Education                  | -                   | 131,771             |
| Title II                           | -                   | 6,067               |
| JAG / Vocational Education         | -                   | 50,731              |
| LA 4                               | -                   | 31,196              |
| 8 (g)                              | -                   | 16,666              |
| 21st Century Grant                 | -                   | 229,933             |
| East Morehouse Parish Tax District | -                   | 10,678              |
| Miscellaneous Grants               | -                   | 202,395             |
| <b>Total</b>                       | <b>\$ 1,934,935</b> | <b>\$ 1,934,935</b> |

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

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

*Interfund Receivables, Payables and Transfers (Continued)*

Transfers to/from other funds for the year ended June 30, 2019 were as follows:

| Operating Transfers                | Transfers  |              | Net        |
|------------------------------------|------------|--------------|------------|
|                                    | In         | Out          |            |
| Major Funds                        |            |              |            |
| General Fund                       | \$ 886,840 | \$ -         | \$ 886,840 |
| Title I                            | -          | (354,186)    | (354,186)  |
| Nonmajor Funds                     |            |              |            |
| Special Education                  | -          | (113,469)    | (113,469)  |
| Title II                           | -          | (6,559)      | (6,559)    |
| 21st Century Grant                 | -          | (51,432)     | (51,432)   |
| Rural Education Achievement        | -          | (12,887)     | (12,887)   |
| East Morehouse Parish Tax District | -          | (289,000)    | (289,000)  |
| Miscellaneous Grants               | -          | (59,307)     | (59,307)   |
| Total                              | \$ 886,840 | \$ (886,840) | \$ -       |

*Capital Leases*

In 2007, the School Board entered into a noncancellable lease purchase agreement for \$2,032,017 for the purpose of acquiring energy management software and installation of three chillers for physical plants of schools. The lease is set to expire in June 2020.

In June 2016, the School Board entered into a noncancellable lease purchase agreement for \$1,361,730 for the purpose of acquiring fifteen new school buses that expires in 2025.

In July 2018, the School Board entered into a noncancellable lease purchase agreement for \$788,495 for the purpose of acquiring seven new school buses that expires in July 2027.



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

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

*Capital Leases (Continued)*

Future minimum lease payments under capital leases are as follows:

| Year ending June 30,                    |              |
|---|--------------|
| 2020                                    | \$ 498,331   |
| 2021                                    | 235,000      |
| 2022                                    | 235,000      |
| 2023                                    | 235,000      |
| 2024                                    | 235,000      |
| Thereafter                              | 630,849      |
| Total minimum lease payments            | 2,069,180    |
| Less amount representing interest       | 258,349      |
| Present value of minimum lease payments | \$ 1,810,831 |

*Ad Valorem Taxes*

The Sheriff of Morehouse Parish, as provided by State law, bills and collects property taxes on behalf of the School Board using the assessed values determined by the tax assessor of Morehouse Parish. For the year ended June 30, 2019, taxes of 53.63 mills were levied on property with assessed valuations totaling \$181,791,672 and were dedicated as follows:

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

The School Board's portion of the total taxes originally levied was \$6,924,258 of which \$5,627,628 was assessed on property owners and \$1,296,630 was assessed under Homestead Exemption. The School Board collected \$5,791,714 through June 30, 2019, of which a nominal amount was for prior year(s) levies. Approximately 85% of the homestead exemption is not appropriated by the State of Louisiana and therefore is not collected. Collections are remitted to the School Board monthly.

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

### Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

#### *Ad Valorem Taxes (Continued)*

Below is the property tax calendar in effect for the year ended June 30, 2019:

#### Property Tax Calendar

|                                  | <u>Parish (Except City of Bastrop)</u> | <u>City of Batrop</u> |
|----------------------------------|--|-----------------------|
| Tax bills mailed                 | December 1, 2018                       | December 2017         |
| Total taxes are due              | December 31, 2018                      | December 31, 2017     |
| Lien date                        | July 2019                              | July 2019             |
| Penalties and interest are added | January 1, 2019                        | January 1, 2019       |
| Tax sale date(s)                 | June 2019                              | June 2019             |

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

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

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

### Note 3: PENSION AND RETIREMENT PLANS

The School Board maintains two contributory cost-sharing multiple-employer defined benefit plans (Plans) that provide for retirement, deferred retirement option (DROP), disability, and survivor's benefits as described below. These Plans are:

Teachers' Retirement System of Louisiana (TRSL)  
Louisiana School Employees' Retirement system (LSERS)

Each plan is administered by a separate board of trustees. Each board of trustees is empowered to hire its own attorneys and consultants at the pension fund's expense, and to bring and defend lawsuits. The authority to establish and amend the benefit terms of TRSL, and LSERS, was granted to the respective Board of Trustees and the Louisiana Legislature by Title 11 of the Louisiana Revised Statutes. TRSL and LSERS each issue publicly available financial reports that can be obtained at [www.trsl.org](http://www.trsl.org), [www.lasers.net](http://www.lasers.net), and [www.lasersonline.org](http://www.lasersonline.org), respectively.

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

### Note 3: PENSION AND RETIREMENT PLANS (Continued)

#### *Summary of Significant Accounting Policies (All Plans)*

##### *Basis of Accounting*

The Plans' financial statements are prepared in conformity with accounting principles generally accepted in the United States of America using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period incurred. Member and employer contributions are recognized when due, pursuant to formal commitments as well as statutory or contractual requirements. State appropriations are recognized in the period appropriated. Purchases and sales of securities are reflected on the trade date. Dividend income is recorded on the ex-dividend date. Interest income is recorded as earned on the accrual basis. Administrative costs are funded through investment earnings and are subject to budgetary control by the Board of Trustees and approval of the Joint Legislative Committee on the Budget. Benefits and refunds are recognized when due and payable in accordance with the terms of the System.

##### *Method Used to Value Investments (TRSL)*

GASB Statement No. 72 (GASB 72) was implemented for fiscal year ended June 30, 2016. As required by

GASB 72, investments are reported at fair value which is described as an exit price. This statement requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data is available to measure fair value. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. This statement establishes a hierarchy of inputs to valuation techniques used to measure fair value. That hierarchy has three levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs - other than quoted prices - included within Level 1 that are observable for the asset or liability, whether directly or indirectly. Finally, Level 3 inputs are unobservable inputs, such as management's assumption of the default rate among underlying mortgages of a mortgage-backed security. This statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. These disclosures are organized by type of asset or liability. GASB 72 also requires additional disclosures regarding investments in certain entities that calculate netasset value per share (or its equivalent). These disclosures are located in Note 1.

Short-term investments are reported at market value when published prices are available, or at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at the current exchange rate.

All derivative financial instruments are reported at fair value in the Statements of Fiduciary Net Position. Gains and losses are reported in the Statements of Changes in Fiduciary Net Position as net appreciation (depreciation) in fair value of investments during the period the instruments are held and when the instruments are sold or expire. The nature and use of derivative instruments is discussed in Note 1.



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

**Note 3: PENSION AND RETIREMENT PLANS (Continued)**

***Summary of Significant Accounting Policies (All Plans)***

*Method Used to Value Investments (TRSL) (Continued)*

The fair value of investments that are organized as limited partnerships and have no readily ascertainable fair value (such as private equity, real estate, and tangible assets) has been recorded based on the investment's capital account balance which is reported at fair value, at the closest available reporting period, and adjusted for subsequent contributions, distributions, and management fees.

Investments that do not have an established market are reported at estimated fair value. Unrealized gains and losses are included as investment earnings in the Statements of Changes in Fiduciary Net Position.

Because of the inherent uncertainties in estimating fair values, it is at least reasonably possible that the estimates will change in the near term.

*Method Used to Value Investments (LSERS)*

The System's investments are reported at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, which requires investments to be valued at fair value, described as an exit price, using valuation techniques that are appropriate under the circumstances and for which sufficient data is available. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. This statement established a hierarchy of inputs to valuation techniques used to measure fair value which includes three levels. Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date. Level 2 inputs are inputs – other than quoted prices – that are observable for an asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for an asset or liability.

Fair value of short-term investments approximates cost. Fair value of securities traded on a national or international exchange is calculated using the last reported sales price at current exchange rates. Fair value of mutual funds not traded on a national or international exchange is calculated using the net asset value reported by the mutual funds. Fair value of investments in partnerships is calculated as the Fund's percentage of ownership of the partner's capital reported by the partnership.

The System reports securities lent through the securities lending program as assets. Cash received as collateral on securities lending transactions and investments made with that cash are reported as assets. Liabilities resulting from securities lending transactions are reported as well.



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

### Note 3: PENSION AND RETIREMENT PLANS (Continued)

#### *Summary of Significant Accounting Policies (All Plans)*

##### *Method Used to Value Investments (LSERS) (Continued)*

The System invests in foreign currency forward contracts. The changes in the market value of these investment derivative instruments are reported as gains and losses in the period in which the change occurs.

The real estate held for investment consists of the leasing of office space and in real estate funds. The investments are valued at fair market value which is based upon appraised value.

##### *Funding Requirements (TRSL)*

The employer contribution rate is established annually under LA R.S. 11:101 - 11:104 by the Public Retirement Systems Actuarial Committee (PRSACX) taking into consideration the recommendation of the System's actuary. Each sub plan pays a separate actuarially determined employer contribution rate. However, all assets of TRSL are used for the payment of benefits for all classes of members, regardless of their plan. The rates in effect during the fiscal year ended June 30, 2018 are as follows:

| TRSL Sub Plan     | Contribution Rates |           |
|-------------------|--------------------|-----------|
|                   | School Board       | Employees |
| K-12 Regular Plan | 26.7%              | 8.0%      |
| Plan A            | 26.7%              | 9.1%      |
| Plan B            | 26.7%              | 5.0%      |

The School Board's contractually required composite contribution rate for the year ended June 30, 2019, was 26.7% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability.

Contributions to the pension plan from the School Board were \$4,160,476 for the year ended June 30, 2019.

##### *Funding Requirements (LSERS)*

Contributions for members are established by state statute at 7.5% of their annual covered salary for members employed prior to July 1, 2010 and 8.0% for members employed subsequent to July 1, 2010. Contributions for all participating school boards are actuarially determined as required by Act 81 of 1988 but cannot be less than the rate required by the Constitution. The actuarial required contribution rate for June 30, 2019 was 27.8%. The actual employer rate for the year ended June 30, 2019 was 28%. A difference may exist due to the State Statute that requires the rate to be calculated in advance.

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

**Note 3: PENSION AND RETIREMENT PLANS (Continued)**

***Funding Requirements (LSERS)***

Contributions to the pension plan from the School Board were \$513,670 for the year ended June 30, 2018.

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

The net pension liabilities were measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School Board's proportion of the net pension liability for TRSL was based on a projection of the School Board's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Schools Board's proportion of the net pension liability of LSERS was based on the School Board's historical contributions.

The following table reflects the School Board's proportionate share of the Net Pension Liability for each of the pension plans, the proportion at June 30, 2019, and the change compared to the June 30, 2018 proportion:

|       | Net Pension<br>Liability at June 30,<br>2019 | Proportion at June<br>30, 2019 | Increase (Decrease)<br>to June 30, 2018<br>Proportion |
|-------|--|--------------------------------|---|
| LSERS | \$ 3,862,315                                 | 0.578072%                      | -0.013167%  |
| TRSL  | 34,153,549                                   | 0.347510%                      | 0.018520%   |
|       | <u>\$ 38,015,864</u>                         |                                |   |

The following table reflects the School Board's recognized pension expense plus the School Board's amortization of change in proportionate share and difference between employer contributions and proportionate share of contributions for each of the pension plans for the year ended June 30, 2019:

|       | Pension Expense     | Amortization | Total      |
|-------|---------------------|--------------|------------|
| LSERS | \$ 360,098          | \$ (3,766)   | \$ 356,332 |
| TRSL  | 2,257,145           | (2,715,241)  | (458,096)  |
|       | <u>\$ 2,617,243</u> |              |            |

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

**Note 3: PENSION AND RETIREMENT PLANS (Continued)**

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

At June 30, 2019, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| <b>LSERS</b>           | <b>Deferred Outflows<br/>of Resources</b> | <b>Deferred Inflows<br/>of Resources</b> |
|------------------------|---|--|
| Experience             | \$ -                                      | \$ 106,582                               |
| Investment Earnings    | 76,697                                    | -  |
| Assumptions            | 162,712                                   | -  |
| Change in Proportions  | 383,018                                   | 499,941                                  |
| Employer Contributions | 513,670                                   | -  |
|                        | <b>\$ 1,136,097</b>                       | <b>\$ 606,523</b>                        |

| <b>TRSL</b>                 | <b>Deferred Outflows<br/>of Resources</b> | <b>Deferred Inflows<br/>of Resources</b> |
|-----------------------------|---|--|
| Experience                  | \$ -                                      | \$ 1,125,088                             |
| Investment Earnings         | -   | 2,201,132                                |
| Assumptions                 | 2,194,477                                 | -  |
| Change in Proportions       | 18,177,572                                | -  |
| Difference in Contributions | -   | 17,393,971                               |
| Employer Contributions      | 4,160,476                                 | -  |
|                             | <b>\$ 24,532,525</b>                      | <b>\$ 20,720,191</b>                     |

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

|       | <b>Deferred Outflows<br/>of Resources</b> | <b>Deferred Inflows<br/>of Resources</b> |
|-------|---|--|
| LSERS | \$ 1,136,097                              | \$ 606,523                               |
| TRSL  | 24,532,525                                | 20,720,191                               |
|       | <b>\$ 25,668,622</b>                      | <b>\$ 21,326,714</b>                     |

Deferred outflows of resources related to pensions resulting from the School Board's contributions subsequent to the measurement date of \$4,674,146 will be recognized as a reduction of net pension liability in the year ending June 30, 2019.

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

**Note 3: PENSION AND RETIREMENT PLANS (Continued)**

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

The following table lists the pension contributions made subsequent to the measure period for each pension plan:

|       | <b>Subsequent<br/>Contributions</b> |
|-------|-------------------------------------|
| LSERS | \$ 513,670                          |
| TRSL  | 4,160,476                           |
|       | <b>\$ 4,674,146</b>                 |

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

|       |                     |                   |                     |                   |                     |
|-------|---------------------|-------------------|---------------------|-------------------|---------------------|
| TRSL  | \$ (511,788)        | \$ 252,211        | \$ (673,684)        | \$ 585,119        | \$ (348,142)        |
| LSERS | 72,442              | 42,132            | (116,631)           | 17,961            | 15,904              |
|       | <b>\$ (439,346)</b> | <b>\$ 294,343</b> | <b>\$ (790,315)</b> | <b>\$ 603,080</b> | <b>\$ (332,238)</b> |

***Actuarial Assumptions***

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2019, are as follows:

|   | <b>LSERS</b>                        | <b>TRSL</b>  |
|---|-------------------------------------|--|
| <b>Valuation Date</b>                   | June 30, 2018                       | June 30, 2018  |
| <b>Actuarial Cost Method</b>            | Entry Age Normal                    | Entry Age Normal                                     |
| <b>Amortization Approach</b>            |                                     | Closed   |
| <b>Actuarial Assumptions:</b>           |                                     |  |
| <b>Expected Remaining Service Lives</b> | 3 years                             | 5 years  |
| <b>Investment Rate of Return</b>        | 7.0625% net of investment expenses  | 7.65% net of investment expenses                     |
| <b>Inflation Rate</b>                   | 2.50%                               | 2.50% per annum.                                     |
| <b>Projected Salary Increases</b>       | 2013 - 2017 experience study, 3.25% | 3.3% - 4.8% varies depending on duration of service. |



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

### Note 3: PENSION AND RETIREMENT PLANS (Continued)

#### Actuarial Assumptions (Continued)

|  | LSERS  | TRSL  |
|--|--|---|
| <b>Cost of Living Adjustments</b>              | The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present value and accrued liabilities include one future COLA, though not yet authorized by the legislature by including the recognition of the existing balance in the Experience Account together with the present value of future contributions to the Account up to the maximum permissible value of the Account based upon current amount limitations.  |   |
| <b>Mortality</b>                               | Mortality rates based on the RP-2014 Healthy Annuitant Tables, the RP-2014 Sex Distinct Employee Tables, and the RP-2014 Sex Distinct Disabled Tables.   | Mortality rates based on MP-2017 generational improvement table with continued future mortality improvement projected using the MP-2017 generational mortality improvement tables.  |
| <b>Termination, Disability, and Retirement</b> | Termination, disability, and retirement assumptions were projected based on a five-year (2013-2017) experience study of the System's members.  | Termination, disability, and retirement assumptions were projected based on a five-year (2012-2017) experience study of the System's members.   |
|  | The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. | The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. |

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

**Note 3: PENSION AND RETIREMENT PLANS (Continued)**

***Actuarial Assumptions (Continued)***

The following table provides a summary of the best estimates of arithmetic real rates of return for each major asset class included in each of the pension plans' target asset allocation as of June 30, 2019:

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

n/a – amount not provided by Retirement System

***Discount Rate***

The discount rates used to measure the total pension liability for TRSL and LSERS, were 7.65% and 7.0625%, respectively, for the year ended June 30, 2018.

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

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

### Note 3: PENSION AND RETIREMENT PLANS (Continued)

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

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

|               | 1.0% Decrease | Current<br>Discount Rate | 1.0% Increase |
|---------------|---------------|--------------------------|---------------|
| LSERS         |               |                          |               |
| Discount rate | 6.0625%       | 7.0625%                  | 8.0625%       |
| Share of NPL  | \$ 5,302,044  | \$ 3,862,315             | \$ 2,631,635  |
| TRSL          |               |                          |               |
| Discount rate | 6.65%         | 7.65%                    | 8.65%         |
| Share of NPL  | \$ 45,245,184 | \$ 34,153,549            | \$ 24,797,176 |

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

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The School Board recognizes revenue in an amount equal to their proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended June 30, 2019, the School Board recognized revenue as a result of support received from non-employer contributing entities of \$137,442 for its participation in TRSL. LSERS does not receive support from non-employer contributing entities and, as a result, no revenue was recorded for LSERS for the year ended June 30, 2019.

#### ***Pension Plans Fiduciary Net Position***

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



## **Morehouse Parish School Board**

### **Notes to the Basic Financial Statements**

#### **Note 3: PENSION AND RETIREMENT PLANS (Continued)**

##### ***Payables to the Pension Plan***

As of June 30, 2019, the School Board had \$0 in payables due to the pension plans. Payables are the School Board's legally required contributions to the pension plans. Outstanding balances will be applied the School Board's required monthly contributions.

#### **Note 4: OTHER POST-EMPLOYMENT BENEFITS**

##### ***Plan Description***

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

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

Life insurance coverage under the OGB program is available to retirees by election and the employer pays 50% of the cost of the retiree life insurance based on the blended active/retired OGB rates. Since GASB 45 requires the use of "unblended" rates, the 1994 Group Annuity Reserving mortality table described below to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance.

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

##### ***Contribution Rates***

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



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

**Note 4: OTHER POST-EMPLOYMENT BENEFITS (Continued)**

***Net OPEB Liability***

The components of the net OPEB liability of the School Board at June 30, 2019, were as follows:

|                                   |                      |
|-----------------------------------|----------------------|
| Total OPEB liability              | \$ 54,690,064        |
| Plan fiduciary net position       | -                    |
| School Board's net OPEB liability | <u>\$ 54,690,064</u> |

The School Board's net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

***Actuarial Assumptions***

The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

|                             |       |
|-----------------------------|-------|
| Inflation                   | 2.50% |
| Salary increases            | 4.00% |
| Discount rates              | 3.50% |
| Healthcare cost trend rates | 5.50% |

***Mortality Rate***

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

***Discount Rate***

Although this plan is a defined benefit OPEB plan, which meets the requirements of paragraph 4 of GASB Statement No. 75, the funded ratio is 0% and the total actual and deemed employer contributions are well below the actuarially determined contribution. We have therefore used a discount rate which would be applicable had the requirements of paragraph 4 not been met. That discount rate is 3.87%, which is the value of the Bond Buyers' 20 Year General Obligation municipal bond index as of June 30, 2018, the end of the applicable measurement period.

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

**Note 4: OTHER POST-EMPLOYMENT BENEFITS (Continued)**

***Changes in the Net OPEB Liability***

|  | Increases (Decreases)   |                 |                       |
|--|-------------------------|-----------------|-----------------------|
|  | Plan                    |                 |                       |
|  | Fiduciary               |                 |                       |
|  | Total OPEB<br>Liability | Net<br>Position | Net OPEB<br>Liability |
| Balance at June 30, 2018                       | \$ 51,553,831           | \$ -            | \$ 51,553,831         |
| Service cost                                   | 649,516                 | -               | 649,516               |
| Interest on total OPEB liability               | 1,934,322               | -               | 1,934,322             |
| Effect of plan changes                         | -                       | -               | -                     |
| Effect on economic/demographic gains or losses | 1,030,469               | -               | 1,030,469             |
| Effect of assumptions changes or inputs        | 2,664,625               | -               | 2,664,625             |
| Benefit payments                               | (3,142,699)             | -               | (3,142,699)           |
| Net changes                                    | 3,136,233               | -               | 3,136,233             |
| Balance as of June 30, 2019                    | \$ 54,690,064           | \$ -            | \$ 54,690,064         |

***Sensitivity of the net OPEB liability to changes in the discount rate***

The following represents the net OPEB liability of the School Board, as well as what the School Board's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current discount rate:

|                    | 1.0% Decrease<br>(2.50%) | Current<br>Discount Rate<br>(3.50%) | 1.0% Increase<br>(4.50%) |
|--------------------|--------------------------|-------------------------------------|--------------------------|
| Net OPEB liability | \$ 64,099,866            | \$ 54,690,064                       | \$ 48,945,999            |

***Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates***

The following represents the net OPEB liability of the School Board, as well as what the School Board's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current healthcare trend rates:

|                    | 1.0% Decrease<br>(4.50%) | Current Trend<br>Rate (5.50%) | 1.0% Increase<br>(6.50%) |
|--------------------|--------------------------|-------------------------------|--------------------------|
| Net OPEB liability | \$ 48,935,523            | \$ 54,690,064                 | \$ 63,505,627            |

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

**Note 4: OTHER POST-EMPLOYMENT BENEFITS (Continued)**

***OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB***

For the year ended June 30, 2018, the School Board recognized OPEB expense of \$3,136,233. At June 30, 2019, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|  | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|--|---|--|
| Differences between expected and actual experience | 901,660                                       | \$ 576,797                                   |
| Changes in assumptions / inputs                    | 2,331,547                                     | 1,605,238                                    |
| Total  | \$ 3,233,207                                  | \$ 2,182,035                                 |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expenses as follows:

|                     |            |    |         |
|---------------------|------------|----|---------|
| Year ended June 30: |            |    |         |
|                     | 2019       | \$ | 150,168 |
|                     | 2020       | \$ | 150,168 |
|                     | 2021       | \$ | 150,168 |
|                     | 2022       | \$ | 150,168 |
|                     | 2023       | \$ | 150,168 |
|                     | Thereafter | \$ | 300,332 |

***Payable to the OPEB Plan***

At June 30, 2019, the School Board reported a payable of \$245,570 for the outstanding amount of contributions to the OPEB Plan required for the year ended June 30, 2019.

***Funded Status and Funding Progress***

The School Board has not made any contributions to a postemployment benefits plan trust. Therefore, the plan has no assets, and has a funded ratio of zero.



## **Morehouse Parish School Board**

### **Notes to the Basic Financial Statements**

#### **Note 5: RISK MANAGEMENT**

The School Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are handled by the School Board through the purchase of various commercial insurance policies with varying coverage limits, deductibles, and premiums based on the type of policy.

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

Risk of loss under workers' compensation statutes is self-insured by the School Board for up to \$200,000 per occurrence, with reinsurance coverage in force for losses in excess of that amount. The self-insured plan is administered by a third party, with the claims under the self-insured amount paid by the General Fund; certain Special Revenue funds reimburse the General Fund for payment of their claims. Consistent with the provisions of GASB Statement No. 10 *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, the School Board uses the General Fund to account for its risk financing activities. During the year ended June 30, 2019, the School Board incurred and paid claims under the worker's compensation plan of approximately \$150,000, net of reimbursements. The liability for worker's compensation claims is \$40,055 as of June 30, 2019.

#### **Note 6: LITIGATION AND CONTINGENCIES**

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

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund(s). The amount, if any, of expenditures from current or prior years which may be disallowed by the grantor cannot be determined at this time although the School Board expects such amounts not recorded, if any to be immaterial.



## **Morehouse Parish School Board**

### **Notes to the Basic Financial Statements**

#### **Note 7: SUBSEQUENT EVENTS**

Management evaluated all events or transactions that occurred after June 30, 2019 through June 24, 2020, the date the current year's financial statements were available to be issued. The following events occurred:

In January 2020, the World Health Organization has declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Company, its performance, and its financial results.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**Morehouse Parish School Board**  
**Budgetary Comparison Schedule – General Fund (Unaudited)**  
**June 30, 2019**

|   | Budgeted Amounts   |                   | Actual<br>Amounts<br>(Budgetary<br>Basis) | Variance With<br>Final Budget<br>Over<br>(Under) |
|---|--------------------|-------------------|---|--|
|   | Original<br>Budget | Final<br>Budget   |   |  |
| <b>Budgetary Fund Balance, Beginning</b>    | \$ 131,407         | \$ 131,407        | \$ 131,407                                | \$ -   |
| <b>Resources (inflows)</b>                  |                    |                   |   |  |
| Local sources                               |                    |                   |   |  |
| Ad valorem tax                              | 2,769,526          | 2,865,203         | 2,865,205                                 | 2  |
| Sales tax                                   | -                  | -                 | -   | -  |
| Interest earnings                           | 14,541             | 40,547            | 40,547                                    | -  |
| Other                                       | 432,171            | 982,613           | 884,284                                   | (98,329)   |
| State sources                               |                    |                   |   |  |
| Equalization                                | 26,990,377         | 20,009,115        | 25,870,892                                | 5,861,777  |
| Other                                       | 262,389            | 270,808           | 266,207                                   | (4,601)  |
| Other sources                               |                    |                   |   |  |
| Proceeds from sale of assets                | -                  | -                 | 105,033                                   | 105,033  |
| Proceeds from issuance of debt              | -                  | -                 | 663,788                                   | 663,788  |
| Transfers in                                | -                  | -                 | 886,840                                   | 886,840  |
| <b>Total resources</b>                      | <b>30,469,004</b>  | <b>24,168,286</b> | <b>31,582,796</b>                         | <b>7,414,510</b>                                 |
| Amounts available for appropriations        | 30,600,411         | 24,299,693        | 31,714,203                                | 7,414,510  |
| <b>Charges to appropriations (outflows)</b> |                    |                   |   |  |
| Current                                     |                    |                   |   |  |
| Instruction                                 |                    |                   |   |  |
| Regular programs                            | 8,285,852          | 7,208,958         | 14,179,167                                | 6,970,209  |
| Special education programs                  | 3,119,969          | 2,837,278         | 2,840,577                                 | 3,299  |
| Vocational programs                         | 429,048            | 429,465           | 429,465                                   | -  |
| Other instructional programs                | 1,305,119          | 1,279,873         | 1,279,874                                 | 1  |
| Special programs                            | 31,982             | 39,747            | 39,747                                    | -  |
| Adult/Continuing education programs         | -                  | -                 | -   | -  |
| Support Services                            |                    |                   |   |  |
| Pupil support services                      | 1,808,959          | 1,697,157         | 1,696,262                                 | (895)  |
| Instructional staff support                 | 721,304            | 728,192           | 729,088                                   | 896  |
| General administration                      | 995,420            | 902,504           | 902,503                                   | (1)  |
| School administration                       | 1,708,703          | 1,739,277         | 1,739,276                                 | (1)  |
| Business services                           | 734,513            | 720,248           | 713,650                                   | (6,598)  |
| Plant services                              | 2,768,268          | 2,732,618         | 2,732,621                                 | 3  |
| Student transportation services             | 2,266,322          | 2,214,598         | 2,211,299                                 | (3,299)  |
| Central services                            | 636,085            | 448,470           | 448,470                                   | -  |
| Food service operations                     | 217,705            | 201,540           | 201,540                                   | -  |
| Capital outlay                              | -                  | -                 | 663,788                                   | 663,788  |
| Debt service                                |                    |                   |   |  |
| Principal retirement                        | 339,862            | 434,779           | 434,779                                   | -  |
| Interest and bank charges                   | 64,229             | 54,881            | 54,881                                    | -  |
| Other uses                                  |                    |                   |   |  |
| Indirect cost transfers                     | 5,043,739          | 351,737           | -   | -  |
| <b>Total charges to appropriations</b>      | <b>30,477,079</b>  | <b>24,021,322</b> | <b>31,296,987</b>                         | <b>7,627,402</b>                                 |
| <b>Budgetary Fund Balances, Ending</b>      | <b>\$ 123,332</b>  | <b>\$ 278,371</b> | <b>\$ 417,216</b>                         | <b>\$ (212,892)</b>                              |

See notes to budgetary comparison schedules.



**Morehouse Parish School Board**  
**Budgetary Comparison Schedule – Title I (Unaudited)**  
**June 30, 2019**

|   | Budgeted Amounts   |                 | Actual<br>Amounts<br>(Budgetary<br>Basis) | Variance With<br>Final Budget<br>Over<br>(Under) |
|---|--------------------|-----------------|---|--|
|   | Original<br>Budget | Final<br>Budget |   |  |
| <b>Budgetary Fund Balance, Beginning</b>    | \$ -               | \$ -            | \$ -                                      | \$ -   |
| <b>Resources (inflows)</b>                  |                    |                 |   |  |
| Federal sources                             | 3,693,450          | 3,409,620       | 3,462,965                                 | 53,345   |
| Amounts available for appropriations        | 3,693,450          | 3,409,620       | 3,462,965                                 | 53,345   |
| <b>Charges to appropriations (outflows)</b> |                    |                 |   |  |
| Current                                     |                    |                 |   |  |
| Instruction                                 |                    |                 |   |  |
| Special programs                            | 2,256,459          | 1,863,332       | 1,817,447                                 | (45,885)   |
| Support services                            |                    |                 |   |  |
| Pupil support services                      | 2,512              | -               | -   | -  |
| Instructional staff support                 | 863,162            | 1,045,466       | 1,046,698                                 | 1,232  |
| General administration                      | -                  | 6,232           | 5,000                                     | (1,232)  |
| Student transportation services             | 6,194              | 809             | 809                                       | -  |
| Central services                            | 183,470            | 145,152         | 145,151                                   | (1)  |
| Other uses                                  |                    |                 |   |  |
| Transfers out                               | 381,653            | 348,629         | 354,186                                   | 5,557  |
| Total charges to appropriations             | 3,693,450          | 3,409,620       | 3,369,291                                 | (40,329)   |
| <b>Budgetary Fund Balances, Ending</b>      | \$ -               | \$ -            | \$ 93,674                                 | \$ 93,674  |

See notes to budgetary comparison schedules.

**Morehouse Parish School Board**  
**Budgetary Comparison Schedule – School Food Service (Unaudited)**  
**June 30, 2019**

|   | Budgeted Amounts   |                 | Actual<br>Amounts<br>(Budgetary<br>Basis) | Variance With<br>Final Budget<br>Over<br>(Under) |
|---|--------------------|-----------------|---|--|
|   | Original<br>Budget | Final<br>Budget |   |  |
| <b>Budgetary Fund Balance, Beginning</b>    | \$ 2,593,579       | \$ 2,593,579    | \$ 2,593,579                              | \$ -   |
| <b>Resources (inflows)</b>                  |                    |                 |   |  |
| Local sources                               |                    |                 |   |  |
| Food services                               | 16,500             | 15,925          | 15,923                                    | (2)  |
| State sources                               |                    |                 |   |  |
| Equalization                                | 47,055             | 52,941          | 52,941                                    | -  |
| Federal sources                             | 2,771,265          | 2,463,570       | 2,585,578                                 | 122,008  |
| Total resources                             | 2,834,820          | 2,532,436       | 2,654,442                                 | 122,006  |
| Amounts available for appropriations        | 5,428,399          | 5,126,015       | 5,248,021                                 | 122,006  |
| <b>Charges to appropriations (outflows)</b> |                    |                 |   |  |
| Current                                     |                    |                 |   |  |
| Support services                            |                    |                 |   |  |
| General administration                      | -                  | -               | -   | -  |
| Plant services                              | 1,168              | -               | -   | -  |
| Non-Instructional services                  |                    |                 |   |  |
| Food service operations                     | 2,360,475          | 2,242,815       | 2,261,591                                 | 18,776   |
| Capital outlay                              | -                  | -               | 51,886                                    | 51,886   |
| Total charges to appropriations             | 2,361,643          | 2,242,815       | 2,313,477                                 | 70,662   |
| <b>Budgetary Fund Balances, Ending</b>      | \$ 3,066,756       | \$ 2,883,200    | \$ 2,934,544                              | \$ 51,344  |

See notes to budgetary comparison schedules.

**Morehouse Parish School Board**  
**Budgetary Comparison Schedule – Sales Tax (Unaudited)**  
**June 30, 2019**

|   | Budgeted Amounts    |                     | Actual<br>Amounts<br>(Budgetary<br>Basis) | Variance With<br>Final Budget<br>Over<br>(Under) |
|---|---------------------|---------------------|---|--|
|   | Original<br>Budget  | Final<br>Budget     |   |  |
| <b>Budgetary Fund Balance, Beginning</b>    | \$ 3,170,039        | \$ 3,170,039        | \$ 3,170,039                              | \$ -   |
| <b>Resources (inflows)</b>                  |                     |                     |   |  |
| Local sources                               |                     |                     |   |  |
| Sales and Use Taxes                         | 7,416,347           | 7,448,087           | 7,441,855                                 | (6,232)  |
| Interest on Investments                     | 9,081               | 20,943              | 20,943                                    | -  |
| Other Local Revenue                         | 6,643               | -                   | 6,232                                     | 6,232  |
| <b>Total resources</b>                      | <b>7,432,071</b>    | <b>7,469,030</b>    | <b>7,469,030</b>                          | <b>-</b>   |
| Amounts available for appropriations        | 10,602,110          | 10,639,069          | 10,639,069                                | -  |
| <b>Charges to appropriations (outflows)</b> |                     |                     |   |  |
| Current                                     |                     |                     |   |  |
| Instructional services                      |                     |                     |   |  |
| Regular programs                            | 2,321,763           | 2,802,379           | 4,302,377                                 | 1,499,998  |
| Special education programs                  | 805,464             | 730,304             | 730,302                                   | (2)  |
| Vocational programs                         | 105,765             | 100,720             | 100,721                                   | 1  |
| Other instructional programs                | 163,271             | 146,980             | 146,980                                   | -  |
| Special programs                            | 79,411              | 100,599             | 100,602                                   | 3  |
| Adult/Continuing education programs         | 1,368               | 1,276               | 1,276                                     | -  |
| Support services                            |                     |                     |   |  |
| Pupil support services                      | 352,976             | 340,226             | 340,223                                   | (3)  |
| Instructional staff support                 | 186,300             | 193,826             | 193,824                                   | (2)  |
| General administration                      | 220,017             | 232,410             | 232,410                                   | -  |
| School administration                       | 348,777             | 329,386             | 329,389                                   | 3  |
| Business services                           | 156,436             | 119,764             | 119,764                                   | -  |
| Plant services                              | 353,543             | 407,126             | 407,128                                   | 2  |
| Student transportation services             | 428,917             | 442,734             | 442,737                                   | 3  |
| Central services                            | 90,757              | 55,269              | 78,223                                    | 22,954   |
| Other support services                      | 2,126               | 2,285               | 2,286                                     | 1  |
| Noninstructional services                   |                     |                     |   |  |
| Food service operations                     | 191,024             | 205,342             | 205,347                                   | 5  |
| Capital outlay                              | 45,000              | 65,250              | 65,250                                    | -  |
| Transfers out                               | 1,500,000           | 1,500,000           | -   | (1,500,000)                                      |
| <b>Total charges to appropriations</b>      | <b>7,352,915</b>    | <b>7,775,876</b>    | <b>7,798,839</b>                          | <b>22,963</b>                                    |
| <b>Budgetary Fund Balances, Ending</b>      | <b>\$ 3,249,195</b> | <b>\$ 2,863,193</b> | <b>\$ 2,840,230</b>                       | <b>\$ (22,963)</b>                               |

See notes to budgetary comparison schedules.



**Morehouse Parish School Board**  
**Budgetary Comparison Schedule – Special Education (Unaudited)**  
**June 30, 2019**

|   | <b>Budgeted Amounts</b> |               | <b>Amounts</b>    | <b>Final Budget</b> |
|---|-------------------------|---------------|-------------------|---------------------|
|   | <b>Original</b>         | <b>Final</b>  | <b>(Budgetary</b> | <b>Over</b>         |
|   | <b>Budget</b>           | <b>Budget</b> | <b>Basis)</b>     | <b>(Under)</b>      |
| <b>Budgetary Fund Balance, Beginning</b>    | \$ -                    | \$ -          | \$ -              | \$ -                |
| <b>Resources (inflows)</b>                  |                         |               |                   |                     |
| Federal sources                             | 983,105                 | 1,085,764     | 1,085,766         | 2                   |
| Amounts available for appropriations        | 983,105                 | 1,085,764     | 1,085,766         | 2                   |
| <b>Charges to appropriations (outflows)</b> |                         |               |                   |                     |
| Current                                     |                         |               |                   |                     |
| Instructional services                      |                         |               |                   |                     |
| Special education programs                  | 344,109                 | 396,097       | 396,099           | 2                   |
| Support services                            |                         |               |                   |                     |
| Pupil support services                      | 175,709                 | 165,200       | 165,200           | -                   |
| Instructional staff support                 | 356,442                 | 401,831       | 401,830           | (1)                 |
| Student transportation services             | 4,427                   | 9,169         | 9,168             | (1)                 |
| Transfers out                               | 102,418                 | 113,469       | 113,469           | -                   |
| Total charges to appropriations             | 983,105                 | 1,085,766     | 1,085,766         | -                   |
| <b>Budgetary Fund Balances, Ending</b>      | \$ -                    | \$ (2)        | \$ -              | \$ 2                |

See notes to budgetary comparison schedules.

**Morehouse Parish School Board**  
**Notes to Budgetary Comparison Schedule (Unaudited)**  
**June 30, 2019**

**Note A – BUDGETS**

**General Budget Policies**

The School Board utilized the following procedures in establishing the budgetary data reflected in the financial statements:

In July, the Superintendent submits to the School Board proposed annual appropriated budgets for the General Fund and the Special Revenue Funds for the fiscal year commencing July 1. A public hearing is conducted to obtain taxpayer comments. Prior to September 15, the School Board legally enacts the budget through adoption. The only legal requirement is that the School Board adopts a balanced budget; that is, total budgeted revenues and other financing sources (including fund balance) must equal or exceed total budgeted expenditures and other financing uses. The budget is revised periodically throughout the year, when deemed appropriate, but a balanced budget is always approved.

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

Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. All budgets are operational at the departmental or project level. The Superintendent of the School Board is authorized to transfer budget amounts between line item activity and between any functions of an individual fund; however, any supplemental appropriations that amend the total expenditures of any fund require School Board approval.

**Budget Basis of Accounting**

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

**Morehouse Parish School Board**  
**Notes to Budgetary Comparison Schedule (Unaudited)**  
**June 30, 2019**

**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"<br>from the Budgetary Comparison Schedule  | \$ 31,714,203       |
| The fund balance at the beginning of the year is a budgetary resource<br>but is not a current year revenue for financial reporting purposes           | (131,407)           |
| Other financing sources including proceeds from sale of assets, proceeds from<br>issuance of debt and transfers in of indirect costs from other funds | (1,655,661)         |
|   | <hr/>               |
| Total revenues as reported on the Statement of Revenues, Expenditures,<br>and Changes in Fund Balances - Governmental Funds                           | \$ 29,927,135       |
|   | <hr/>               |

Charges to appropriations:

|   |               |
|---|---------------|
| Actual amounts (budgetary basis) "Total charges to appropriations"<br>from the Budgetary Comparison Schedule                    | \$ 31,296,987 |
| Total expenditures as reported on the Statement of Revenues, Expenditures,<br>and Changes in Fund Balances - Governmental Funds | \$ 31,296,987 |
|   | <hr/>         |



**Morehouse Parish School Board**  
**Notes to Budgetary Comparison Schedule (Unaudited)**  
**June 30, 2019**

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

|   | <u>Title I</u> |
|---|----------------|
| <u>Sources/inflows of resources:</u>  |                |
| Actual amounts (budgetary basis) "available for appropriation"  |                |
| from the Budgetary Comparison Schedule  | \$ 3,462,965   |
| <hr/>   |                |
| Total revenues as reported on the Statement of Revenues, Expenditures,<br>and Changes in Fund Balances - Governmental Funds | \$ 3,462,965   |
| <hr/>   |                |

Charges to appropriations:

|   |              |
|---|--------------|
| Actual amounts (budgetary basis) "Total charges to appropriations"  |              |
| from the Budgetary Comparison Schedule  | \$ 3,369,291 |
| Other financing uses including transfers out of direct costs to General Fund  | (354,186)    |
| <hr/>   |              |
| Total expenditures as reported on the Statement of Revenues, Expenditures,<br>and Changes in Fund Balances - Governmental Funds | \$ 3,015,105 |
| <hr/>   |              |

**Morehouse Parish School Board**  
**Notes to Budgetary Comparison Schedule (Unaudited)**  
**June 30, 2019**

|   | <u>School Food<br/>Service</u> |
|---|--------------------------------|
| <u>Sources/inflows of resources:</u>  |                                |
| Actual amounts (budgetary basis) "available for appropriation"<br>from the Budgetary Comparison Schedule                                    | \$ 5,248,021                   |
| The fund balance at the beginning of the year is a budgetary resource<br>but is not a current year revenue for financial reporting purposes | (2,593,579)                    |
|   |                                |
| Total revenues as reported on the Statement of Revenues, Expenditures,<br>and Changes in Fund Balances - Governmental Funds                 | \$ 2,654,442                   |
|   |                                |
| <u>Charges to appropriations:</u>   |                                |
| Actual amounts (budgetary basis) "Total charges to appropriations"<br>from the Budgetary Comparison Schedule                                | \$ 2,313,477                   |
|   |                                |
| Total expenditures as reported on the Statement of Revenues, Expenditures,<br>and Changes in Fund Balances - Governmental Funds             | \$ 2,313,477                   |

**Morehouse Parish School Board**  
**Notes to Budgetary Comparison Schedule (Unaudited)**  
**June 30, 2019**

|  | <u>Sales Tax</u> |
|--|------------------|
| <u>Sources/inflows of resources:</u>                                       |                  |
| Actual amounts (budgetary basis) "available for appropriation"             |                  |
| from the Budgetary Comparison Schedule                                     | \$ 10,639,069    |
| The fund balance at the beginning of the year is a budgetary resource      |                  |
| but is not a current year revenue for financial reporting purposes         | (3,170,039)      |
|  | <hr/>            |
| Total revenues as reported on the Statement of Revenues, Expenditures,     |                  |
| and Changes in Fund Balances - Governmental Funds                          | \$ 7,469,030     |
|  | <hr/>            |
| <u>Charges to appropriations:</u>  |                  |
| Actual amounts (budgetary basis) "Total charges to appropriations"         |                  |
| from the Budgetary Comparison Schedule                                     | \$ 7,798,839     |
|  | <hr/>            |
| Total expenditures as reported on the Statement of Revenues, Expenditures, |                  |
| and Changes in Fund Balances - Governmental Funds                          | \$ 7,798,839     |
|  | <hr/>            |

**Morehouse Parish School Board**  
**Notes to Budgetary Comparison Schedule (Unaudited)**  
**June 30, 2019**

|   | Special<br>Education |
|---|----------------------|
| Actual amounts (budgetary basis) "available for appropriation"<br>from the Budgetary Comparison Schedule  | \$ 1,085,766         |
| <hr/>   |                      |
| Total revenues as reported on the Combining Statement of Revenues, Expenditures,<br>and Changes in Fund Balances - Nonmajor Special Revenue Funds     | \$ 1,085,766         |
| <hr/>   |                      |
| <u>Charges to appropriations:</u>   |                      |
| Actual amounts (budgetary basis) "Total charges to appropriations"<br>from the Budgetary Comparison Schedule  | \$ 1,085,766         |
| <hr/>   |                      |
| Other financing uses  | (113,469)            |
| <hr/>   |                      |
| Total expenditures as reported on the Statement of Revenues, Expenditures,<br>and Changes in Fund Balances - Combining Nonmajor Special Revenue Funds | \$ 972,297           |
| <hr/>   |                      |



**Morehouse Parish School Board**  
**Schedule of Changes in Net OPEB Liability and Related Ratios**  
**June 30, 2019**

| For the Year Ended June 30,   | 2019          | 2018          |
|---|---------------|---------------|
| <b>Total OPEB Liability</b>   |               |               |
| Service cost  | \$ 649,516    | \$ 624,535    |
| Interest  | 1,934,322     | 1,908,695     |
| Differences between expected and actual experience                      | 1,030,469     | (741,595)     |
| Changes of assumptions  | 2,664,625     | (2,063,878)   |
| Benefit payments  | (3,142,699)   | (2,978,862)   |
| Net change in total OPEB liability                                      | 3,136,233     | (3,251,105)   |
| Total OPEB liability - beginning  | 51,553,831    | 54,804,936    |
| Total OPEB liability - ending (a)                                       | \$ 54,690,064 | \$ 51,553,831 |
| Plan fiduciary net position - beginning                                 | \$ -          | \$ -          |
| Plan fiduciary net position - ending (b)                                | \$ -          | \$ -          |
| Net OPEB liability - ending (a)-(b)                                     | \$ 54,690,064 | \$ 51,553,831 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 0%            | 0%            |
| Covered payroll   | \$ 18,145,307 | \$ 14,359,470 |
| Net OPEB liability as a percentage of covered payroll                   | 301%          | 359%          |

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

**Morehouse Parish School Board**  
**Schedule of Employer's Proportionate Share of Net Pension Liability**  
**June 30, 2019**

| <u>Fiscal<br/>Year*</u>                       | <u>Employer's<br/>proportion of<br/>the net pension<br/>liability (asset)</u> | <u>Employer's<br/>proportionate share<br/>of the net pension<br/>liability (asset)</u> | <u>Employer's<br/>covered-employee<br/>payroll</u> | <u>Employer's<br/>proportionate share<br/>of the net pension<br/>liability (asset) as a<br/>percentage of its<br/>covered-employee<br/>payroll</u> | <u>Plan fiduciary<br/>net position<br/>as a percentage<br/>of the total<br/>pension liability</u> |
|---|---|--|--|--|---|
| Louisiana School Employees' Retirement System |   |  |  |  |   |
| 2019  | 0.578072%   | \$ 3,862,315   | \$ 1,667,469                                       | 232%   | 62.5%   |
| 2018  | 0.591239%   | \$ 3,783,498   | \$ 1,667,469                                       | 227%   | 62.5%   |
| 2017  | 0.615521%   | \$ 4,643,166   | \$ 1,691,871                                       | 274%   | 62.5%   |
| 2016  | 0.621001%   | \$ 3,605,857   | \$ 1,742,055                                       | 207%   | 76.18%  |
| 2015  | 0.582450%   | \$ 3,693,779   | \$ 1,643,169                                       | 225%   | 74.49%  |
| Teachers' Retirement System of Louisiana      |   |  |  |  |   |
| 2019  | 0.347510%   | \$ 34,153,549  | \$ 13,738,375                                      | 249%   | 62.5%   |
| 2018  | 0.328990%   | \$ 33,727,753  | \$ 16,790,919                                      | 201%   | 62.5%   |
| 2017  | 0.356450%   | \$ 41,836,724  | \$ 17,210,387                                      | 243%   | 62.5%   |
| 2016  | 0.420120%   | \$ 49,942,374  | \$ 20,688,256                                      | 241%   | 63.7%   |
| 2015  | 0.351020%   | \$ 37,742,353  | \$ 18,044,523                                      | 209%   | 62.5%   |

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

**Morehouse Parish School Board**  
**Schedule of Employer's Contributions**  
**June 30, 2019**

| <u>Fiscal<br/>Year*</u>                       | <u>(a)<br/>Statutorily<br/>Required<br/>Contribution</u> | <u>(b)<br/>Contributions<br/>in relation to the<br/>statutorily<br/>required contribution</u> | <u>(a-b)<br/>Contribution<br/>Deficiency (Excess)</u> | <u>Employer's<br/>covered-employee<br/>payroll</u> | <u>Contributions<br/>as a percentage of<br/>covered-employee<br/>payroll</u> |
|---|--|---|---|--|--|
| Louisiana School Employees' Retirement System |  |   |   |  |  |
| 2019  | \$ 513,670   | \$ 513,670  | \$ -  | \$ 1,667,469                                       | 30.8%  |
| 2018  | \$ 460,212   | \$ 460,212  | \$ -  | \$ 1,667,469                                       | 27.6%  |
| 2017  | \$ 462,058   | \$ 462,058  | \$ -  | \$ 1,691,871                                       | 27.3%  |
| 2016  | \$ 527,995   | \$ 527,995  | \$ -  | \$ 1,643,169                                       | 33.0%  |
| 2015  | \$ 668,898   | \$ 668,898  | \$ -  | \$ 1,748,324                                       | 30.2%  |
| Teachers' Retirement System of Louisiana      |  |   |   |  |  |
| 2019  | \$ 4,160,476   | \$ 4,160,476  | \$ -  | \$ -   | #DIV/0!  |
| 2018  | \$ 5,466,376   | \$ 5,466,376  | \$ -  | \$ 16,738,375                                      | 32.7%  |
| 2017  | \$ 5,197,237   | \$ 5,197,237  | \$ -  | \$ 16,790,919                                      | 31.0%  |
| 2016  | \$ 4,653,492   | \$ 4,653,492  | \$ -  | \$ 17,210,387                                      | 28.0%  |
| 2015  | \$ 5,484,551   | \$ 5,484,551  | \$ -  | \$ 20,688,256                                      | 27.0%  |

**Morehouse Parish School Board**  
**Notes to Required Supplementary Information**  
**June 30, 2019**

***Changes of Benefit Terms***

**Louisiana School Employees' Retirement System**

There were no changes of benefit terms for the year ended June 30, 2018.

**Teachers' Retirement System of Louisiana**

For the year ended June 30, 2016, members who first employment makes them eligible for membership in a Louisiana state retirement system on or after 7/1/15 may retire with a 2.5% benefit factor after attaining age 62 with at least 5 years of service credit and are eligible for an actuarially reduced benefit with 20 years of service at any age.

***Changes of Assumptions***

**Louisiana School Employees' Retirement System**

For the actuarial valuation for the year ended June 30, 2016, the discount rate was increased from 7.000% to 7.125%, inflation rate was decreased from 2.75% to 2.625% and salary increases were decreased from a range of 3.2% to 5.5% to a range of 3.075% to 5.375%.

**Teachers' Retirement System of Louisiana**

For the actuarial valuation for the year ended June 30, 2017, the discount rate was increased from 7.70% to 7.75%.



## **OTHER SUPPLEMENTARY INFORMATION**

**NONMAJOR FUNDS**

**Morehouse Parish School Board**  
**Nonmajor Funds**  
**Fund Descriptions**

**Special Revenue Funds**

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

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

**Morehouse Parish School Board  
Nonmajor Funds  
Fund Descriptions**

**Capital Projects Funds:**

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

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



**Morehouse Parish School Board**  
**Combining Balance Sheet – Nonmajor Governmental Funds**

| <i>June 30, 2019</i>                 | <b>Special<br/>Revenue<br/>Funds</b> | <b>Capital<br/>Projects<br/>Funds</b> | <b>Total<br/>Nonmajor<br/>Governmental<br/>Total</b> |
|--------------------------------------|--------------------------------------|---------------------------------------|--|
| <b>Assets</b>                        |                                      |                                       |  |
| Cash and cash equivalents            | \$ 78,647                            | \$ 118,348                            | \$ 196,995   |
| Accounts receivable                  | 779,363                              | 5,392                                 | 784,755  |
| Total assets                         | \$ 858,010                           | \$ 123,740                            | \$ 981,750   |
| <b>Liabilities and Fund Balances</b> |                                      |                                       |  |
| <b>Liabilities</b>                   |                                      |                                       |  |
| Accounts payable                     | \$ 25,197                            | \$ -                                  | \$ 25,197  |
| Salaries and wages payable           | 87,751                               | -                                     | 87,751   |
| Due to other funds                   | 679,437                              | -                                     | 679,437  |
| Other liabilities                    | 9,399                                | -                                     | 9,399  |
| Total liabilities                    | 801,784                              | -                                     | 801,784  |
| <b>Fund Balances</b>                 |                                      |                                       |  |
| <b>Restricted</b>                    |                                      |                                       |  |
| Instructional costs                  | 7,056                                | -                                     | 7,056  |
| Construction and maintenance costs   | 49,170                               | -                                     | 49,170   |
| Capital projects                     | -                                    | 123,740                               | 123,740  |
| Total fund balances                  | 56,226                               | 123,740                               | 179,966  |
| Total liabilities and fund balances  | \$ 858,010                           | \$ 123,740                            | \$ 981,750   |

**Morehouse Parish School Board**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**– Nonmajor Governmental Funds**

|   | <b>Special<br/>Revenue<br/>Funds</b> | <b>Capital<br/>Projects<br/>Funds</b> | <b>Total<br/>Nonmajor<br/>Governmental<br/>Total</b> |
|---|--------------------------------------|---------------------------------------|--|
| <i>For the year ended June 30, 2019</i>         |                                      |                                       |  |
| <b>Revenues</b>                                 |                                      |                                       |  |
| <b>Local sources</b>                            |                                      |                                       |  |
| Ad valorem tax                                  | \$ 471,081                           | \$ 131,761                            | \$ 602,842   |
| Interest  | 1,860                                | 741                                   | 2,601  |
| Other local revenue                             | -                                    | 5,280                                 | 5,280  |
| <b>State sources</b>                            |                                      |                                       |  |
| State - other revenues                          | 340,024                              | -                                     | 340,024  |
| <b>Federal sources</b>                          |                                      |                                       |  |
| Restricted grants-in-aid                        | 2,907,174                            | -                                     | 2,907,174  |
| <b>Total revenues</b>                           | <b>3,720,139</b>                     | <b>137,782</b>                        | <b>3,857,921</b>                                     |
| <b>Expenditures</b>                             |                                      |                                       |  |
| <b>Current</b>                                  |                                      |                                       |  |
| Instructional                                   |                                      |                                       |  |
| Regular programs                                | 331,881                              | -                                     | 331,881  |
| Special education programs                      | 596,153                              | -                                     | 596,153  |
| Vocational programs                             | 179,887                              | -                                     | 179,887  |
| Other instructional programs                    | 403,988                              | -                                     | 403,988  |
| Special programs                                | 339,992                              | -                                     | 339,992  |
| Support services                                |                                      |                                       |  |
| Pupil support services                          | 169,820                              | -                                     | 169,820  |
| Instructional staff                             | 1,075,512                            | -                                     | 1,075,512  |
| General administration                          | 18,781                               | 4,227                                 | 23,008   |
| School administration                           | 32,153                               | -                                     | 32,153   |
| Business services                               | 62.00                                | -                                     | 62.00  |
| Plant services                                  | 34,376                               | (30,530)                              | 3,846  |
| Student transportation services                 | 97,387                               | -                                     | 97,387   |
| Central services                                | 6,335                                | -                                     | 6,335  |
| Noninstructional                                |                                      |                                       |  |
| Food service operations                         | 13,877                               | -                                     | 13,877   |
| Debt service                                    |                                      |                                       |  |
| Principal                                       | -                                    | 50,000                                | 50,000   |
| Interest  | -                                    | 46,273                                | 46,273   |
| <b>Total expenditures</b>                       | <b>3,300,204</b>                     | <b>69,970</b>                         | <b>3,370,174</b>                                     |
| <b>Excess of Revenues<br/>Over Expenditures</b> | <b>419,935</b>                       | <b>67,812</b>                         | <b>487,747</b>                                       |
| <b>Other Financing Sources (Uses)</b>           |                                      |                                       |  |
| Transfers out                                   | (532,654)                            | -                                     | (532,654)  |
| <b>Total other financing sources (Uses)</b>     | <b>(532,654)</b>                     | <b>-</b>                              | <b>(532,654)</b>                                     |
| <b>Net change in fund balances</b>              | <b>(112,719)</b>                     | <b>67,812</b>                         | <b>(44,907)</b>                                      |
| <b>Fund balances at beginning of year</b>       | <b>168,945</b>                       | <b>55,928</b>                         | <b>224,873</b>                                       |
| <b>Fund balances at end of year</b>             | <b>\$ 56,226</b>                     | <b>\$ 123,740</b>                     | <b>\$ 179,966</b>                                    |

**SPECIAL REVENUE FUNDS**

## Morehouse Parish School Board Combining Balance Sheet – Nonmajor Special Revenue Funds

|  | Special Revenue Funds |                 |                                  |                  |                  |                       |                                   |             |   |                         | Total<br>Nonmajor<br>Special<br>Revenue Funds |
|--|-----------------------|-----------------|----------------------------------|------------------|------------------|-----------------------|-----------------------------------|-------------|---|-------------------------|---|
|  | Special<br>Education  | Title II        | JAG /<br>Vocational<br>Education | LA 4             | 8 (g)            | 21st Century<br>Grant | Rural<br>Education<br>Achievement | ROTC        | East<br>Morehouse<br>Parish<br>Tax District | Miscellaneous<br>Grants |   |
| <i>June 30, 2019</i>                       |                       |                 |                                  |                  |                  |                       |                                   |             |   |                         |   |
| <b>Assets</b>                              |                       |                 |                                  |                  |                  |                       |                                   |             |   |                         |   |
| Cash and cash equivalents                  | \$ 1                  | \$ -            | \$ -                             | \$ -             | \$ -             | \$ -                  | \$ -                              | \$ -        | \$ 59,490                                   | \$ 19,156               | \$ 78,647                                     |
| Accounts receivable                        | 179,572               | 8,033           | 72,531                           | 46,413           | 28,373           | 235,165               | -                                 | -           | 358   | 208,918                 | 779,363                                       |
| <b>Total assets</b>                        | <b>\$ 179,573</b>     | <b>\$ 8,033</b> | <b>\$ 72,531</b>                 | <b>\$ 46,413</b> | <b>\$ 28,373</b> | <b>\$ 235,165</b>     | <b>\$ -</b>                       | <b>\$ -</b> | <b>\$ 59,848</b>                            | <b>\$ 228,074</b>       | <b>\$ 858,010</b>                             |
| <b>Liabilities and Fund Balances</b>       |                       |                 |                                  |                  |                  |                       |                                   |             |   |                         |   |
| <b>Liabilities</b>                         |                       |                 |                                  |                  |                  |                       |                                   |             |   |                         |   |
| Accounts payable                           | \$ 1,969              | \$ 1,966        | \$ -                             | \$ -             | \$ -             | \$ 5,232              | \$ -                              | \$ -        | \$ -  | \$ 16,030               | \$ 25,197                                     |
| Salaries and wages payable                 | 45,833                | -               | 13,353                           | 15,217           | 11,707           | -                     | -                                 | -           | -   | 1,641                   | 87,751  |
| Due to other funds                         | 131,771               | 6,067           | 50,731                           | 31,196           | 16,666           | 229,933               | -                                 | -           | 10,678                                      | 202,395                 | 679,437                                       |
| Other liabilities                          | -                     | -               | 8,447                            | -                | -                | -                     | -                                 | -           | -   | 952                     | 9,399   |
| <b>Total liabilities</b>                   | <b>179,573</b>        | <b>8,033</b>    | <b>72,531</b>                    | <b>46,413</b>    | <b>28,373</b>    | <b>235,165</b>        | <b>-</b>                          | <b>-</b>    | <b>10,678</b>                               | <b>221,018</b>          | <b>801,784</b>                                |
| <b>Fund Equity</b>                         |                       |                 |                                  |                  |                  |                       |                                   |             |   |                         |   |
| <b>Fund balances</b>                       |                       |                 |                                  |                  |                  |                       |                                   |             |   |                         |   |
| Restricted for                             |                       |                 |                                  |                  |                  |                       |                                   |             |   |                         |   |
| Instructional costs                        | -                     | -               | -                                | -                | -                | -                     | -                                 | -           | -   | 7,056                   | 7,056   |
| Construction and maintenance costs         | -                     | -               | -                                | -                | -                | -                     | -                                 | -           | 49,170                                      | -                       | 49,170  |
| <b>Total fund balances</b>                 | <b>-</b>              | <b>-</b>        | <b>-</b>                         | <b>-</b>         | <b>-</b>         | <b>-</b>              | <b>-</b>                          | <b>-</b>    | <b>49,170</b>                               | <b>7,056</b>            | <b>56,226</b>                                 |
| <b>Total liabilities and fund balances</b> | <b>\$ 179,573</b>     | <b>\$ 8,033</b> | <b>\$ 72,531</b>                 | <b>\$ 46,413</b> | <b>\$ 28,373</b> | <b>\$ 235,165</b>     | <b>\$ -</b>                       | <b>\$ -</b> | <b>\$ 59,848</b>                            | <b>\$ 228,074</b>       | <b>\$ 858,010</b>                             |



# Morehouse Parish School Board

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Special Revenue Funds

|   | Special Revenue Funds |          |                              |         |        |                    |                             |        |                                    |                      | Total                          |
|---|-----------------------|----------|------------------------------|---------|--------|--------------------|-----------------------------|--------|------------------------------------|----------------------|--------------------------------|
|   | Special Education     | Title II | JAG/<br>Vocational Education | LA 4    | 8 (g)  | 21st Century Grant | Rural Education Achievement | ROTC   | East Morehouse Parish Tax District | Miscellaneous Grants | Nonmajor Special Revenue Funds |
| For the year ended June 30, 2019                  |                       |          |                              |         |        |                    |                             |        |                                    |                      |                                |
| Revenues  |                       |          |                              |         |        |                    |                             |        |                                    |                      |                                |
| Local sources                                     |                       |          |                              |         |        |                    |                             |        |                                    |                      |                                |
| Ad valorem tax                                    | \$ -                  | \$ -     | \$ -                         | \$ -    | \$ -   | \$ -               | \$ -                        | \$ -   | \$ 471,081                         | \$ -                 | \$ 471,081                     |
| Interest  | -                     | -        | -                            | -       | -      | -                  | -                           | -      | 1,860                              | -                    | 1,860                          |
| Other local revenue                               | -                     | -        | -                            | -       | -      | -                  | -                           | -      | -                                  | -                    | -                              |
| State sources                                     |                       |          |                              |         |        |                    |                             |        |                                    |                      |                                |
| State - other revenues                            | -                     | -        | -                            | 72,819  | 89,628 | -                  | -                           | -      | -                                  | 177,577              | 340,024                        |
| Federal sources                                   |                       |          |                              |         |        |                    |                             |        |                                    |                      |                                |
| Restricted grants-in-aid                          | 1,085,766             | 69,295   | 194,870                      | 81,454  | -      | 514,361            | 125,317                     | 76,245 | -                                  | 759,866              | 2,907,174                      |
| Total revenues                                    | 1,085,766             | 69,295   | 194,870                      | 154,273 | 89,628 | 514,361            | 125,317                     | 76,245 | 472,941                            | 937,443              | 3,720,139                      |
| Expenditures                                      |                       |          |                              |         |        |                    |                             |        |                                    |                      |                                |
| Current   |                       |          |                              |         |        |                    |                             |        |                                    |                      |                                |
| Instructional                                     |                       |          |                              |         |        |                    |                             |        |                                    |                      |                                |
| Regular programs                                  | -                     | 936      | 96                           | -       | -      | -                  | -                           | -      | 108,029                            | 222,820              | 331,881                        |
| Special education programs                        | 396,099               | 70       | -                            | -       | -      | -                  | 112,430                     | -      | 46,344                             | 41,210               | 596,153                        |
| Vocational programs                               | -                     | -        | 174,327                      | 40      | -      | -                  | -                           | -      | -                                  | 5,520                | 179,887                        |
| Other instructional programs                      | -                     | -        | -                            | -       | -      | 317,165            | -                           | 76,245 | 2,628                              | 7,950                | 403,988                        |
| Special programs                                  | -                     | 8,371    | -                            | 154,233 | 89,628 | -                  | -                           | -      | 15,885                             | 71,875               | 339,992                        |
| Support services                                  |                       |          |                              |         |        |                    |                             |        |                                    |                      |                                |
| Pupil support services                            | 165,200               | -        | -                            | -       | -      | -                  | -                           | -      | 4,620                              | -                    | 169,820                        |
| Instructional staff                               | 401,830               | 53,359   | 20,314                       | -       | -      | 98,287             | -                           | -      | 6,261                              | 495,461              | 1,075,512                      |
| General administration                            | -                     | -        | -                            | -       | -      | 2,500              | -                           | -      | 16,281                             | -                    | 18,781                         |
| School administration                             | -                     | -        | -                            | -       | -      | -                  | -                           | -      | 17,685                             | 14,468               | 32,153                         |
| Business services                                 | -                     | -        | -                            | -       | -      | -                  | -                           | -      | 62                                 | -                    | 62                             |
| Plant services                                    | -                     | -        | -                            | -       | -      | 631                | -                           | -      | 33,745                             | -                    | 34,376                         |
| Student transportation services                   | 9,168                 | -        | 133                          | -       | -      | 44,346             | -                           | -      | 38,299                             | 5,441                | 97,387                         |
| Central services                                  | -                     | -        | -                            | -       | -      | -                  | -                           | -      | -                                  | 6,335                | 6,335                          |
| Noninstructional                                  |                       |          |                              |         |        |                    |                             |        |                                    |                      |                                |
| Food service operations                           | -                     | -        | -                            | -       | -      | -                  | -                           | -      | 13,877                             | -                    | 13,877                         |
| Total expenditures                                | 972,297               | 62,736   | 194,870                      | 154,273 | 89,628 | 462,929            | 112,430                     | 76,245 | 303,716                            | 871,080              | 3,300,204                      |
| Excess (Deficiency) of Revenues Over Expenditures |                       |          |                              |         |        |                    |                             |        |                                    |                      |                                |
|   | 113,469               | 6,559    | -                            | -       | -      | 51,432             | 12,887                      | -      | 169,225                            | 66,363               | 419,935                        |
| Other Financing Sources (Uses)                    |                       |          |                              |         |        |                    |                             |        |                                    |                      |                                |
| Transfers out                                     | (113,469)             | (6,559)  | -                            | -       | -      | (51,432)           | (12,887)                    | -      | (289,000)                          | (59,307)             | (532,654)                      |
| Total other financing sources (uses)              | (113,469)             | (6,559)  | -                            | -       | -      | (51,432)           | (12,887)                    | -      | (289,000)                          | (59,307)             | (532,654)                      |
| Net Change in Fund Balances                       |                       |          |                              |         |        |                    |                             |        |                                    |                      |                                |
|   | -                     | -        | -                            | -       | -      | -                  | -                           | -      | (119,775)                          | 7,056                | (112,719)                      |
| Fund Balances at Beginning of Year                |                       |          |                              |         |        |                    |                             |        |                                    |                      |                                |
|   | -                     | -        | -                            | -       | -      | -                  | -                           | -      | 168,945                            | -                    | 168,945                        |
| Fund Balances at End of Year                      |                       |          |                              |         |        |                    |                             |        |                                    |                      |                                |
|   | \$ -                  | \$ -     | \$ -                         | \$ -    | \$ -   | \$ -               | \$ -                        | \$ -   | \$ 49,170                          | \$ 7,056             | \$ 56,226                      |

**CAPITAL PROJECTS FUNDS**

# Morehouse Parish School Board

## Combining Balance Sheet – Nonmajor Capital Project Funds

| <i>June 30, 2019</i>       | School<br>District 12<br>Construction | Total             |
|----------------------------|---------------------------------------|-------------------|
| <b>Assets</b>              |                                       |                   |
| Cash and cash equivalents  | \$ 118,348                            | \$ 118,348        |
| Accounts Receivable        | 5,392                                 | 5,392             |
| <b>Total assets</b>        | <b>\$ 123,740</b>                     | <b>\$ 123,740</b> |
| <b>Fund Balances</b>       |                                       |                   |
| Fund Balances              |                                       |                   |
| Restricted for             |                                       |                   |
| Capital projects           | 123,740                               | 123,740           |
| <b>Total fund balances</b> | <b>\$ 123,740</b>                     | <b>\$ 123,740</b> |

**Morehouse Parish School Board**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**– Nonmajor Capital Projects Funds**

| <i>For the year ended June 30, 2019</i>                      | <b>School<br/>District 12<br/>Construction</b> | <b>Total</b> |
|--|--|--------------|
| <b>Revenues</b>  |  |              |
| Local sources  |  |              |
| Ad valorem tax   | \$ 131,761                                     | \$ 131,761   |
| Interest   | 741  | 741          |
| Other  | 5,280  | 5,280        |
| Total revenues   | 137,782  | 137,782      |
| <b>Expenditures</b>  |  |              |
| Current  |  |              |
| General administration                                       | 4,227  | 4,227        |
| Plant services   | (30,530)                                       | (30,530)     |
| Noninstructional   |  |              |
| Food service operations                                      | -  | -            |
| Capital outlay   | -  | -            |
| Debt service:  |  |              |
| Principal  | 50,000   | 50,000       |
| Interest   | 46,273   | 46,273       |
| Total expenditures   | 69,970   | 69,970       |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | 67,812   | 67,812       |
| <b>Net change in fund balances</b>                           | 67,812   | 67,812       |
| <b>Fund balances at beginning of year</b>                    | 55,928   | 55,928       |
| <b>Fund balances at end of year</b>                          | \$ 123,740                                     | \$ 123,740   |



**Morehouse Parish School Board**  
**Schedule of Compensation Paid to Board Members**  
**For the Year Ended June 30, 2019**

|                            | <u>District</u> | <u>Compensation</u> |
|----------------------------|-----------------|---------------------|
| Karen T. Diel              | 1               | \$ 10,200           |
| Louis E. Melton, President | 2               | 10,200              |
| Colby R. Daniels           | 3               | 4,800               |
| Tab Wilkerson              | 3               | 4,800               |
| Richard W. Hixon           | 4               | 9,600               |
| Leland G. Rawls            | 5               | 4,800               |
| Debbie Wilson              | 5               | 4,800               |
| Chasity N. Kennedy-Lee     | 6               | 4,800               |
| Veronica Tappin            | 6               | 4,800               |
| Adrin Williams             | 7               | 4,800               |

**Morehouse Parish School Board**  
**Schedule of Compensation, Benefits and Other Payments to Agency Head**  
**For the Year Ended June 30, 2019**

Agency Head Name: David Gray, Superintendent

| Purpose               | Amount     |
|-----------------------|------------|
| Salary                | \$ 142,075 |
| Benefits - insurance  | \$ 12,619  |
| Benefits - retirement | \$ 37,934  |
| Cell phone            | \$ 1,077   |
| Dues                  | \$ 525     |
| Per diem              | \$ 524     |
| Travel                | \$ 3,937   |

## **SINGLE AUDIT INFORMATION**

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

Board Members  
Morehouse Parish School Board  
Bastrop, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of the Morehouse Parish School Board (the School Board), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements and have issued our report thereon dated June 24, 2020.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2019-002 and 2019-003 that we consider to be material weaknesses.



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed immaterial instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2019-001.

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

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

## **Purpose of this Report**

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

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

**CARR, RIGGS & INGRAM, LLC**

Shreveport, Louisiana  
June 24, 2020

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

Board Members  
Morehouse Parish School Board  
Bastrop, Louisiana

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

We have audited the Morehouse Parish School Board's (the School Board) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School Board's major federal programs for the year ended June 30, 2019. The School Board's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the School Board's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School Board's compliance.

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

In our opinion, the School Board, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

## Report on Internal Control Over Compliance

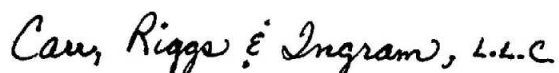
Management of the School Board is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Board's internal control over compliance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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Purpose of this Report

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



**CARR, RIGGS & INGRAM, LLC**

Shreveport, Louisiana  
June 24, 2020



**Morehouse Parish School Board**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2019**

| Federal Grantor /<br>Pass-Through Grantor /<br>Program Title | CFDA Number | Pass Through Grant<br>Number | Expenditures        | Amounts Passed Through<br>to Subrecipients |
|--|-------------|------------------------------|---------------------|--|
| <b>Direct Programs:</b>                                      |             |                              |                     |  |
| U.S. Department of Defense                                   |             |                              |                     |  |
| R.O.T.C.   | 12.U01      | N/A                          | \$ 76,245           | \$ -                                       |
| <b>Total U.S. Department of Defense</b>                      |             |                              | <u>76,245</u>       | <u>-</u>                                   |
| <b>Pass Through Programs:</b>                                |             |                              |                     |  |
| U. S. Department of Education                                |             |                              |                     |  |
| Passed through Louisiana Department of Education             |             |                              |                     |  |
| Title I Grants to Local Educational Agencies                 |             |                              |                     |  |
| Grants to Local Educational Agencies                         | 84.010      | 28-19-T1-34                  | 3,409,620           | -  |
| Grants to Local Educational Agencies                         | 84.010      | 28-19-DSS-34                 | 53,345              | -  |
| Grants to Local Educational Agencies                         | 84.010      | 28-19-RD18-34                | 316,299             | -  |
| <b>Total I Grants to Local Educational Agencies</b>          |             |                              | <u>3,779,264</u>    | <u>-</u>                                   |
| Special Education Cluster (IDEA):                            |             |                              |                     |  |
| Special Education-Grants to States (IDEA, Part B)            | 84.027      | 28-19-B1-34                  | 1,056,195           | -  |
| Special Education-Preschool Grants                           | 84.173      | 28-19-P1-34                  | 29,571              | -  |
| Special Education-Grants to States (IDEA, Part B)            | 84.027      | 28-19-JP-34                  | 51,629              | -  |
| <b>Total Special Education Cluster (IDEA)</b>                |             |                              | <u>1,137,395</u>    | <u>-</u>                                   |
| Supporting Effective Instruction State Grants                | 84.367      | 28-19-50-34                  | 69,295              | -  |
| Twenty-First Century Community Learning Centers              | 84.287      | 28-19-2C-34                  | 514,361             | -  |
| Career and Technical Education-Basic Grants to States        | 84.048      | 28-19-02-34                  | 57,231              | -  |
| Student Support and Academic Enrichment Program              | 84.424      | 28-19-71-34                  | 15,152              | -  |
| English Language Acquisition State Grants                    | 84.365      | 28-19-60-34                  | 1,370               | -  |
| Teacher and School Leader Incentive Grants                   | 84.374      | 28-18-PBCS-34                | 266,497             | -  |
| Teacher and School Leader Incentive Grants                   | 84.374      | 28-18-BPR2-34                | 11,879              | -  |
| Teacher and School Leader Incentive Grants                   | 84.374      | 28-19-BPT7-34                | 1,500               | -  |
| Teacher and School Leader Incentive Grants                   | 84.374      | 28-19-TP-34                  | 147,168             | -  |
| Rural Education Achievement Program (REAP)                   | 84.358      | 28-19-RE-34                  | 125,317             | -  |
| <b>Total U. S. Department of Education</b>                   |             |                              | <u>6,126,429</u>    | <u>-</u>                                   |
| U. S. Department of Health and Human Services                |             |                              |                     |  |
| Passed through Louisiana Department of Education             |             |                              |                     |  |
| Temporary Assistance for Needy Families (TANF) Cluster       |             |                              |                     |  |
| Temporary Assistance for Needy Families (TANF)               | 93.558      | 28-19-36-34                  | 81,454              | -  |
| Temporary Assistance for Needy Families (TANF)               | 93.558      | 28-19-JS-34                  | 86,086              | -  |
| <b>Total TANF Cluster</b>                                    |             |                              | <u>167,540</u>      | <u>-</u>                                   |
| <b>Total U. S. Department of Health and Human Services</b>   |             |                              | <u>167,540</u>      | <u>-</u>                                   |
| U.S. Department of Agriculture (USDA)                        |             |                              |                     |  |
| Passed through Louisiana Department of Education             |             |                              |                     |  |
| Child Nutrition Cluster                                      |             |                              |                     |  |
| School Breakfast Program                                     | 10.553      | N/A                          | 653,672             | -  |
| School Lunch Program   | 10.555      | N/A                          | 1,539,261           | -  |
| Commodities  | 10.555      | N/A                          | 197,580             | -  |
| Summer Feeding   | 10.559      | N/A                          | 23,967              | -  |
| <b>Total Child Nutrition Cluster</b>                         |             |                              | <u>2,414,480</u>    | <u>-</u>                                   |
| Fresh Fruit and Vegetable Program                            | 10.582      | N/A                          | 122,008             | -  |
| Child and Adult Care Food Program                            | 10.558      | N/A                          | 49,091              | -  |
| <b>Total U.S. Department of Agriculture</b>                  |             |                              | <u>2,585,579</u>    | <u>-</u>                                   |
| <b>Total Expenditures of Federal Awards</b>                  |             |                              | <u>\$ 8,955,793</u> | <u>\$ -</u>                                |

See Notes to Schedule of Expenditures of Federal Awards



**Morehouse Parish School Board**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2019**

**A. General**

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

**B. Basis of Accounting**

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

**C. Relationship to Basic Financial Statements**

The following reconciliation is provided to help the reader of the School Board's financial statements and supplementary information relate such information to the Schedule of Expenditures of Federal Awards for the year ended June 30, 2019:

|                             |                     |
|-----------------------------|---------------------|
| Major Funds:                |                     |
| General Fund                | \$ -                |
| Title I                     | 3,462,965           |
| School Food Service         | 2,585,579           |
| Nonmajor Governmental:      |                     |
| Special Education           | 1,085,766           |
| Title II                    | 69,295              |
| JAG / Vocational Education  | 194,946             |
| LA 4                        | 81,454              |
| 21st Century                | 514,361             |
| Rural Education Achievement | 125,317             |
| ROTC                        | 76,245              |
| Miscellaneous Grants        | 759,865             |
| <b>Total</b>                | <b>\$ 8,955,793</b> |

Included in the Child Nutrition Cluster is \$197,580 of non-cash awards in the form of commodities provided by the United States Department of Agriculture.

**Morehouse Parish School Board**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2019**

**D. Relationship to Federal Financial Reports**

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

**E. Matching Revenues**

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

**F. Noncash Programs**

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

**G. Federal Indirect Cost Rate**

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

**H. Subrecipients**

Morehouse Parish School Board did not provide federal funds to any subrecipients during the year ended June 30, 2019.

**I. Loans**

Morehouse Parish School Board did not expend federal awards related to loans or loan guarantees during the year ended June 30, 2019.

**J. Federally Funded Insurance**

Morehouse Parish School Board has no federally funded insurance.

**Morehouse Parish School Board**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2019**

**SECTION I – SUMMARY OF AUDITORS' RESULTS**

*Financial Statements*

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? ☒ yes ☐ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported

Noncompliance material to the financial statements noted? ☐ yes ☒ no

*Federal Awards*

Internal control of major programs:

- Material weaknesses identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported

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

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance (2 CFR 200.516(a))? ☐ yes ☒ none reported

Identification of major federal programs:

Federal CFDA Number                      Federal Program of Cluster

84.010                                      Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish between Type A and B programs was \$750,000 for major federal programs.

Auditee qualified as a low-risk auditee for federal purposes? ☐ yes ☒ no

**Morehouse Parish School Board  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019**

**Section II – Financial Statement Findings**

**2019-001 Late Submission of Audit Report to the Louisiana Legislative Auditor**

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

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

**Cause:** Due to hardships of the School Board's financial operations, focus was not placed on the audit and redirected towards solutions for the School Board's future.

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

**Recommendation:** We recommend timely reporting and information gathering to ensure that the audit will be filed timely going forward.

**Management response:** We are in agreement and should be able to focus on the audit now that a solution has been put into action.

**Anticipated completion date:** Immediately.

**Person responsible for corrective actions:**

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

**2019-002 Loss of Data and Backups**

**Condition:** Subsequent to year end, the School Board was the victim of a cyberattack that resulted in loss of data and backups from April 2019 to the end of the fiscal year.

**Criteria:** Internal controls should be implemented to ensure the protection and security of assets and financial records.



**Morehouse Parish School Board  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019**

**Cause:** Due to the backups being stored on the network and the lack of off-site storage, the School Board was not able to quickly restore its financial information manually.

**Effect:** The loss of data and backups required the School Board to re-enter transactions and perform additional reconciliations to ensure all missing information was captured that delayed the start of the audit by approximately 6 months.

**Recommendation:** We recommend that the School Board implement policies and procedures to store backups off-site to prevent data losses in the event of a disaster.

**Management response:** Proper controls and procedures will be implemented to ensure the data is properly secured and protected and backups are stored off-site and not connected to its network.

**Anticipated completion date:** Immediately

**Person responsible for corrective actions:**

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

**2019-003 Account Balance Reconciliations and Adjustments**

**Condition:** As a result of the cyberattack discussed in 2019-002, material adjustments were required on the financial records due to incomplete information provided during the audit.

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

**Cause:** Loss of data from the cyberattack in finding 2019-002.

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

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

**Management response:** Proper controls and procedures will be implemented and re-evaluated to ensure account reconciliations with supporting documentation are performed timely and accurately and all necessary adjustments are recorded.

**Morehouse Parish School Board  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019**

**Anticipated completion date:** Immediately

**Person responsible for corrective actions:**

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

**Section III – Federal Award Findings and Responses**

**None**

## **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

For the Year Ended June 30, 2019

### **2018-001 Late Submission of Audit Report to the Louisiana Legislative Auditor**

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

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

**Status:** Unresolved. This is a recurring finding.

### **2018-002 Account Balance Reconciliations**

**Year of Origination:** June 30, 2017

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

**Status:** Unresolved. This is a recurring finding.



## MOREHOUSE PARISH SCHOOL BOARD

"Obtaining Excellence in Education Through Quality Teaching"

4099 Naff Avenue  
Post Office Box 872  
Bastrop, LA 71220  
(318) 281-5784  
Fax (318) 283-3456

Tsh Wilkerson, President  
District 5

Veronica Loche-Tappin, Vice President  
District 6

Karen Diel  
District 1

Louis Nilton  
District 2

Rick Hixon  
District 4

Debbie Wilson  
District 5

Adrian Williams  
District 7

*Mission: "Academic Excellence through Quality Teaching"*  
*Vision: "Continuing to a 'C' in 2019"*

DAVID GRAY  
Superintendent

### CORRECTIVE ACTION PLAN Year Ended June 30, 2019

#### Section II – Financial Statement Findings

**Finding:** 2019-001

**Responsible Contact Person:** Ersula Downs, Business Manager

**Planned Corrective Action:** Implement procedures to ensure information is gathered to submit the audit by the statutory December 31 deadline.

**Anticipated Completion Date:** The School Board will implement the above procedure immediately.

**Finding:** 2019-002

**Responsible Contact Person:** Ersula Downs, Business Manager

**Planned Corrective Action:** Proper controls and procedures will be implemented to ensure the data is properly secured and protected and backups are stored off-site and not connected to its network.

**Anticipated Completion Date:** The School Board will implement the above procedure immediately.

**Finding:** 2019-003

**Responsible Contact Person:** Ersula Downs, Business Manager

**Planned Corrective Action:** Implement procedures to ensure reconciliations and reviews are performed in a timely and accurate manner.

**Anticipated Completion Date:** The School Board will implement the above procedure immediately.

#### Section III – Federal Award Findings

None Reported

"An Equal Opportunity Employer"



## **OTHER INFORMATION**

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

Board Members  
Morehouse Parish School Board  
Bastrop, Louisiana

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

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

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

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

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

*Class Size Characteristics (Schedule 2)*

2. We obtained a list of classes by school, school type, and class size as reported on the schedule. We then traced a sample of 10 classes to the October 1, 2018 roll books for those classes and observed that the class was properly classified on the schedule.

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

*Education Levels / Experience of Public School Staff (No Schedule)*

3. We obtained October 1, 2018 PEP data submitted to the Department of Education (or equivalent listing prepared by management), including full-time teachers, principals, and assistant principals by classification, as well as their level of education and experience, and obtained management's representation that the data / listing was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's education level and experience was properly classified on the PEP data or equivalent listing prepared by management.

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

*Public School Staff Data: Average Salaries (No Schedule)*

4. We obtained June 30, 2019 PEP data submitted to the Department of Education (or equivalent listing provided by management) of all classroom teachers, including base salary, extra compensation, and ROTC or rehired retiree status, as well as full-time equivalents, and obtained management's representation that the data / listing was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's salary, extra compensation, and full-time equivalents were properly included on the PEP data (or equivalent listing prepared by management)

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

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of the Morehouse Parish School Board, as required by Louisiana Revised Statute 24:514.I, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

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

**CARR, RIGGS & INGRAM, LLC**

Shreveport, Louisiana

June 24, 2020



**Morehouse Parish School Board**  
**Schedule 1 – General Fund Instructional and Support Expenditures**  
**and Certain Local Revenue Sources**  
**For the Year Ended June 30, 2019**

**General Fund Instructional and Equipment Expenditures**

**General Fund Instructional Expenditures:**

**Teacher and Student Interaction Activities:**

|  |              |               |
|--|--------------|---------------|
| Classroom Teacher Salaries                       | \$ 8,285,451 |               |
| Other Instructional Staff Activities             | 1,012,983    |               |
| Instructional Staff Employee Benefits            | 5,655,171    |               |
| Purchased Professional and Technical Services    | 46,991       |               |
| Instructional Materials and Supplies             | 615,008      |               |
| Instructional Equipment                          | 9,463        |               |
| Total Teacher and Student Interaction Activities |              | \$ 15,625,067 |

**Other Instructional Activities**

|  |           |           |
|--|-----------|-----------|
|  | 2,098,918 |           |
| <b>Pupil Support Activities</b>              |           |           |
| Less: Equipment for Pupil Support Activities | -         |           |
| Net Pupil Support Activities                 |           | 2,098,918 |

**Instructional Staff Services**

|  |   |         |
|--|---|---------|
| Less: Equipment for Instructional Staff Services | - |         |
| Net Instructional Staff Services                 |   | 932,488 |

**School Administration**

|   |   |           |
|---|---|-----------|
| Less: Equipment for School Administration | - |           |
| Net School Administration                 |   | 2,068,665 |

|   |  |               |
|---|--|---------------|
| Total General Fund Instructional Expenditures |  | \$ 20,869,881 |
|---|--|---------------|

|   |  |           |
|---|--|-----------|
| Total General Fund Equipment Expenditures |  | \$ 82,251 |
|---|--|-----------|

**Certain Local Revenue Sources**

**Local Taxation Revenue:**

|   |            |               |
|---|------------|---------------|
| Ad Valorem Taxes  |            |               |
| Constitutional Ad Valorem Taxes   | \$ 865,385 |               |
| Renewable Ad Valorem Tax  | 3,864,366  |               |
| Debt Service Ad Valorem Tax   | 871,545    |               |
| Up to 1% of Collections by the Sheriff on taxes other than School Taxes | 190,417    |               |
| Sales Taxes   |            |               |
| Sales and Use Taxes - Gross   | 5,989,734  |               |
| Total Local Taxation Revenue  |            | \$ 11,781,447 |

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

|   |            |            |
|---|------------|------------|
| Earnings from 16th Section Property                 | \$ 103,736 |            |
| Total Local Earnings on Investment in Real Property |            | \$ 103,736 |

**State Revenue in Lieu of Taxes:**

|                                      |           |            |
|--------------------------------------|-----------|------------|
| Revenue Sharing-Constitutional Tax   | \$ 64,782 |            |
| Revenue Sharing-Other Taxes          | 96,527    |            |
| Total State Revenue in Lieu of Taxes |           | \$ 161,309 |

|                            |  |          |
|----------------------------|--|----------|
| Nonpublic Textbook Revenue |  | \$ 7,155 |
|----------------------------|--|----------|

**Morehouse Parish School Board**  
**Schedule 2 – Class Size Characteristics**  
**As of October 1, 2018**

| School Type                      | Class Size Range |        |         |        |         |        |         |        |
|----------------------------------|------------------|--------|---------|--------|---------|--------|---------|--------|
|                                  | 1 - 20           |        | 21-26   |        | 27 - 33 |        | 34+     |        |
|                                  | Percent          | Number | Percent | Number | Percent | Number | Percent | Number |
| Elementary                       | 52%              | 118    | 48%     | 109    | 0%      | 0      | 0%      | 0      |
| Elementary Activity Classes      | 35%              | 16     | 48%     | 22     | 2%      | 1      | 15%     | 7      |
| Middle/Jr. High                  | 60%              | 140    | 39%     | 92     | 0%      | 1      | 0%      | 0      |
| Middle/Jr. High Activity Classes | 85%              | 57     | 15%     | 10     | 0%      | 0      | 0%      | 0      |
| High                             | 60%              | 214    | 31%     | 108    | 9%      | 32     | 0%      | 0      |
| High Activity Classes            | 98%              | 117    | 1%      | 1      | 2%      | 2      | 0%      | 0      |
| Combination                      | 78%              | 361    | 21%     | 94     | 0%      | 0      | 2%      | 8      |
| Combination Activity Classes     | 85%              | 118    | 12%     | 16     | 0%      | 0      | 4%      | 5      |

**Morehouse Parish School Board  
Bastrop, Louisiana**

**STATEWIDE AGREED-UPON PROCEDURES REPORT**

**For the fiscal period July 1, 2018 through June 30, 2019**



**CRI** CARR  
RIGGS &  
INGRAM

CPAs and Advisors

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

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

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

We have performed the procedures enumerated below, which were agreed to by Morehouse Parish School Board (MPSB) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures Year 3 (SAUPs) for the fiscal period July 1, 2018 to June 30, 2019. MPSB's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

***Written Policies and Procedures***

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

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

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

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

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

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

***Comment: There are no written disbursement policies.***



- d) **Receipts**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions.

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

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

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

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

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

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

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

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

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

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

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

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

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

- k) **Disaster Recovery / Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backup in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after critical event.

***Comment: No written policies for disaster recovery / business continuity were identified.***

#### **Bank Reconciliations**

2. We obtained a listing of client bank accounts from management and management's representation that the listing is complete. After management identified the entity's main operating account, we selected the main operating account as well as 4 randomly selected additional accounts. For each of the bank accounts selected, we obtained bank statements and reconciliations for one randomly selected month from the fiscal period and reported whether:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date;

***Comment: One bank account was not reconciled within 2 months of the related statement closing date.***

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

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

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

***Comment: No documentation or evidence has been retained for reconciling items that have been outstanding for more than 12 months from the statement closing date.***

#### **Collections**

3. We obtained a listing of deposit sites for the fiscal period where deposits for cash/check/money orders (cash) are prepared and management's representation that the listing is complete. Randomly selected 5 deposit sites (or all deposit sites if less than 5).

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

4. For each deposit site selected, we obtained a listing of collection locations and management's representation that the listing is complete. We randomly selected one collection location for each deposit site, obtained and inspected written policies and procedures relating to employee job duties (if no written policies or procedures, inquired of employees about their job duties) at each collection location, and observed that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

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

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation to the deposit.

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

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

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

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

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

- 5. We inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

***Comment: Two employees who have access to cash are not bonded employees.***

- 6. For each of the 5 bank accounts selected for procedure #2 under "Bank Reconciliations" above, we randomly selected two deposit dates and obtained supporting documentation for each of the 10 deposits, and reported on the following:

- a) Observe that receipts are sequentially pre-numbered.

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

- b) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

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

- c) Trace the deposit slip total to the actual deposit per the bank statement.

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

- d) Observed that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

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

- e) Trace the actual deposit per the bank statement to the general ledger

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

***Other***

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

***Comment: Per inquiry with management, no misappropriations of public funds or assets were identified.***

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

***Comment: We identified Morehouse Parish School Board has the notice posted on its premises and website.***

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

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

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

CARR, RIGGS, & INGRAM, LLC  
Shreveport, Louisiana  
June 25, 2020





## MOREHOUSE PARISH SCHOOL BOARD

"Obtaining Excellence in Education Through Quality Teaching"

4099 Naff Avenue  
Post Office Box 872  
Bastrop, LA 71220  
(318) 281-5784  
Fax (318) 283-3456

Tab Wilkerson, President  
District 3

Veronica Locke-Tappin, Vice President  
District 6

Karen Diel  
District 1

Louis Melton  
District 2

Rick Hixon  
District 4

Debbie Wilson  
District 5

Adria Williams  
District 7

June 25, 2020

Louisiana Legislative Auditor

1600 North 2<sup>nd</sup> Street

PO Box 94397

Baton Rouge, Louisiana 70804-9397

And

Carr, Riggs & Ingram, LLC

1000 East Preston Avenue, Suite 200

Shreveport, Louisiana 71104

Re: Management Response to Statewide Agreed-upon Procedures

Morehouse Parish School Board's management has reviewed the Independent Accountants' Report on applying the Statewide Agreed-upon Procedures. Management is in agreement with the report as provided by Carr, Riggs & Ingram, LLC. In addition, Morehouse Parish School Board has implemented changes/additions to policies and/or procedures where necessary to meet the expectations in the report.

Respectfully,

  
David Gray

Superintendent



Ersula Downs

Business Manager

DAVID GRAY  
Superintendent

"An Equal Opportunity Employer"