## MOREHOUSE PARISH SCHOOL BOARD BASTROP, LOUISIANA

Financial Report
As of and for the Year Ended June 30, 2018



## Morehouse Parish School Board Table of Contents June 30, 2018

74

	rage
Independent Auditors' Report	1
Required Supplemental Information (Part A)	
Management's Discussion and Analysis (Unaudited)	6
Basic Financial Statements	
Government-Wide Financial Statements (GWFS):	
Governmental Activities:	
Statement of Net Position	17
Statement of Activities	18
Fund Financial Statements (FFS):	
Governmental Funds:	
Balance Sheet	20
Reconciliation of the Governmental Funds' Balance Sheet	
to the Statement of Net Position	21
Statement of Revenues, Expenditures, and Changes in Fund Balances	22
Reconciliation of the Governmental Funds' Statements of Revenues,	
Expenditures, and Changes in Fund Balances to the Statement of Activities	23
Fiduciary Fund – Agency Funds:	
Statement of Fiduciary Assets and Liabilities	24
Discretely Presented Component Unit – Beekman Alumni and Friends, Inc.	
Statement of Net Position	25
Statement of Activities	26
Notes to the Basic Financial Statements	27
Required Supplemental Information (Part B)	
Budgetary Comparison Schedules:	
General Fund (Unaudited)	61
Title I (Unaudited)	62
School Food Service (Unaudited)	63
Sales Tax (Unaudited)	64
Special Education (Unaudited)	65
Notes to Budgetary Comparison Schedules (Unaudited)	66
Schedule of Changes in Net OPEB Liability and Related Ratios	72
Schedule of Employer's Proportionate Share of Net Pension Liability	73

Schedule of Employer's Contributions

## Morehouse Parish School Board Table of Contents June 30, 2018

Notes to the Required Supplementary Information	75
Supplemental Information	
Non-major Funds: Fund Descriptions Combining Balance Sheet Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance	78 80 81
Special Revenue Funds: Combining Balance Sheet Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance	83 84
Capital Projects Funds:  Combining Balance Sheet  Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance	86 87
Schedule of Compensation Paid to Board Members	88
Schedule of Compensation, Benefits and Other Payments to Agency Head	89
Single Audit Information	
Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards.	91
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	93
Schedule of Expenditures of Federal Awards	96
Notes to Schedule of Expenditures of Federal Awards	97
Schedule of Findings and Questioned Costs	100
Summary Schedule of Prior Year Findings	103
Corrective Action Plan for Current Year Audit Findings and Questioned Cost	106

## Morehouse Parish School Board Table of Contents June 30, 2018

### Other Information

Independent Accountants' Report on Applying Agreed-Upon Procedures	108
Schedule Descriptions	108
Schedule 1 – General Fund Instructional and Support Expenditures and Certain Local Revenue Sources for the Year Ended June 30, 2018	111
Schedule 2 – Class Size Characteristics	112



Carr, Riggs & Ingram, LLC 1000 East Preston Avenue Suite 200

Shreveport, LA 71105

Mailing Address: P.O. Box 4278 Shreveport, LA 71134-0278

(318) 222-2222 (318) 226-7150 (fax) CRIcpa.com

### **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 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, 2018, 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 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 the financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Beekman Alumni and Friends, Inc., which represents the discretely presented component unit. 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 upon the reports 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 of 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 opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Morehouse Parish School Board, as of June 30, 2018, 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.

### **Emphasis of Matter**

Adoption of New Accounting Pronouncement

As described in Note 16 to the financial statements, the School Board adopted Government Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, which resulted in a cumulative effect of change in accounting principal of (\$18,186,231) to the June 30, 2017 net position for governmental activities. Our opinions are not modified with respect to this matter.

### Other Matters

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Funding Progress for Other Postemployment Benefits Plan, Schedule of Employer Contributions for Other Postemployment Benefit Plan, Schedule of Employer's Proportionate Share of Net Pension Liability, Schedule of Employer's Contributions, and the budgetary comparison schedules, 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.

### Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the School Board's financial statements as a whole. The accompanying supplementary information and the other information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompany supplementary information, as listed in the table of contents, is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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. In our opinion, the accompanying supplementary information, as listed in the table of contents, is fairly stated, in all material respects in relation to the 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 February 15, 2019, 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 soley 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

Can, Rigge & Ingram, L.L.C.

Shreveport, Louisiana

February 15, 2019

REQUIRED SUPPLEMENTAL INFORMATION (PART A)

**MANAGEMENT'S DISCUSSION AND ANALYSIS** 

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, 2018. 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 2017-18 fiscal year include the following:

- <u>Statement of Net Position</u> The liabilities of the Morehouse Parish School Board exceeded its
  assets at the close of the most recent fiscal year by \$81.5 million (net position).
- <u>Capital Assets</u> Total capital assets (net of depreciation) were \$20.2 million or 69% 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.
- <u>Long-Term Obligations</u> The School Board's total obligations increased by approximately \$5.3 million.
- <u>Statement of Activities</u> The total net position of the Morehouse Parish School Board increased by approximately \$4.7 million for the year ended June 30, 2018.

Morehouse Parish School Board ended the 2017-2018 fiscal year with a fund balance in the General Fund of approximately \$131 thousand.

- Governmental Funds Balance Sheet As of the close of the 2017-2018 fiscal year, Morehouse Parish School Board's governmental funds reported combined ending fund balance of \$6.8 million, a decrease of approximately \$2.4 million in comparison with the prior fiscal year. This fund balance is comprised of approximately (1) \$131,000 in General Fund, (2) \$2.6 million in the school food service fund, (3) \$604,000 in the debt service fund, (4) \$3.2 million in the sales tax fund and (5) \$335,000 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, 2018 for the governmental funds of Morehouse Parish School Board amounted to \$48.5 million. Approximately 98% of this amount is received from four major revenue sources: (1) \$26.5 million from Minimum Foundation Program, (2) \$9.3 million from federal grants, (2) \$4.2 million from local ad valorem taxes and (3) \$7.4 million from local sales and use taxes.

### **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.

<u>Government-wide Financial Statements</u>. 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).

<u>Fund Financial Statements</u>. 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.

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, and School Food Service funds, all of which are considered to be major funds. Data for the other twelve 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.

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

<u>Other information</u>. 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.

### **Financial Analysis of Government-wide Activities**

The largest portion of Morehouse Parish School Board's total assets, totaling approximately \$20.2 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 \$13.6 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:

		2017	
June 30,	2018	(restated)	Variance
Current and other assets	\$ 9,240,375	\$ 12,145,790	\$ (2,905,415)
Capital assets	 20,264,543	20,689,955	(425,412)
Total assets	29,504,918	32,835,745	(3,330,827)
Deferred outflows of resources	19,001,123	12,024,981	6,976,142
Current and other liabilities	2,651,106	3,031,317	(380,211)
Long-term liabilities	104,872,926	99,553,519	5,319,407
Total liabilities	107,524,032	102,584,836	4,939,196
Deferred inflows of resources	22,570,935	10,633,059	11,937,876
Net position			
Net invested in capital assets	6,938,980	6,423,393	515,587
Restricted	6,406,297	3,021,264	3,385,033
Unrestricted	(94,934,203)	(77,801,826)	(17,132,377)
Total net position (deficit)	\$ (81,588,926)	\$ (68,357,169)	\$ (13,231,757)

Restricted net position of \$6.5 million is reported separately to show the legal constraints for the payment of 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 \$2.4 million of the total with the debt service fund accounting for \$604,000. The remaining balance is money restricted for capital projects, maintenance, and instructional costs.

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

			Governn	nental Activities	
For the years ended June 30,	-	2018		2017	Variance
Revenues					
Program revenues					
Charges for services	\$	16,427	\$	17,561	\$ (1,134)
Operating and capital grants and contributions		9,786,064		9,584,611	201,453
General revenues					
Ad valorem taxes		5,656,612		5,571,976	84,636
Sales taxes		5,995,560		6,588,752	(593,192)
Minimum foundation program		26,450,291		27,365,294	(915,003)
Other general revenues		762,897		1,207,211	(444,314)
Total revenues		48,667,851		50,335,405	(1,667,554)
- National Control					
Expenses					
Instruction		0.400.047		47 402 422	(0.200.405)
Regular programs		8,193,247		17,483,432	(9,290,185)
Special programs		3,524,269		3,890,733	(366,464)
Other instructional programs		13,037,259		5,067,916	7,969,343
Support services					(224.224)
Pupil support services		1,836,328		2,231,232	(394,904)
Instructional staff support		2,406,590		2,450,346	(43,756)
General administration		1,141,652		1,023,853	117,799
School administration		1,727,590		2,082,635	(355,045)
Business services		671,495		909,453	(237,958)
Plant services		3,247,618		3,663,538	(415,920)
Student transportation services		2,757,036		3,006,329	(249,293)
Central services		781,867		846,764	(64,897)
Other support services		2,014		2,333	(319)
School food services		2,690,436		2,950,948	(260,512)
Facility acquisition and construction		1,564,873		1,284,026	280,847
Debt service - interest on long-term obligations		474,182		382,650	91,532
Total expenses		44,056,456		47,276,188	(3,219,732)
Increase (decrease) in net position (deficit)		4,611,395		3,059,217	1,552,178
Net position (deficit) - beginning, as origianlly stated		(68,357,169)		(71,138,986)	2,781,817
Prior period adjustment		(17,843,152)		(277,400)	(17,565,752)
Net position (deficit) - beginning, as restated		(86,200,321)		(71,416,386)	(14,783,935)
Net position (deficit) - ending	\$	(81,588,926)	\$	(68,357,169)	\$ (13,231,757)

### **Governmental Activities**

Expenses are classified by functions/programs. Instructional services for fiscal 2018 totaled \$24,713,970, compared to a total of \$26,442,081 for 2017. 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 2018 totaled \$14,502,062 compared to \$16,216,483 for 2017.

The remaining expenditures of \$4,729,495 consist of \$1,564,877 for facility acquisition and construction, \$2,690,436 for food and service operations and \$474,182 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.

	Total Cos		Net Cost of Services						
June 30,	2018	2017	100	2018		2017			
Regular programs	\$ 8,193,247	\$ 17,483,432	\$	8,017,797	\$	16,986,351			
Special programs	3,524,269	3,890,733		3,108,752		3,376,776			
Other instructional programs	13,037,259	5,067,916		9,487,053		1,722,766			
Plant services	3,247,618	3,663,538		3,247,618		3,663,538			
Studen transportation services	2,757,036	3,006,329		2,700,744		2,953,446			
Food services	2,690,436	2,950,948		(291,491)		(22,653)			
All others	10,606,591	11,213,292		7,983,493		8,993,792			
Totals	\$ 44,056,456	\$ 47,276,188	\$	34,253,965	\$	37,674,016			

The related program revenues for fiscal year 2018 directly related to these expenses totaled \$9,802,491, including \$16,427 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 \$26,450,291 in MFP funds in fiscal year FY17; with \$8,696,888 passed through to the district's Type 3 Charter, Beekman Alumni and Friends, Inc., and \$182,828 was deducted from the district's allocation by the Louisiana Department of Education, for other LEA's as an equivalent to the local representation of the School Board. The net amount received by the School Board was \$19,590,517, which is 40.3% of the total revenues received by the School Board.
- <u>Federal grant revenues</u> Federal grant revenues are the second largest source of revenue for the School Board, generating \$9,327,705 in revenue, or 19.2% of total revenue.

- <u>Sales Tax revenues</u> Sales tax revenues are the third largest source of revenue for the School Board, generating \$7,428,373, in revenue, or 15.3% of total revenue.
- Ad Valorem tax revenues Ad valorem, or property tax revenues, the fourth largest source of revenues, accounts for \$4,223,800, in revenue, or 8.7% 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 \$6,834,414; a decrease of \$2,421,601 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 \$131,407
- The Special Revenue Funds, including nonmajor special revenue funds, have a total fund balance of \$6,043,498 of which \$185,889 is nonspendable, \$3,170,039 is restricted for instructional costs, \$2,407,689 is restricted for food services and \$279,881 is restricted for construction and maintenance costs.
- The Debt Service Funds have a total fund balance of \$603,695 all of which is restricted for the payment of debt service.
- The Capital Projects Funds have a fund balance of \$55,928 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, 2016.

The original General Fund Budget projected an ending fund balance of \$200 thousand, with the amended budget projecting to end the year with a positive balance of \$110 thousand. The actual ending balance for the General Fund came in at \$130 thousand.

### **Capital Assets and Debt Administration**

<u>Capital Assets</u>: Morehouse Parish School Board's investment in capital assets as of June 30, 2018, amounts to \$20,264,543 (net of accumulated depreciation). 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.

				2017
June 30,	2018	(restated)		
Land	\$	319,013	\$	319,013
Construction in progress		805,397		805,397
Buildings and improvements		16,016,156		17,155,041
Furniture and equipment		3,123,977		2,410,504
	\$	20,264,543	\$	20,689,955

<u>Long-Term Debt</u>: At the end of the current fiscal year, Morehouse Parish School Board had total debt outstanding of \$14.8 million. Of the amount, \$12.0 million comprises debt back by the full faith and credit of the government. The following table summarizes bonds outstanding at June 30, 2018 and 2017.

			2017
June 30,	2018		(restated)
General Obligation Bonds			
Series 2011, refunding	\$ 5,560,000	\$	6,005,000
Series 2012, reunding	3,000,000	*	3,220,000
Series 2016, refunding	3,455,000		3,670,000
Limited Tax Bonds			
Series 2016, refunding	1,170,000		1,220,000
Capital Leases			
Bus Lease	1,087,785		1,205,580
Equipment Lease	494,037		715,263
Total outstanding debt	\$ 14,766,822	\$	16,035,843

### **Future Operations**

The School Board adopted a General Fund budget for 2018-2019 with an operating surplus of \$105,302. For the upcoming fiscal year, listed below are several factors considered for 2018-2019 operations and budget preparations.

- The 2018-2019 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.

The remainder of this page left blank intentionally

**BASIC FINANCIAL STATEMENTS** 

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

## Morehouse Parish School Board Statement of Net Position June 30, 2018

Assets	Primary Government Governmental Activities	Component Unit Beekman Alumni and Friends, Inc.			
Cash and cash equivalents	\$ 6,996,361	\$ 2,000,498			
Restricted cash	÷ 0,550,501	170,997			
Investments	79,846	14,465			
Restricted investments	-	575,000			
Receivables		373,000			
Ad valorem taxes	9,118	22			
Sales and use taxes	517,064	<u> </u>			
Federal grants	1,177,704				
State grants	211,158	21,222			
Other	26,870	3,737			
Inventory	222,254	-			
Other assets	-	33,171			
Capital assets, net	20,264,543	2,433,877			
Total assets	29,504,918	5,252,967			
Deferred outflows of resources  Deferred outflows	19,001,123	9			
Liabilities Accounts payable	261,663	227,612			
Salaries and wages payable	2,235,648	961,306			
Deferred revenue	19,470	*			
Interest payable - bonds	134,325	-			
Long-term liabilities					
Due within one year	1,415,324	329,468			
Due in more than one year	103,457,602	687,744			
Total liabilities	107.501.000				
	107,524,032	2,206,130			
Deferred inflows of resources	107,524,032	2,206,130			
Deferred inflows of resources Deferred inflows	22,570,935	2,206,130			
Deferred inflows		2,206,130			
Deferred inflows  Net position	22,570,935	9			
Deferred inflows  Net position  Net investment in capital assets		2,206,130			
Deferred inflows  Net position  Net investment in capital assets  Restricted for	22,570,935 6,938,980	9			
Deferred inflows  Net position  Net investment in capital assets  Restricted for Instructional costs	22,570,935 6,938,980 3,170,039	9			
Deferred inflows  Net position  Net investment in capital assets  Restricted for	22,570,935 6,938,980 3,170,039 55,928	9			
Deferred inflows  Net position  Net investment in capital assets  Restricted for  Instructional costs  Capital projects	22,570,935 6,938,980 3,170,039 55,928 603,696	9			
Deferred inflows  Net position  Net investment in capital assets Restricted for Instructional costs Capital projects Debt service School food service	22,570,935 6,938,980 3,170,039 55,928 603,696 2,407,689	9			
Net position  Net investment in capital assets Restricted for Instructional costs Capital projects Debt service School food service Instructional and maintenance costs	22,570,935 6,938,980 3,170,039 55,928 603,696	2,433,877 - - - -			
Net position  Net investment in capital assets Restricted for Instructional costs Capital projects Debt service School food service	22,570,935 6,938,980 3,170,039 55,928 603,696 2,407,689	9			

## Morehouse Parish School Board Statement of Activities June 30, 2018

	ল			Primary PROGRA	M RE	VENUES	-	T (EXPENSES)		
			120			OPERATING		VENUES AND		
		EVENIEN	CF	ARGES FOR		RANTS AND		CHANGES IN	C	omponent
Primary Government	-	EXPENSES		SERVICES		NTRIBUTIONS	N	ET POSITION	<del></del>	Unit
Functions/programs										
Governmental Activities										
Instructional services										
Regular programs	\$	8,193,247	\$	<u>=</u> 27	\$	175,450	\$	(8,017,797)		
Special education programs		3,524,269		-		415,517		(3,108,752)		
Vocational programs		565,947		140		163,126		(402,821)		
Other instructional programs		9,836,642		-		344,254		(9,492,388)		
Special programs		2,633,302				3,042,827		409,525		
Adult/continuing education		1,368		-		-		(1,368)		
Support services										
Pupil support services		1,836,328		(#)		204,484		(1,631,844)		
Instructional staff support services		2,406,590		-		2,162,659		(243,931)		
General administration		1,141,652		(#2)				(1,141,652)		
School administration		1,727,590		-		43,616		(1,683,974)		
Business services		671,495		(2)		-		(671,495)		
Plant services		3,247,618		(*)		(mile)		(3,247,618)		
Student transportation services		2,757,036		20		56,292		(2,700,744)		
Central services		781,867		80		212,338		(569,529)		
Other support services		2,014		-		40		(2,014)		
Noninstructional services										
Food service operations		2,690,436		16,427		2,965,500		291,491		
Facility acquisition and construction		1,564,873		2		-		(1,564,873)		
Debt service		474 400						(474 400)		
Interest on long-term obligations	\$	474,182	ć	16 427	4	0.796.064	2	(474,182)		
Total Primary Government	Ş	44,056,456	\$	16,427	\$	9,786,064	\$	(34,253,965)		
Component Unit										
Beekman Alumni and Friends, Inc.	\$	8,183,683	\$	86,040	\$	9,435	\$	350	\$	(8,088,208)
()			- Alfah						0	
General revenues										
Taxes										
Ad valorem taxes levied for										
General purposes								4,796,651		
Debt service purposes								859,961		
Sales taxes levied for										
General purposes								5,995,560		
Grants and contributions not restricted to	spec	ific programs								
Minimum foundation program								26,450,291		8,696,888
State revenue sharing								241,595		7 202
Interest and investment earnings								25,490		7,302
Gain (loss) on disposals of assets								8,075		100 676
Student Activity Funds Other								-		190,676
Total general revenues								487,737 38,865,360		28,565 8,923,431
Total general revenues								30,003,300		0,323,431
Changes in net position								4,611,395		835,223
Net position (deficit) at beginning of year								(68,357,169)		2,211,614
Prior period adjustments								(17,843,152)		121
Net position (deficit) at beginning of year,	resta	ated						(86,200,321)		2,211,614
Net position (deficit) at end of year							\$	(81,588,926)	\$	3,046,837

**FUND FINANCIAL STATEMENTS (FFS)** 

## Morehouse Parish School Board Governmental Funds – Balance Sheet June 30, 2018

					MA	JOR FUNDS								
					SP	ECIAL REVENU	JE	25			RE	GREGATE MAINING FUNDS		
		GENERAL					SC	HOOL FOOD		DEBT	N	ONMAJOR		
	63	FUND		TITLE I	9	SALES TAX		SERVICE		SERVICE	GOV	ERNMENTAL		TOTAL
Assets		7.è			10.		40	*			3/4		10	(7)
Cash and cash equivalents	\$	800,272	\$	72	\$	3,080,619	\$	2,228,831	\$	598,897	\$	287,743	\$	6,996,362
Investments		79,846		14		8		-		Ľ.		-		79,846
Accounts receivable		47,002		442,693		525,061		268,523		4,799		653,837		1,941,915
Due from other funds		1,614,123		(47)		30,528		197		5		47		1,644,848
Inventory		36,364		18	175			185,890	_		- 10	1070	-	222,254
Total assets	\$	2,577,607	\$	442,693	\$	3,636,208	\$	2,683,441	\$	603,696	\$	941,580	\$	10,885,225
Liabilities and fund balances														
Liabilities														
Accounts payable	\$	191,301	\$	2,449	\$	3,800	\$	9,259	\$	2	\$	84,445	\$	291,254
Salaries and wages payable		1,288,565		263,160		462,369	-1000	63,704		2	10.00	129,214		2,207,012
Due to other funds		966,334		177,084		-		-				501,430		1,644,848
Other liabilities				15		-		16,899		-		1,618		18,517
Total liabilities	_	2,446,200	10 21	442,693	20	466,169	_	89,862	_		 	716,707		4,161,631
Fund balances														
Nonspendable														
Inventory and other assets		36,364		090		-		185,890		*		0-		222,254
Restricted for														
Instructional costs		-		2.4		3,170,039		(145)		-		4		3,170,039
Construction and maintenance costs		-		7.21		2		929		0		168,945		168,945
Food services		*		-		8		2,407,689		ů.		-		2,407,689
Debt service		7		-		3		-		603,696		-		603,696
Capital projects		-		(475)		2		1 <del>5</del> 2		3		55,928		55,928
Unassigned		95,043	10	156	39	5	-	875	_			1071	19	95,043
Total fund balances		131,407	2	590	87	3,170,039		2,593,579		603,696	- 0	224,873	-	6,723,594
Total liabilities and fund balances	\$	2,577,607	\$	442,693	\$	3,636,208	\$	2,683,441	\$	603,696	\$	941,580	\$	10,885,225

# Morehouse Parish School Board Reconciliation of the Governmental Funds' Balance Sheet to Statement of Net Position For the Year Ended June 30, 2018

Total fund balances - governmental funds		\$ 6,723,594
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	52,017,586	
Accumulated depreciation	(31,753,043)	20,264,543
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	(12,015,000)	
Capital lease payable	(1,581,822)	
Sales tax bonds payable	(1,170,000)	
Worker's Compensation IBNR	(6,790)	
Other post employment benefits	(51,553,831)	
Bond premium	(140,563)	
Interest payable	(134,325)	
Net pension obligations	(37,511,251)	(105,007,251)
Deferred outflows of resources related to pensions (from pension schedule)		19,001,123
Deferred inflows of resources related tp pensions (from pension schedules)	(20,077,181)	
Deferred inflows of resources related to OPEB	(2,493,754)	(22,570,935)
Net Position (Deficit)		\$ (81,588,926)

## Morehouse Parish School Board Statement of Revenues, Expenditures, and Changes in Fund Balance For the Year Ended June 30, 2018

	_		MAJOR FUND	s		AGGREGATE		
		SPECIAL REVENUE				REMAINING FUNDS		
	GENERAL	2.		SCHOOL FOOD	DEBT	NONMAJOR		
	FUND	TITLE 1	SALES TAX	SERVICE	SERVICE	GOVERNMENTAL	TOTAL	
REVENUES					507			
Local sources								
Ad valorem taxes	\$ 2,769,526	\$ -	\$ -	\$ -	\$ 859,964	\$ 594,311	\$ 4,223,8	801
Sales and use taxes	in the second	Ē	7,428,373	5	8		7,428,3	373
Earnings on investments	14,541	=	9,081	•:	1,369	499	25,4	490
Cash payments for meals	E CONTRACTOR CONTRACTO	*	# none necessity	16,427	-		16,4	427
Other local revenue	419,353	25	12,048	8	*	10,194	441,5	595
State sources								
State equalization	26,413,236	Til.	ø	37,055		=	26,450,2	291
Revenue sharing	164,920	*	æ	*	#		164,9	
Other unrestricted revenue	I <del>I</del>	*	*	~	7,226	397,329	404,5	
Other restricted revenue	37,969	<u> </u>	担	2	<u>=</u>	-	37,9	969
Federal sources								
Federal restricted grants-in-aid		3,860,275	t#	2,965,500		2,501,930	9,327,7	-
Total revenues	29,819,545	3,860,275	7,449,502	3,018,982	868,559	3,504,263	48,521,1	126
EXPENDITURES								
Current								
Instructional services								
Regular programs	14,521,647	*	4,987,919	ĕ	-	203,215	19,712,7	
Special education programs	3,190,521	2	813,067		<u>=</u>	454,446	4,458,0	034
Vocational programs	452,672	8	99,300	8	5	162,740	714,7	
Other instructional programs	1,280,101	ā	156,650	7.	5	319,799	1,756,5	
Special programs	38,426	2,416,290	72,738	*	*	314,683	2,842,1	
Adult/Continuing education programs	##	<u>=</u>	1,368	2	¥	(4)	1,3	368
Support services								
Pupil support services	1,750,132	2,511	342,320	1		182,698	2,277,6	
Instructional staff support	716,317	864,004	194,545	=	=	1,105,582	2,880,4	
General administration	964,969	*	218,714	ĕ	27,500	23,316	1,234,4	499
School administration	1,762,910	2	340,260	2	<u>=</u>	99,129	2,202,2	
Business services	727,979	2	120,518	2	2	450	848,4	497
Plant services	2,787,315	ā	414,683	5	ā	128,845	3,330,8	843
Student transportation services	2,260,889	6,195	385,556	=	=	87,029	2,739,6	669
Central services	620,944	183,564	89,408	9	¥	7,921	901,8	837
Other support services	***	말	2,126	26	₩	-	2,1	126
Noninstructional services								
Food service operations	217,705	=	184,256	2,448,868	*	10,345	2,861,1	174
Debt service								
Principal	339,862	2	2	2	880,000	50,000	1,269,8	862
Interest	64,229	~	(2	8	377,359	47,273	488,8	861
Capital outlay	188,507	Fi.	456,628	51,886	ā	29,615	726,6	
Total expenditures	31,885,125	3,472,564	8,880,056	2,500,754	1,284,859	3,226,636	51,249,9	994
Excess (deficiency) of revenues								
over expenditures	(2,065,580)	387,711	(1,430,554)	518,228	(416,300)	277,627	(2,728,8	868)
OTHER FINANCING SOURCES (USES)								
Proceeds from sale of assets	18,148	-		-	=		18,1	148
Proceeds from issuance of debt	-	~	12	-	÷			-
Transfers in	701,015		70,241	7.5			771,2	
Payments to bond escrow		AND CONTROL OF THE PARTY OF	iii.	-	(2,700)	Acceptation of the second		700)
Transfers out	14	(387,711)			-	(202,546)	(590,2	
Total other financing sources (uses)	719,163	(387,711)	70,241	2	(2,700)	(202,546)	196,4	447
Net change in fund balances	(1,346,417)		(1,360,313)	518,228	(419,000)	75,081	(2,532,4	421)
(2) (1) (2) (2) (2) (2)	<u> 왕 왕인주((경영</u> 의)		<u> </u>		1,222,222	<u> </u>		04-
Fund balances at beginning of year	1,477,824	<u> </u>	4,530,352	2,075,351	1,022,696	149,792	9,256,0	J15
Fund halanese at and of	\$ 131,407	ė	ć 2.170.020	¢ 2 502 570	ć 602.605	ć 224.072	ć 6.700.0	E04
Fund balances at end of year	\$ 131,407	\$ -	\$ 3,170,039	\$ 2,593,579	\$ 603,696	\$ 224,873	\$ 6,723,5	JJ4

# Morehouse Parish School Board Reconciliation of the Governmental Funds' Statement of Revenues, Expenditures And Changes in Fund Balances to the Statement of Activities June 30, 2018

Total net change in fund balances - Governmental Funds		\$ (2,532,421)
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 of Activities, the cost of those assets is allocated over their estimated useful lives.  Capital assets:		
Capital Outlays	248,854	
Depreciation	(1,732,608)	(1,483,754)
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		7,217
Change in deferred inflows of resources - pension plans		6,976,142
Change in deferred outflows of resources - pension plans		(9,444,122)
Change in deferred inflows of resources - other post-employment benefits		(2,493,754)
The issuance of long-term debt provides current financial resouces 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		
Principal portion of debt service payments	1,269,021	
Change in bond premiums	10,999	
Change in other post-employment benefits	3,251,105	
Change in net pension liability	8,968,639	
Change in liabilities for compensated absences		
Change in worker's compensation liability	82,323	 13,582,087
Change in net position of governmental activities		\$ 4,611,395

## Morehouse Parish School Board Statement of Assets and Liabilities Fiduciary Fund Type – Agency Funds June 30, 2018

### **Assets**

Cash and cash equivalents	\$ 186,306
Liabilities	
Amounts held for other organizations	\$ 186,306

# Morehouse Parish School Board Discretely Presented Component Unit – Beekman Alumni and Friends, Inc. Statement of Net Position June 30, 2018

Assets	
Current assets	
Cash	\$ 2,000,498
Restricted cash	170,997
Investments	14,465
Restricted investments	575,000
Receivables	24,959
Total current assets	2,785,919
Other assets	33,171
Capital assets, net of accumulated depreciation	2,433,877
Total assets	\$ 5,252,967
Liabilities	
Current liabilities	
Accounts payable	\$ 227,612
Salaries and wages payable	961,306
Contract payable	=
Accrued interest payable	717
Current portion of long term debt	288,184
Current portion of compensated absences	40,567
Total current liabilities	1,518,386
Long term debt	490,806
Compensated absences	196,938
Total liabilities	2,206,130
Net Position	
Unrestricted	
Designated by the Board for Loan Collateral	575,000
Undesignated	2,295,275
Temporarily Restricted	176,562
Total Net Position	\$ 3,046,837

# Morehouse Parish School Board Discretely Presented Component Unit – Beekman Alumni and Friends, Inc. Statement of Activities June 30, 2018

Expenses	
Instructional	\$ 5,363,915
Support services	2,801,502
Operation on non-instructional service	18,266
Total expenses	8,183,683
Program Revenues	
Charges for services	86,040
Operating grants and contributions	30,671
Total program revenues	116,711
Net program expense	8,066,972
General Revenues	
Grants not restricted to specific purposes	
Minimum Foundation Program	8,696,888
Interest and investment earnings	7,302
Student activity funds	198,005
Other revenue	<u> </u>
Total general revenues	8,902,195
Change in net position	835,223
Net Position	
Beginning of year	2,211,614
End of year	\$ 3,046,837

### **Note 1: Summary of Significant Accounting Policies**

### **ORGANIZATION**

Morehouse Parish School Board was created by Louisiana Revised Statute LSA-R.S. 17:51 to provide public education for the children within Morehouse Parish. The School Board is authorized by LSA-R.S. 17:81 to establish policies and regulations for its own government consistent with the laws of the State of Louisiana and the regulations of the Louisiana Board of Elementary and Secondary Education. The School Board is comprised of seven members who are elected from seven districts for terms of four years.

In FY18, the School Board operates seven 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.

### A. 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 School Board has one component unit, Beekman Alumni and Friends, Inc. Beekman Alumni and Friends, Inc. is presented as a discretely presented component unit. Component units are defined as legally separate organizations for which the elected officials of the primary government are financially accountable. The criteria used in determining whether financial accountability exists include the appointment of a voting majority of an organization's governing board, the ability of the primary government to impose its will on that organization or whether there is a potential for the organization to provide specific financial benefits or burdens to the primary government. Fiscal dependency may also play a part in determining financial accountability. In addition, a component unit can be another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Beekman Alumni and Friends, Inc. is included in the reporting entity because it is fiscally dependent on the School Board for the majority of its revenue, and because exclusion would render the School System's financial statements incomplete or misleading. However, 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 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.

### B. Fund Accounting

The financial transactions of the School Board are recorded in individual funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that includes its assets, liabilities, fund equity, revenues and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The School Board uses the following fund categories and fund types:

#### **Governmental Funds**

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

Governmental funds are divided into major and nonmajor funds. Major funds are funds that meet certain dollar tests of their assets, liabilities, revenues and expenditures. Major funds are larger, more significant funds. Nonmajor funds are the governmental funds that do not meet the dollar tests for major funds. The major and nonmajor funds are described below.

### Major 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.

### Nonmajor Funds:

The School Board has ten nonmajor Special Revenue Funds, and three nonmajor Capital Projects Funds. For a description of these funds, see the Nonmajor Funds section of this report.

### **Fiduciary Funds**

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.

### C. Basis of Accounting / Measurement Focus

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Non-exchange transactions are recognized when the School Board has an enforceable legal claim to the revenues, expenses, gains, losses, assets and liabilities.

### **Program Revenues**

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the School Board's taxpayers or citizenry as a whole; program revenues reduce the cost of the function to be financed from the School Board's general revenues.

### General Revenues

General revenues included in the Statement of Activities derive directly from local property and sales taxes and from unrestricted state grants. General revenues finance the remaining balance of a function not covered by program revenues.

### Allocation of indirect expenses

The School Board reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses (long-term debt interest) of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense is specifically identified by function and is included in the direct expense of each function.

### Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds reported in the fund financial statements are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and liabilities are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Governmental funds reported in the fund financial statements are accounted for on the modified accrual basis of accounting. Governmental fund revenues are recognized in the accounting period in which they become susceptible to accrual – that is when they become both measurable and available to pay current period liabilities. Such revenue items are ad valorem, sales and use taxes and federal and state entitlements. Ad valorem taxes are considered measurable in the calendar year of the tax levy. Ad valorem taxes are considered available because they are substantially collected within 60 days subsequent to year end. Sales taxes are considered measurable and available when collected by the vendors. Revenue from state and Federal grants are recorded when the reimbursable expenditure have been incurred.

Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the Debt Service Funds for payments to be made early in the following year.

### D. 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.

### E. Investments

Investments, consisting of certificates of deposit, are stated at market value in accordance with the provisions of GASB Statement No. 31.

### F. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as due from other funds or due to other funds on the fund financial statements balance sheet.

### G. Elimination and Reclassifications

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

### H. Bond Issuance Costs/Bond Premiums

Costs associated with issuing bonds (bond rating fees, attorney fees, printing, etc.) are expensed as incurred and are reported as expenditures in the fund financial statements. Bond premium from bond sales is reported in the governmental funds as Other Financing Sources when received. Bond premium is reported in the Government-wide Financial Statements as a liability and amortized over the life of the bonds.

### Inventory

Inventory of the School Food Service Fund consists of food and supplies. Inventory is recorded as an expenditure as it is consumed. Inventory is valued at cost on the first-in, first-out (FIFO) method. Commodities provided to the School Board by the United States Department of Agriculture (USDA) through the State Department of Education are reflected as revenue when received and as an expenditure when consumed. Commodities are valued at amounts assigned by the USDA.

### J. 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.

Capital assets are recorded at historical cost and depreciated over their estimated useful lives. Donated capital assets are recorded at their estimated fair value at the date of donation.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. 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

### K. Interfund Activity

Interfund activity is reported as loans, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the Government-Wide Financial Statements.

### L. Fund Balance of Fund Financial Statements

GASB 54 requires the fund balance amounts to be reported within the fund balance categories as follows:

Nonspendable fund balance represents resources that cannot be physically used to settle obligations of the school system, such as food inventory.

Restricted fund balances represent resources restricted by tax ordinances or by local, state or Federal grant regulations for future use and are, therefore, not available for future appropriation or expenditure.

Committed fund balances indicate the School Board's tentative plans for the use of financial resources in a future period. Fund balance commitments are made by Board approved resolutions.

Assigned fund balances are those determined by the Superintendent and Business Manager, under authority given under a resolution of the Board, as needed for the payment of future commitment.

The School Board had no committed or assigned fund balances at June 30, 2018.

Sometimes the School Board will make expenditures 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 practice 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.

#### M. 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.

### N. Long-Term Liabilities

Bond premiums and discounts, as well as issuance costs, are recognized in the fund financial statements in the period the bonds are issued. Bond proceeds are reported as an Other Financing Source. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

#### O. Restricted Net Position

For the Government-Wide Statement of Net Position, net assets are reported as restricted when constraints placed on net asset use are either:

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

Imposed by law through constitutional provisions or enabling legislation.

In the Statement of Net Position, the following items are considered restricted:

Capital projects are restricted because the proceeds from issuance of bonded debt are dedicated to acquiring and improving school property.

Debt service is considered restricted because an ad valorem tax has been levied specifically to meet the principal and interest payments of various bond issues.

Salaries and related benefits are considered restricted as it represents undistributed salaries and related benefits from sales taxes restricted exclusively for this purpose.

Sometimes the School Board will make expenditures for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as *restricted* – net position and *unrestricted* – net position in the government-wide 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 practice to consider *restricted* – net position to have been depleted before *unrestricted* – net position is applied.

#### P. Sales and Use Taxes

Morehouse Parish School Board has three sales tax ordinances as follows:

- a) The School Board has a one cent parish-wide sales and use tax as authorized in a special election held November 18, 1989. In accordance with the proposition approved by the voters of the parish, the net revenues derived from said sales and use tax is "to be dedicated and used solely for the purpose of providing funds for the payment of salaries of school employees in the Parish of Morehouse."
- b) The School has a one half cent parish-wide sales and use tax. It was authorized in a special election held July 18, 1992. In accordance with the proposition approved by the voters of the parish, the net revenues derived from said sales and use tax is "to be dedicated and used for the purpose of acquiring, constructing, renovating, improving, equipping, furnishing, maintaining, and operating public schools and school-related facilities in Morehouse Parish and for paying salaries and benefits for teachers and other personnel employed by the Morehouse Parish School Board." The tax was renewed in a special election held April 21, 2012 for a period of ten years commencing on October 1, 2014 and ending September 30, 2024.
- c) An additional one half cent parish-wide sales and use tax was approved by the voters in a special election held July 19, 2003. The net revenues derived from this additional tax are "to be dedicated and used for acquiring, constructing, renovating, improving, equipping, furnishing, maintaining and operating public schools and school-related facilities in Morehouse Parish, and for paying salaries and benefits for teachers and other personnel employed by the Morehouse Parish School Board." The tax was renewed in a special election held April 21, 2012 for a period of ten years commencing on October 1, 2014 and ending on September 30, 2024.

### Q. Use of Estimates

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

#### Note 2: Cash and Cash Equivalents 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. The following is a schedule of the School Board's cash and cash equivalents at June 30, 2018.

School Board

		Balances	Bank Balance		
Cash on deposit	\$	6,996,261	\$	8,985,535	
Petty cash		100		4 <u>-</u> 01	
Total cash and cash equivalents	\$	6,996,361	\$	8,985,535	
The School Board's deposits are collatera	alized as follows:				
Federal Deposit Insurance Pledged Securities			\$	250,000 9,010,592	
Total collateralized deposits			\$	9,260,592	

The School Board's investments at June 30, 2018, 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.

### Note 2: Cash and Cash Equivalents and Investments (Continued)

*Credit risk.* The School Board's investments consist of the certificate of deposit mentioned above and State and Local Government Series (SLGS) securities held by the paying agent thus limiting the School Board's credit risk at June 30, 2018.

Concentration of credit risk. The School Board does not limit the amount that may be invested in securities of any one issuer. Applicable state statutes do not place limits on credit concentration.

*Interest rate risk*. The School Board manages its exposure to declines in fair values by limiting the maturity of its investments to no longer than one year.

#### Note 3: Fair Value Measurements

Beginning with the fiscal year ended June 30, 2016, the School Board was required by GASB 72 to begin categorizing its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The implementation of this new statement did not change the method of measuring the fair value of the School Board's assets. These guidelines recognize a three-tiered fair value hierarchy.

- Level 1—Investments reflect prices quoted in active markets.
- Level 2—Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3—Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk. Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix and market-corroborate pricing and inputs such as yield curves and indices. Matrix pricing is used to value securities based on the securities' relationship to benchmark quote prices.

			Fair Value Measurements Using						
				ed Prices in			150005	gnificant	
			Active Markets for Identical		Significant Other Observable Inputs		1000,000,000	bservable Inputs	
Investments by Fair Value Level	June	e 30, 2018	Asse	ets (Level 1)	(	Level 2)	(	Level 3)	
Certificates of Deposit	\$	79,846	\$	79,846	\$	\ <u>\</u>	\$	2	
	\$	79,846	\$	79,846	\$	Æ	\$	<u> </u>	

#### Note 4: 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, 2018, taxes of 53.63 mills were levied on property with assessed valuations totaling \$181,368,227 and were dedicated as follows:

	Authorized	Levied	Expiration
	Millage	Millage	Date
Parish-wide taxes:	<del>.</del>		<del>2:</del>
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 \$6,914,490 of which \$5,618,832 was assessed on property owners and \$1,295,658 was assessed under Homestead Exemption. The School Board collected \$5,656,612 through June 30, 2018, 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.

Below is the property tax calendar in effect for the year ended June 30, 2018:

### Property Tax Calendar

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

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% land25% public service properties, excluding land10% residental improvements15% other property15% electronic cooperative properties, excluding land

### Note 4: Ad Valorem Taxes (Continued)

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

### Note 5: Receivables

The receivables as of June 30, 2018, are as follows:

Class of Receivables	G	eneral		Title I		School Food Service	8-	Sales Tax		Debt ervice		onmajor rernmental
Taxes: Ad Valorem	ć	4,779	ć		ć		č	2 502	ć	1,556	ċ	190
	Ş		Ş	<b>#</b>	Þ	ä	Ş	2,593	Ş	- N	Ş	
Sales Tax		1 <u>2</u> 1		2		=		517,064				28
Intergovernmental - grants:												
Federal		100)		442,693		268,523		×		1948		466,488
State		18,775						5,405		350		186,978
Other		23,447		27		-		=		3,242		181
Total	\$	47,001	\$	442,693	\$	268,523	\$	525,062	\$	4,798	\$	653,837

### **Note 6: Capital Assets**

A summary of the changes in capital assets for the year ended June 30, 2018, is as follows:

	Balance ne 30, 2017		N 50/12		8 3		Balance
	 (Restated)	9	Additions	I	Deletions	Ju	ine 30, 2018
Governmental activities							
Capital assets not being depreciated							
Land	\$ 319,013	\$	E	\$	100	\$	319,013
Construction in progress	 805,397		=		(E)		805,397
Total capital assets not being depreciated	1,124,410		=		98		1,124,410
Capital assets being depreciated							
Buildings and improvements	41,988,757		H		-		41,988,757
Furniture and equipment	8,655,565		248,854		##		8,904,419
Total capital assets being depreciated	50,644,322		248,854		98		50,893,176
Less accumulated depreciation							
Building and improvements	24,833,716		1,138,885		85		25,972,601
Furniture and equipment	5,186,719		593,723		71 <del>4</del> 2		5,780,442
Total accumulated depreciation	30,020,435		1,732,608		( <del>-</del>		31,753,043
Total capital assets being depreciated, net	20,623,887		(1,483,754)		794		19,140,133
Governmental activities capital assets, net	\$ 21,748,297	\$	(1,483,754)	\$	72	\$	20,264,543

#### Note 6: Capital Assets (Continued)

Depreciation expense for the year ended June 30, 2018, was charged to governmental activities as follows:

Depreciation expense was charged to governmental activities as follows:	
Instructional services:	
Regular programs	\$ 25,697
Special education programs	1,628
Vocational programs	4,394
Other instructional programs	2,797
Special programs	64,747
Support services:	
Instructional staff support services	402
General administration	314
Business services	596
Plant services	110,296
Student transportation services	384,266
Central services	1,168
Noninstructional services:	
Food service operations	18,140
Facility acquisition and construction	1,118,163
Total depreciation expense	\$ 1,732,608

### Note 6: Significant Concentrations of Risk

Amounts due from governmental agencies represent substantially all of receivables from outside sources. The School Board derives a majority of its revenue from grants by governmental agencies and is, therefore, economically dependent upon these grants.

### Note 7: Pension and Retirement Plans

### Plan Description

Substantially all employees of the School Board are provided with pensions through cost-sharing multiple-employer defined benefit pension plans administered by the Teachers' Retirement System Louisiana ("TRSL"), or the Louisiana School Employees' Retirement System ("LSERS"), both of which are administered on a statewide basis. 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, www.lsers.net, and www.lasersonline.org, respectively.

### Note 7: Pension and Retirement Plans (Continued)

#### **TRSL**

TRSL provides retirement, deferred retirement option (DROP), disability, and survivor's benefits. Participants should refer to the appropriate statutes for more complete information. Regular Plan - Members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after January 1, 2011 may retire with a 2.5% accrual rate after attaining age sixty with at least 5 years of service credit and are eligible for an actuarially reduced benefit with 20 years of service at any age. All other members, if initially hired on or after July 1, 1999, are eligible for a 2.5% accrual rate at the earliest of age 60 with 5 years of service, age 55 with 25 years of service, or at any age with 30 years of service. Members may retire with an actuarially reduced benefit with 20 years of service at any age.

If hired before July 1, 1999, members are eligible for a 2% accrual rate at the earliest of age 60 with 5 years of service, or at any age with 20 years of service and are eligible for a 2.5% accrual rate at the earliest of age 65 with 20 years of service, age 55 with 25 years of service, or at any age with 30 years of service. Plan A - Members may retire with a 3.0% annual accrual rate at age 55 with 25 years of service, age 60 with 5 years of service or 30 years of service, regardless of age. Plan A is closed to new entrants. Plan B - Members may retire with a 2.0% annual accrual rate at age 55 with 30 years of service, or age 60 with 5 years of service.

For all plans, retirement benefits are based on a formula which multiplies the final average compensation by the applicable accrual rate, and by the years of creditable service. For Regular Plan and Lunch Plan B members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after January 1, 2011, final average compensation is defined as the highest average 60-month period. For all other members, final average compensation is defined as the highest average 36-month period.

A retiring member is entitled to receive the maximum benefit payable until the member's death. In lieu of the maximum benefit, the member may elect to receive a reduced benefit payable in the form of a Joint and Survivor Option, or as a lump sum that can't exceed 36 months of the members' maximum monthly benefit amount.

Effective July 1, 2009, members may make an irrevocable election at retirement to receive an actuarially reduced benefit which increases 2.5% annually, beginning on the first retirement anniversary date, but not before age 55 or before the retiree would have attained age 55 in the case of a surviving spouse. This option can be chosen in combination with the above options.

In lieu of terminating employment and accepting a service retirement, an eligible member can begin participation in the Deferred Retirement Option Program (DROP) on the first retirement eligibility date for a period not to exceed the 3rd anniversary of retirement eligibility. Delayed participation reduces the three year participation period. During participation, benefits otherwise payable are fixed, and deposited in an individual DROP account. Upon termination of DROP, the member can continue employment and earn additional accruals to be added to the fixed pre-DROP benefit.

#### Note 7: Pension and Retirement Plans (Continued)

Upon termination of employment, the member is entitled to the fixed benefit, an additional benefit based on post -DROP service (if any), and the individual DROP account balance which can be paid in a lump sum or an additional annuity based on the account balance.

Active members whose first employment makes them eligible for membership in a Louisiana state retirement system before January 1, 2011, and who have five or more years of service credit are eligible for disability retirement benefits if certified by the State Medical Disability Board (SMDB) to be disabled from performing their job. All other members must have at least 10 years of service to be eligible for a disability benefit. Calculation of the disability benefit as well as the availability of a minor child benefit is determined by the plan to which the member belongs and the date on which the member's first employment made them eligible for membership in a Louisiana state retirement system.

A surviving spouse with minor children of an active member with five years of creditable service (2 years immediately prior to death) or 20 years of creditable service is entitled to a benefit equal to the greater of (a) \$600 per month, or (b) 50% of the member's benefit calculated at the 2.5% accrual rate for all creditable service. When a minor child(ren) is no longer eligible to receive survivor benefits, the spouse s benefit reverts to a survivor benefit in accordance with the provisions for a surviving spouse with no minor child(ren). Benefits for the minor child(ren) cease when he/she is no longer eligible. Each minor child (maximum of 2) shall receive an amount equal to the greater of (a) 50% of the spouse's benefit or (b) \$300 (up to 2 eligible children). Benefits to minors cease at attainment of age 18, marriage, or age 23 if enrolled in an approved institution of higher education. A surviving spouse without minor children of an active member with 10 years of creditable service (2 years immediately prior to death) or 20 years of creditable service is entitled to a benefit equal to the greater of (a) \$600 per month, or (b) the option 2 equivalent of the benefit calculated at the 2.5% accrual rate for all creditable service.

As fully described in Title 11 of the Louisiana Revised Statutes, the System allows for the payment of permanent benefit increases, also known as cost-of-living adjustments (COLAs), that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature.

The Optional Retirement Plan (ORP) was established for academic employees of public institutions of higher education who are eligible for membership in TRSL. This plan was designed to provide certain academic and unclassified employees of public institutions of higher education an optional method of funding for their retirement. The ORP is a defined contribution pension plan which provides for portability of assets and full and immediate vesting of all contributions submitted on behalf of the affected employees to the approved providers. These providers are selected by the TRSL Board of Trustees. Monthly employer and employee contributions are invested as directed by the employee to provide the employee with future retirement benefits. The amount of these benefits is entirely dependent upon the total contributions and investment returns accumulated during the employee's working lifetime. Employees in eligible positions of higher education can make an irrevocable election to participate in the ORP rather than TRSL and purchase annuity contracts—fixed, variable, or both—for benefits payable at retirement.

### Note 7: Pension and Retirement Plans (Continued)

#### **LSERS**

LSERS provides retirement, deferred retirement option (DROP), disability, and survivor's benefits. Membership is mandatory for all persons employed by a Louisiana Parish or City School Board or by the Lafourche Special Education District #1 who work more than twenty hours per week as a school bus driver, school janitor, school custodian, school maintenance employee, or school bus aide, a monitor or attendant, or any other regular school employee who actually works on a school bus helping with the transportation of school children. If a person is employed by and is eligible to be a member of more than one public agency within the state, he must be a member of each such retirement system. Members are vested after 10 years of service or 5 years if enrolled after June 30, 2010. All temporary, seasonal and part-time employees as defined in federal Regulations 26 CFR 31:3121(b)(7)-2 are not eligible for membership in the Plan. Any part-time employees who work 20 hours or less per week and who are not vested will be refunded their contributions.

Benefit provisions are authorized and amended under Louisiana Revised Statutes. Benefit provisions are dictated by LA R.S. 11:1141 - 11:1153. A member who joined the system on or before June 30, 2010 is eligible for normal retirement if he has at least 30 years of creditable service regardless of age, 25 years of creditable service and is at least age 55, 20 years of creditable service regardless of age with an actuarially reduced benefit, or 10 years of creditable service and is at least age 60. A member who joined the system on or after July 1, 2010 is eligible for normal retirement if he has at least 5 years of creditable service and is at least age 60, or 20 years of creditable service regardless of age with an actuarially reduced benefit. For members who joined the system prior to July 1, 2006, the maximum retirement benefit is an amount equal to 3 1/3% of the average compensation for the three highest consecutive years of membership service, subject to the 10% salary limitation, multiplied by the number of years of service limited to 100% of final average compensation plus a supplementary allowance of \$2.00 per month for each year of service.

For members who joined the system on or after July 1, 2006 through June 30, 2010, 3 1/3% of the average compensation is used to calculate benefits; however, the calculation consists of the five highest consecutive years of membership service, subject to the 10% salary limitation. For members who join the system on or after July 1, 2010, 2 1/2% of the average compensation is used to calculate benefits and consists of the five highest consecutive years' average salary, subject to the 15% salary limitation. The supplemental allowance was eliminated for members entering the Plan on or after July 1, 1986. Effective January 1, 1992, the supplemental allowance was reinstated to all members whose service retirement became effective after July 1, 1971.

A member is eligible to retire and receive disability benefits if he has at least five years of creditable service, is not eligible for normal retirement and has become totally and permanently disabled and is certified as disabled by the Medical Board. A member who joins the system on or after July 1, 2006, must have at least ten years of service to qualify for disability benefits. Upon the death of a member with five or more years of creditable service, the Plan provides benefits for surviving spouses and minor children. Under certain conditions outlined in the statutes, a spouse is entitled to 75% of the member's benefit.

#### Note 7: Pension and Retirement Plans (Continued)

Members of the Plan may elect to participate in the Deferred Retirement Option Plan, (DROP) and defer the receipt of benefits. The election may be made only one time and the duration is limited to three years. Once an option has been selected, no change is permitted. Upon the effective date of the commencement of participation in the DROP Plan, active membership in the regular retirement plan of the system terminates. Average compensation and creditable service remain as they existed on the effective date of commencement of participation in the Plan. The monthly retirement benefits, that would have been payable had the person elected to cease employment and receive a service retirement allowance, are paid into the Deferred Retirement Option Plan Fund Account. The Plan maintains subaccounts within this account reflecting the credits attributed to each participant in the Plan. Interest credited and payments from the DROP account are made in accordance with LA R.S. 11:1152(E)(3). Upon termination of participation in both the Plan and employment, a participant may receive his DROP monies either in a lump sum payment from the account or systematic disbursements.

The Plan also provides for deferred benefits for vested members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable.

Effective January 1, 1996, the state legislature authorized the Plan to establish an Initial Benefit Retirement Plan (IBRP) program. IBRP is available to members who have not participated in DROP and who select the maximum benefit, Option 2 benefit, Option 3 benefit or Option 4 benefit. Thereafter, these members are ineligible to participate in the DROP. The IBRP program provides both a one-time single sum payment of up to 36 months of a regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest credited and payments from IBRP account are made in accordance with LA R.S. 11:1152(F)(3).

#### Contributions

#### 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:

	Contribution Rates				
TRSL Sub Plan	School Board	<b>Employees</b>			
K-12 Regular Plan	25.5%	8.0%			
Plan A	30.7%	9.1%			
Plan B	28.2%	5.0%			

### Note 7: Pension and Retirement Plans (Continued)

The School Board's contractually required composite contribution rate for the year ended June 30, 2017, was 25.5% 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 \$5,466,376 for the year ended June 30, 2018.

#### **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, 2017 was 27.3%. The actual employer rate for the year ended June 30, 2016 was 27.3%. A difference may exist due to the State Statute that requires the rate to be calculated in advance. Contributions to the pension plan from the School Board were \$462,058 for the year ended June 30, 2017.

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, 2017, 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, 2017, and the change compared to the June 30, 2016 proportion:

	 let Pension lity at June 30, 2018	Proportion at June 30, 2017	Increase (Decrease) to June 30, 2017 Proportion
LSERS TRSL	\$ 3,783,498 33,727,753	0.591239% 0.328990%	-0.024282% -0.027460%
	\$ 37,511,251	0.020307	5.527557

### Note 7: Pension and Retirement Plans (Continued)

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, 2018:

	Pen	sion Expense	Aı	mortization	Total
LSERS	\$	276,969	\$	41,105	\$ 318,074
TRSL		2,606,636		(3,371,253)	(764,617)
	\$	2,883,605			

At June 30, 2018, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

LSERS	Deferred Outflows of Resources		
Experience	\$ =	\$	88,228
Investment Earnings	<del>,=</del> 3		59,161
Assumptions	79,332		58,941
Change in Proportions	74,253		110,311
Difference in Contributions	383,018		386,756
Employer Contributions	460,212		
	\$ 996,815	\$	703,397

TRSL	Deferred Outflows of Resources		
Experience	\$ =	\$	1,108,686
Investment Earnings	-		871,127
Assumptions	355,660		## ###
Change in Proportions	12,182,272		(82)
Difference in Contributions			17,393,971
Employer Contributions	5,466,376		(ê <u>≃</u>
	\$ 18,004,308	\$	19,373,784

### Note 7: Pension and Retirement Plans (Continued)

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

	Def	erred Outflows	Deferred Inflows			
	o	f Resources	of Resources			
LSERS	\$	996,815	\$	703,397		
TRSL		18,004,308		19,373,784		
	\$	19,001,123	\$	20,077,181		

Deferred outflows of resources related to pensions resulting from the School Board's contributions subsequent to the measurement date of \$5,926,588 will be recognized as a reduction of net pension liability in the year ending June 30, 2019. The following table lists the pension contributions made subsequent to the measure period for each pension plan:

	S	Subsequent				
LSERS	Co	ntributions				
	\$	460,212				
TRSL	· ·	5,466,376				
	\$	5,926,588				

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

June 30,	2019	2020	2021	2022	Total
TRSL	\$ (4,192,433)	\$ (1,115,602)	\$ (319,610)	\$ (1,208,205)	\$ (6,835,850)
LSERS	(111,295)	57,222	24,938	(137,659)	(166,794)
	\$ (4,303,728)	\$ (1,058,380)	\$ (294,672)	\$ (1,345,864)	\$ (7,002,644)

### Note 7: Pension and Retirement Plans (Continued)

### **Actuarial Assumptions**

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2018, are as follows:

	LSERS TRSL						
Valuation Date Actuarial Cost Method Amortization Approach Actuarial Assumptions:	June 30, 2017 Entry Age Normal	June 30, 2017 Entry Age Normal Closed					
<b>Expected Remaining Service Lives</b>	3 years	5 years					
Investment Rate of Return	7.125% net of investment expenses	7.75% net of investment and administrative expenses					
Inflation Rate	2.625% per annum	2.50% per annum					
Projected Salary Increases	3.075 % to 5.375% varied depending upon duration of service						
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the system and includes perviously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.						
Mortality	RP-2000 Combined Healthy Sex Distinct Morality Tables	RP-2000 Mortality Table with projection to 2025 using Scale AA					
Termination, Disability, and Retirement	Projected based on a five- year (2008-2012) experience study of the System's members.	75 XE					

### Note 7: Pension and Retirement Plans (Continued)

The following table lists the methods used by each of the pension plans in determining the long-term rate of return on pension plan investments:

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.

**LSERS** 

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.

TRSL

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, 2017:

17:

Long-Term Expected Portfolio

	Target /	Allocation	Real Rate of Return				
Asset Class	TRSL	LSERS	TRSL	LSERS			
Cash	() (3)	**	हीं क	3			
Domestic equity	31.0%	51.0%	4.50%	3.10%			
International equity	19.0%	( <del>=</del> )	5.31%	=			
Domestic fixed income	14.0%	30.0%	2.45%	1.82%			
International fixed income	7.0%	=	3.28%	<del>=</del> 0			
Alternative investments	29.0%	13.0%	4.82%	0.79%			
Global asset allocation	-	5 <del>7</del> 0	77	<del>m</del> ati			
Real assets		6.0%	414 201	0.36%			
Total	100.0%	100.0%	n/a	6.07%			
International fixed income		-	( <del></del>	2.00%			
<b>Expected Arithmetic Nominal</b>	Return			8.07%			

n/a – amount not provided by Retirement System

### Note 7: Pension and Retirement Plans (Continued)

#### **Discount Rate**

The discount rates used to measure the total pension liability for TRSL and LSERS, were 7.75% and 7.125%, respectively, for the year ended June 30, 2017.

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.

# 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:

				Current			
	1.0	1.0% Decrease		iscount Rate	1.0% Increase		
LSERS	-			_			
Discount rate		6.125%		7.125%		8.125%	
Share of NPL	\$	5,186,731	\$	3,783,498	\$	2,578,450	
TRSL							
Discount rate		6.75%		7.75%		8.75%	
Share of NPL	\$	43,458,980	\$	33,727,753	\$	25,449,634	

#### 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, 2017, the School Board recognized revenue as a result of support received from non-employer contributing entities of \$136,141 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, 2017.

### Note 7: Pension and Retirement Plans (Continued)

#### 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.lla.la.gov.

#### Payables to the Pension Plan

As of June 30, 2018, the School Board had payables due to the pension plans totaling \$651,110. 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. The balance due to each of the pension plans is as follows:

	Payables		
LSERS	\$ 15,060		
TRSL	620,235		
	\$ 635,295		

#### **Note 8: 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 94GAR 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.

### Note 8: Other Post-employment Benefits (Continued)

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.

### **Net OPEB Liability**

The components of the net OPEB liability of the School Board at June 30, 2018, were as follows:

Total OPEB liability	\$ 51,553,831
Plan fiduciary net position	7 <u>—</u>
School Board's net OPEB liability	\$ 51,553,831

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, 2017 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	3.87%
Healthcare cost trend rates	5.50%

#### **Mortality Rate**

The 1994 Group Annuity Reserving (94GAR) 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.

#### Note 8: Other Post-employment Benefits (Continued)

#### **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.

### Changes in the Net OPEB Liability

	Increases (Decreases)									
	Plan									
		iary								
	75 <u>.</u>	Total OPEB	Net			Net OPEB				
	0	Liability				Liability				
Balance at June 30, 2017	\$	54,804,936	\$	WY.	\$	54,804,936				
Service cost		624,535		<b>12</b> 7		624,535				
Interest on total OPEB liability		1,908,695				1,908,695				
Effect of plan changes		-		=		82				
Effect on economic/demographic gains or losses		(741,595)		=		(741,595)				
Effect of assumptions changes or inputs		(2,063,878)		**		(2,063,878)				
Benefit payments		(2,978,862)		*		(2,978,862)				
Net changes		(3,251,105)		-		(3,251,105)				
Balance as of June 30, 2018	\$	51,553,831	\$	-	\$	51,553,831				

### 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:

	Current							
	1.0% Decrease (2.87%)		Discount Rate (3.87%)		ate 1.0% Increase (4.87%)			
**								
Net OPEB liability	\$	59,072,155	\$	51,553,831	\$	45,496,688		

#### Note 8: Other Post-employment Benefits (Continued)

### 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:

	Current						
	1.0% Decrease			scount Rate	ate 1.0% Increase (5.50%)		
	(4.50%)		(5.50%)				
Net OPEB liability	\$	45,493,560	\$	51,553,831	\$	58,981,295	

### 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 \$2,736,099. At June 30, 2018, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

		erred lows of		Deferred Inflows of
	//ka=1	ources		Resources
Differences between expected and actual experience	\$	52	\$	659,196
Changes in assumptions / inputs	~		741	1,834,558
Total	\$		\$	2,493,754

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	\$ (311,719)
	2020	\$ (311,719)
	2021	\$ (311,719)
	2022	\$ (311,719)
	2023	\$ (311,719)
	Thereafter	\$ (935,159)

### Payable to the OPEB Plan

At June 30, 2018, 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, 2018.

### Note 8: Other Post-employment Benefits (Continued)

### **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 hence has a funded ratio of zero.

### Note 9: Long-Term Obligations

The following is a summary of changes in Long-Term Obligations for the year ended June 30, 2018:

	Beginning Balance			Ending		Amounts Due Within
	(Restated)	Additions	Deletions	Balance		One Year
Governmental Activities	***					
Bonds payable:						
General obligation debt	\$ 12,895,000	\$ 9. <del>5</del> 8	\$ 880,000	\$ 12,015,000	\$	905,000
Limited tax bond	1,220,000	3 <del>=</del> 3	50,000	1,170,000		50,000
Other liabilities:						
Capital lease payable	1,920,843	128	339,021	1,581,822		359,081
Compensated absences	893,669	9. <del>5</del> 8	150	893,669		83,454
Workers' Compensation IBNR	89,113	(m)	82,323	6,790		6,790
Net pension liability	46,479,890	(40)	8,968,639	37,511,251		( <del>1</del>
Bond premium	151,562	929	10,999	140,563		10,999
Other post employment benefits	54,804,936	151	3,251,105	51,553,831		.2.
Total long-term obligations	\$ 118,455,013	\$ 121	\$ 13,582,087	\$ 104,872,926	\$	1,415,324

Long-term bonds outstanding at June 30, 2018 are comprised of the following:

	Original Issue	Interest Rate	Range of Maturities	C	Principal Outstanding	0	Interest utstanding
Bonds Payable	 -W			13			
Limited Tax Bonds							
Series 2016, refunding	\$ 1,270,000	1.50 - 5.00%	2016 - 2035	\$	1,170,000	\$	509,505
General Obligation Bonds							
Series 2011, refunding	\$ 7,775,000	3.17%	2012 - 2028		5,560,000		1,021,850
Series 2012, refunding	\$ 3,885,000	1.25 - 3.50%	2012 - 2029		3,000,000		625,313
Series 2016, refunding	\$ 3,725,000	1.00 - 3.00%	2016 - 2032	-	3,455,000		771,625
Total				\$	13,185,000	\$	2,928,293

### Note 9: Long-Term Obligations (Continued)

Debt service requirements to maturity on all School Board bonds and certificates of indebtedness outstanding at June 30, 2018 are as follows:

Year Ending			
June 30,	 Principal	Interest	Total
2019	\$ 955,000	\$ 402,975	\$ 1,357,975
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
2024-2028	5,960,000	959,277	6,919,277
2029-2033	1,945,000	207,495	2,152,495
2034-2038	 185,000	13,910	198,910
Total	\$ 13,185,000	\$ 2,928,293	\$ 16,113,293

#### Note 10: Deferred Inflows and Outflows of Resources

The balances of deferred inflows and outflows of resources as of June 30, 2018 consist of:

	Defe	erred Outflows	Det	ferred Inflows
Net Pension Liabilities (GASB 68):				
Teachers' Retirement System of Louisiana (TRSL)	\$	18,004,308	\$	19,373,784
Louisiana School Employees' Retirement System (LSERS)		996,815		703,397
Other Post-employment Benefits (GASB 75)				2,493,754
Balance as of June 30, 2018	\$	19,001,123	\$	22,570,935

### Note 11: Lease Commitments and Rental Expense

### 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.

#### Note 11: Lease Commitments and Rental Expense (Continued)

Future minimum lease payments under capital leases are as follows:

Year ending June 30,

2019	\$	410,810
2020	959	419,481
2021		156,150
2022		156,150
2023		156,150
Thereafter		468,451
Total minimum lease payments		1,767,192
Less amount representing interest		185,371
Present value of minimum lease payments	\$	1,581,821

#### Note 12: Risk Financing Activities

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, 2018, 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 \$6,790 as of June 30, 2018.

Note 13: Interfund Receivables and Payables (FFS level only)

Individual balances due to/from other funds at June 30, 2018, are as follows:

		Due From	H¥	Due To
Major Funds:				
General Fund	\$	1 721 726	\$	1 10/ 07/
	Ş	1,721,726	Ş	1,184,874
Special Revenue:				177.004
Title I		-		177,084
Sales Tax		30,528		
School Food Service		198		5 <del>0</del> 0
Non-major Funds:				
Special Revenue:				46 112
Special Education		* <del>*</del>		46,112
Title II		1.		19,956
JAG / Vocational Education		SET.		40,093
LA 4		5 <del>5</del>		30,338
8 (g)		77		20,521
21st Century Grant		<u>(#</u>		158,301
Rural Education Achievement		:=		6,973
East Morehouse Parish Tax District		110,936		-
Miscellaneous Grants		e .		179,136
Total	\$	1,863,388	\$	1,863,388

The remainder of this page left blank intentionally

#### **Note 14: Interfund Transfers**

Transfers to/from other funds for the year ended June 30, 2018 were as follows:

	Tr	ansfers In	Trai	nsfers Out
Major Funds:				
General Fund	\$	701,015	\$	1 <del>5</del> 0
Special Revenue:				
Title I		9 <u>0</u>		387,711
Sales Tax		70,241		221,694
Non-major Funds:				
Special Revenue:				
Special Education		6924		105,543
Title II		95		17,853
JAG / Vocational Education		ties.		4,948
21st Century Grant		82		42,804
Rural Education Achievement				6,802
East Morehouse Parish Tax District		S#		(40,695)
Miscellaneous Grants		3-		24,596
Total	\$	771,256	\$	771,256

### Note 15: 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.

#### Note 16: Change in Accounting Principal and Prior Period Adjustments

Beginning net position of Morehouse Parish School Board was restated for prior period adjustments. A summary of the adjustments made to balances as of June 30, 2017 follows:

During the preparation of the financial statements for the year ended June 30, 2018, the School Board adopted GASB 75 related to post-employment benefits other than pensions, as described in Note 18 as adoption of new financial accounting standards.

During the year, it was identified that lease payments were being made for a capital lease that was not properly recorded on the books.

### Note 16: Change in Accounting Principal and Prior Period Adjustments (Continued)

The adoption of GASB 75 and the capital lease had the following impact on the beginning net position as of June 30, 2018:

Net position (deficit), June 30, 2017, Restated	\$ (86,200,321)
	(17,843,152)
Recording of capital lease	343,079
GASB 75 - Accounting and Financial Reproting for Post-employment benefits other than pensions	(18,186,231)
Prior Period Adjustments  Cumulative effect of changes in accounting principal	
Net position (deficit), June 30, 2017	\$ (68,357,169)

### Note 17: Subsequent Events

The School Board enrollment decreased by 154 students between February 1, 2018 and October 1, 2018. As a result the School Board declared a financial emergency on October 15, 2018, determining that the School Board was no longer able to continue operations with all current employees and school configurations. The School Board received approval from the State Superintendent to close and consolidate schools during the fiscal year ending June 30, 2019. Employees were notified that a reduction would be forthcoming along with school consolidation. Approximately 55 employees were terminated due to the financial situation of the School Board. Subsequent to December 31, 2018, Henry V. Adams Elementary School and Pine Grove Elementary, both Pre-K to 4<sup>th</sup> grade schools, were closed. Morehouse Junior High School and Delta Junior High School became Kindergarten through 6<sup>th</sup> grade schools. Morehouse Magnet became parish-wide Pre-k and Kindergarten through 8<sup>th</sup> grade. During the February 5, 2019 board meeting, the School Board voted to add a 9<sup>th</sup> grade to Morehouse Magnet for the 2019-2020 school year, and a grade each year thereafter until the school becomes a High School. Bastrop High School became a 7<sup>th</sup> grade to 12<sup>th</sup> grade school, effective January 10, 2019.

As a result of these changes, the School Board estimates a savings for the 2018-2019 school year of approximately \$1.9 million.

REQUIRED SUPPLEMENTAL INFORMATION (PART B)

# Morehouse Parish School Board Budgetary Comparison Schedule – General Fund (Unaudited) June 30, 2018

	æ	Budgeted Original Budget	l Amo	unts Final Budget	ļ	Actual Amounts (Budgetary Basis)		iance With al Budget Over (Under)
Budgetary Fund Balance, Beginning	\$	1,451,987	\$	1,451,987	\$	1,477,824	\$	25,837
Resources (inflows)				ET LOS LATA CONTRACTOR SECTIONS	576.0	on and or another section of the sec	W• S	0.000 to \$ 0.000 to to
Local sources								
Ad valorem tax		2,717,826		2,769,526		2,769,526		
Sales tax		2,717,820		2,769,326		2,769,326		
Interest earnings		4,200		14,541		14,541		-
Other		404,658		398,674		419,353		20,679
State sources		404,636		390,074		419,333		20,679
		26 922 262		26 252 726		26 412 226		E0 E00
Equalization Other		26,823,363		26,353,736		26,413,236		59,500
		366,066		262,389		202,889		(59,500)
Federal sources		ā		ā		-		3
Other sources				10.470		10 140		7.075
Proceeds from sale of assets		-		10,173		18,148		7,975
Proceeds from issuance of debt		-		-		701.015		
Transfers in		20 216 112		695,313		701,015		5,702
Total resources		30,316,113		30,504,352		30,538,708		34,356
Amounts available for appropriations		31,768,100		31,956,339		32,016,532		60,193
Charges to appropriations (outflows)								
Current								
Instruction								
Regular programs		15,329,414		14,495,756		14,521,647		25,891
Special education programs		2,614,077		3,190,513		3,190,521		8
Vocational programs		434,023		452,622		452,672		50
Other instructional programs		1,116,671		1,249,636		1,280,101		30,465
Special programs		72,898		38,323		38,426		103
Adult/Continuing education programs		13,406		Ē		( <del>72</del> )		=
Support Services								
Pupil support services		1,675,937		1,751,537		1,750,132		(1,405)
Instructional staff support		634,317		716,113		716,317		204
General administration		748,062		973,192		964,969		(8,223)
School administration		1,608,543		1,766,952		1,762,910		(4,042)
Business services		784,872		729,290		727,979		(1,311)
Plant services		2,873,950		2,809,541		2,787,315		(22,226)
Student transportation services		2,132,676		2,260,770		2,260,889		119
Central services		561,184		627,662		620,944		(6,718)
Other support services		2 =		<u>=</u>		1 <u>2</u> 1		
Food service operations		246,387		217,705		217,705		=:
Capital outlay		25,450		159,258		188,507		29,249
Debt service								-
Principal retirement		186,513		339,862		339,862		Ψ.
Interest and bank charges		£		64,229		64,229		
Other uses						+ + + + + + + + + + + + + + + + +		
Indirect cost transfers		482,070		-				
Transfers out		76.746.75		-		( <del>77</del> )		-
						**************************************		
Total charges to appropriations		31,540,450		31,842,961		31,885,125		42,164
Budgetary Fund Balances, Ending	\$	227,650	\$	113,378	\$	131,407	\$	18,029

# Morehouse Parish School Board Budgetary Comparison Schedule – Title I (Unaudited) June 30, 2018

	 Budgeted Amounts			Actual Amounts	Variance With Final Budget		
	Original Budget		Final Budget	 (Budgetary Basis)		Over (Under)	
Budgetary Fund Balance, Beginning	\$ = -	\$	-	\$ · · · · · · · · · · · · · · · · · · ·	\$	-	
Resources (inflows)							
Federal sources	3,400,654		3,861,363	3,860,275		(1,088)	
Amounts available for appropriations	3,400,654		3,861,363	3,860,275		(1,088)	
Charges to appropriations (outflows)							
Current							
Instruction							
Special programs	1,940,327		2,416,292	2,416,290		(2)	
Support services							
Pupil support services	=		2,512	2,511		(1)	
Instructional staff support	891,346		864,005	864,004		(1)	
Student transportation services	6,943		6,195	6,195		22	
Central services	221,419		183,565	183,564		(1)	
Other uses							
Transfers out	340,037		388,800	387,711		(1,089)	
Total charges to appropriations	3,400,072		3,861,369	3,860,275		(1,094)	
Budgetary Fund Balances, Ending	\$ 582	\$	(6)	\$ 9 <b>2</b> 8	\$	6	

# Morehouse Parish School Board Budgetary Comparison Schedule – School Food Service (Unaudited) June 30, 2018

	Budgeted Original Budget		d Amounts Final Budget		Actual Amounts (Budgetary Basis)		Variance With Final Budget Over (Under)	
Budgetary Fund Balance, Beginning	\$	2,075,351	\$	2,075,351	\$	2,075,351	\$	<b>.</b>
Resources (inflows)								
Local sources								
Food services		17,659		16,532		16,427		(105)
State sources								
Equalization		40,125		47,055		37,055		(10,000)
Federal sources		2,771,477		2,771,265		2,965,500		194,235
Total resources		2,829,261		2,834,852		3,018,982		184,130
Amounts available for appropriations		4,904,612		4,910,203		5,094,333		184,130
Charges to appropriations (outflows)								
Current								
Support services								
Plant services		2,710		1,168				(1,168)
Non-Instructional services								
Food service operations		2,279,282		2,276,754		2,448,868		172,114
Capital outlay		ā		Œ		51,886		51,886
Total charges to appropriations		2,281,992		2,277,922		2,500,754		222,832
Budgetary Fund Balances, Ending	\$	2,622,620	\$	2,632,281	\$	2,593,579	\$	(38,702)

# Morehouse Parish School Board Budgetary Comparison Schedule – Sales Tax (Unaudited) June 30, 2018

	Purdented for courts				Actual		Variance With	
	3	Budgeted Amounts				Amounts	Final Budget Over (Under)	
	Original Budget		Final Budget		(Budgetary Basis)			
	18	Dauget	-	Duaget	3	Dasisj	1	(ender)
Budgetary Fund Balance, Beginning	\$	4,492,656	\$	4,492,656	\$	4,530,352	\$	#
Resources (inflows)								
Local sources								
Sales and Use Taxes		7,961,447		7,428,374		7,428,373		(1)
Interest on Investments		5,854		9,081		9,081		-
Other Local Revenue				6,643		12,048		5,405
Transfers In		140		¥		70,241		70,241
Total resources		7,967,301		7,444,098		7,519,743		75,645
Amounts available for appropriations		12,459,957		11,936,754		12,050,095		75,645
Charges to appropriations (outflows)								
Current								
Instructional services								
Regular programs		3,113,152		2,850,243		4,987,919		2,137,676
Special education programs		743,472		865,885		813,067		(52,818
Vocational programs		89,777		105,363		99,300		(6,063
Other instructional programs		130,249		165,221		156,650		(8,571
Special programs		63,859		74,648		72,738		(1,910
Adult/Continuing education programs		2,730		2,736		1,368		(1,368
Support services								
Pupil support services		367,962		365,748		342,320		(23,428
Instructional staff support		171,964		201,730		194,545		(7,185
General administration		210,900		220,426		218,714		(1,712
School administration		324,200		361,293		340,260		(21,033
Business services		103,749		154,848		120,518		(34,330
Plant services Student transportation services		467,200		441,114		414,683		(26,431
Central services		390,480 83,189		411,060 90,575		385,556 89,408		(25,504 (1,167
Other support services		2,333		2,126		2,126		(1,107
Noninstructional services		2,333		2,120		2,120		
Food service operations		177,599		194,254		184,256		(9,998
Capital outlay		,		396,265		456,628		60,363
Transfers out		2,300,000		2,300,000		160 200		(2,300,000
Total charges to appropriations		8,742,815		9,203,535		8,880,056		(323,479
Budgetary Fund Balances, Ending	\$	3,717,142	\$	2,733,219	\$	3,170,039	\$	399,124

# Morehouse Parish School Board Budgetary Comparison Schedule – Special Education (Unaudited) June 30, 2018

		Budgeted Original Budget	Amounts Final Budget		Actual Amounts (Budgetary Basis)		Variance With Final Budget Over (Under)	
Budgetary Fund Balance, Beginning	\$	=	\$	-	\$		\$	1 <del>7</del> 3
Resources (inflows)								
Federal sources		925,793		1,003,398		1,058,284		54,886
Total resources		925,793		1,003,398		1,058,284		54,886
Amounts available for appropriations		925,793		1,003,398		1,058,284		54,886
Charges to appropriations (outflows)								
Current								
Instructional services								
Special education programs		261,120		348,604		374,077		25,473
Special programs		3,736		-		-		
Support services								
Pupil support services		165,986		181,576		181,578		2
Instructional staff support		392,423		368,658		392,659		24,001
Student transportation services		9,957		4,427		4,427		-
Transfers out		92,571		100,133		105,543		5,410
Total charges to appropriations		925,793		1,003,398		1,058,284		54,886
Budgetary Fund Balances, Ending	\$	-	\$	¥	\$	-	\$	-

### Morehouse Parish School Board Notes to Budgetary Comparison Schedule (Unaudited) June 30, 2018

#### 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, 2018

### Note B - Budget to GAAP Reconciliation

revenues and expenditures

Sources/inflows of resources:

Actual amounts (budgetary basis) "available for appropriation"
from the Budgetary Comparison Schedule \$ 32,016,532

The fund balance at the beginning of the year is a budgetary resource
but is not a current year revenue for financial reporting purposes (1,477,824)

Other financing sources including proceeds from sale of assets, proceeds from issuance of debt and transfers in of indirect costs from other funds (719,163)

Explanation of differences between budgetary inflows and outflows and GAAP

# and Changes in Fund Balances - Governmental Funds \$ 29,819,545

Total revenues as reported on the Statement of Revenues, Expenditures,

#### Charges to appropriations:

Actual amounts (budgetary basis) "Total charges to appropriations"

from the Budgetary Comparison Schedule \$ 31,885,125

Total expenditures as reported on the Statement of Revenues, Expenditures,
and Changes in Fund Balances - Governmental Funds \$ 31,885,125

# Morehouse Parish School Board Notes to Budgetary Comparison Schedule (Unaudited) June 30, 2018

Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures		
revenues and experiorcures	<u> </u>	Title I
Sources/inflows of resources:	-	
Actual amounts (budgetary basis) "available for appropriation"		
from the Budgetary Comparison Schedule	\$	3,860,275
The fund balance at the beginning of the year is a budgetary resource		
but is not a current year revenue for financial reporting purposes		-
Other financing sources		8=0
Total revenues as reported on the Statement of Revenues, Expenditures,		
and Changes in Fund Balances - Governmental Funds	\$	3,860,275
Charges to appropriations:		
Actual amounts (budgetary basis) "Total charges to appropriations"		
from the Budgetary Comparison Schedule	\$	3,860,275
Other financing uses including transfers out of direct costs to General Fund		(387,711)
Total expenditures as reported on the Statement of Revenues, Expenditures,		
and Changes in Fund Balances - Governmental Funds	\$	3,472,564

# Morehouse Parish School Board Notes to Budgetary Comparison Schedule (Unaudited) June 30, 2018

	S	chool Food Service
Sources/inflows of resources:		**
Actual amounts (budgetary basis) "available for appropriation"		
from the Budgetary Comparison Schedule	\$	5,094,333
The fund balance at the beginning of the year is a budgetary resource		
but is not a current year revenue for financial reporting purposes		(2,075,351)
Other financing courses		
Other financing sources		
Table		
Total revenues as reported on the Statement of Revenues, Expenditures,		2 040 002
and Changes in Fund Balances - Governmental Funds	\$	3,018,982
Charges to appropriations:		
Charges to appropriations:		
Actual amounts (budgetary basis) "Total charges to appropriations"		2 500 754
from the Budgetary Comparison Schedule	\$	2,500,754
Other financing uses		
Total expenditures as reported on the Statement of Revenues, Expenditures,		
and Changes in Fund Balances - Governmental Funds	\$	2,500,754
and Changes in Faire Balances - Governmental Faires	<u> </u>	2,300,734

# Morehouse Parish School Board Notes to Budgetary Comparison Schedule (Unaudited) June 30, 2018

		Sales Tax
Sources/inflows of resources: Actual amounts (budgetary basis) "available for appropriation"		
from the Budgetary Comparison Schedule	\$	12,050,095
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes		(4,530,352)
but is not a current year revenue for infancial reporting purposes		(4,550,552)
Other financing sources		(70,241)
Total account of the Chatemant of December 15, and the control of the Chateman		
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$	7,449,502
and changes in rand balances Covernmental rands		7,115,502
Charges to appropriations:		
Actual amounts (budgetary basis) "Total charges to appropriations"		
from the Budgetary Comparison Schedule	\$	8,880,056
Other financing uses		-
Total expenditures as reported on the Statement of Boyonues, Expenditures		
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$	8,880,056
and changes in turn balances in overhillerital turns	~	5,000,000

# Morehouse Parish School Board Notes to Budgetary Comparison Schedule (Unaudited) June 30, 2018

	1	Special Education
Sources/inflows of resources:	**	
Actual amounts (budgetary basis) "available for appropriation"		
from the Budgetary Comparison Schedule	\$	1,058,284
The fund balance at the beginning of the year is a budgetary resource		
but is not a current year revenue for financial reporting purposes		-
Other financing sources		
Total account of an about the Chatamant of December 1		
Total revenues as reported on the Statement of Revenues, Expenditures,		4 050 004
and Changes in Fund Balances - Governmental Funds	\$	1,058,284
Charges to appropriations:		
Actual amounts (budgetary basis) "Total charges to appropriations"		
from the Budgetary Comparison Schedule	\$	1,058,284
Other financing uses		(105,543)
		•
Total expenditures as reported on the Statement of Revenues, Expenditures,		
and Changes in Fund Balances - Governmental Funds	\$	952,741

## Morehouse Parish School Board Schedule of Changes in Net OPEB Liability and Related Ratios June 30, 2018

For the Year Ended June 30,	2018	2017
Total OPEB Liability		
Service cost	\$ 624,535	N/A
Interest	1,908,695	N/A
Changes of benefit terms	8	N/A
Differences between expected and actual experience	(741,595)	N/A
Changes of assumptions	(2,063,878)	N/A
Benefit payments	(2,978,862)	N/A
Net change in total OPEB liability	\$ (3,251,105)	N/A
Total OPEB liability - beginning	\$ 54,804,936	54,804,936
Total OPEB liability - ending (a)	\$ 51,553,831	\$ 54,804,936
Plan Fiduciary Net Position		
Contributions - employer	-	
Net investment income	-1	
Net change in plan fiduciary net position	i seer	78
Plan fiduciary net position - beginning	\$ -	\$ t <del>a</del>
Plan fiduciary net position - ending (b)	\$ <del>, a</del> u	\$ 绿
Net OPEB liability - ending (a)-(b)	\$ 51,553,831	\$ 54,804,936
Plan fiduciary net position as a percentage of the total OPEB liabil	0%	0%
Covered payroll	\$ 14,359,470	\$ 14,359,470
Net OPEB liability as a percentage of covered payroll	359%	382%

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 the Net Pension Liability June 30, 2018

Fiscal Year*	Employer's proportion of the net pension liability (asset)	prop of t	Employer's portionate share he net pension ability (asset)	Employer's ered-employee payroll	Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
Louisiana School Emp	loyees' Retirement Syste	em				
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					
2018	0.0032899	\$	33,727,753	\$ 16,738,375	201%	62.5%
2017	0.356450%	\$	41,836,724	\$ 16,790,919	249%	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%

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

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 Contributions to Pension Plans June 30, 2018

Fisca Year		(a) Statutorily Required Contribution		(b) contributions relation to the statutorily red contribution	(a-b) htribution ency (Excess)	Employer's ered-employee payroll	Contributions as a percentage of covered-employee payroll
Louisiana Schoo	l Employee:	s' Retirement Systo	em				
2018	\$ \$	465,710	\$	465,710	\$	\$ 1,667,469	27.9%
2017	\$	531,900	\$	531,900	\$ -	\$ 1,691,871	31.4%
2016	\$	542,245	\$	542,245	\$ -	\$ 1,643,169	33.0%
2015	\$	527,995	\$	527,995	\$ -	\$ 1,748,324	30.2%
Teachers' Retire	ment Syste	m of Louisiana					
2018	\$ \$	3,692,192	\$	3,692,192	\$ ÷.	\$ 16,738,375	22.1%
2017	, \$	4,127,362	\$	4,127,362	\$	\$ 16,790,919	24.6%
2016	5 \$	5,051,405	\$	5,051,405	\$ -	\$ 18,044,523	28.0%
2015	\$	4,653,492	\$	4,653,492	\$ •	\$ 17,210,387	27.0%

<sup>\*</sup>Amounts presented were determined as of the end of the fiscal year.

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

## Morehouse Parish School Board Notes to Required Supplementary Information June 30, 2018

#### Changes of Benefit Terms

#### Louisiana School Employees' Retirement System

There were no changes of benefit terms for the year ended June 30, 2017.

#### **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%.

SUPPLEMENTAL INFORMATION

**NONMAJOR FUNDS** 

### Morehouse Parish School Board Nonmajor Funds

#### **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.
- 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

#### **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 Nonmajor Governmental Funds – Combining Statement of Revenues, Expenditures, and Changes in Fund Balances For the Year Ended June 30, 2018

		Special Revenue		Capital Projects	 Total
Assets	17		b <del>)</del>		
Cash and cash equivalents	\$	189,907	\$	97,836	\$ 287,743
Investments		<b>—</b> 2			-
Accounts receivable		649,258		4,579	653,837
Due from other funds		3			
Total assets	\$	839,165	\$	102,415	\$ 941,580
Liabilities and Fund Equity					
Liabilities					
Accounts payable	\$	37,958	\$	46,487	\$ 84,445
Salaries and wages payable		129,214			129,214
Due to other funds		501,430		-	501,430
Other liabilities		1,618		2 <u>122</u>	1,618
Total liabilities		670,220		46,487	716,707
Fund Balances					
Restricted for					
Construction and maintenance costs		168,945			168,945
Capital projects		:= :::::::::::::::::::::::::::::::::::		55,928	55,928
Total fund balances		168,945		55,928	224,873
Total liabilities and fund balances	\$	839,165	\$	102,415	\$ 941,580

# Morehouse Parish School Board Nonmajor Governmental Funds – Combining Statement of Revenues, Expenditures, and Changes in Fund Balances For the Year Ended June 30, 2018

	-	Special Revenue		Capital Projects		Total	
Revenues	177		11/2		i.		
Local Sources							
Ad valorem tax	\$	470,985	\$	123,326	\$	594,311	
Interest		321		178		499	
Other local revenue		:=:		10,194		10,194	
State Sources							
State - other revenues		397,329		<u>=</u>		397,329	
Federal Sources							
Restricted grants-in-aid		2,501,930		2		2,501,930	
Total revenues		3,370,565		133,698		3,504,263	
Expenditures							
Current							
Instructional							
Regular programs		203,215		<u>u</u>		203,215	
Special education programs		454,446		=		454,446	
Vocational programs		162,740		-		162,740	
Other instructional programs		319,799		-		319,799	
Special programs		314,683		=		314,683	
Support Services							
Pupil support services		182,698		<u> </u>		182,698	
Instructional staff		1,105,582		-		1,105,582	
General administration		19,302		4,014		23,316	
School administration		99,129		=		99,129	
Business services		176		=		=	
Plant services		121,745		7,100		128,845	
Student transportation services		87,029		22 <u>U</u>		87,029	
Central services		7,921		=		7,921	
Noninstructional							
Food service operations		10,345		=		10,345	
Capital outlay		5,041		24,574		29,615	
Debt service							
Principal		1250		50,000		50,000	
Interest				47,273		47,273	
Total expenditures		3,093,675		132,961		3,226,636	
Excess (Deficiency) of Revenues							
Over Expenditures		276,890		737		277,627	
Other Financing Sources (Uses)							
Transfers out		(202,546)		-		(202,546)	
Total other financing sources (Uses)		(202,546)				(202,546)	
Net Change in Fund Balances		74,344		737		75,081	
Fund Balances at Beginning of Year		94,601		55,191		149,792	
Fund Balances at End of Year	\$	168,945	\$	55,928	\$	224,873	

**SPECIAL REVENUE FUNDS** 

# Morehouse Parish School Board Nonmajor Special Revenue Funds – Combining Balance Sheet June 30, 2018

	Special ducation		Title II	٧	JAG / ocational ducation	_	LA 4	_	8 (g)	2:	Lst Century Grant	Rural ducation hievement	ROTC	East Morehouse Parish ax District	Mi:	scellaneous Grants	 Total
Assets																	
Cash and cash equivalents	\$ 	\$	***	\$	3,444	\$	-	\$	()=1	\$	11 <b>-</b> 1	\$ - Appropriate Constraints	\$ 2 <del>*</del> C	\$ 168,760	\$	17,703	\$ 189,907
Accounts receivable	110,786		21,186		57,056		46,883		32,160		158,301	23,702		185		198,999	649,258
Due from other funds	•	orc.	*		•		*		-	<i>y</i>		*	*	 *	70		 *
Total assets	\$ 110,786	\$	21,186	\$	60,500	\$	46,883	\$	32,160	\$	158,301	\$ 23,702	\$ •	\$ 168,945	\$	216,702	\$ 839,165
Liabilities and Fund Equity																	
Liabilities																	
Accounts payable	\$ 5,376	\$	1,230	\$	200	\$	-	\$		\$	-	\$ 15,111	\$ -	\$ v	\$	16,241	\$ 37,958
Salaries and wages payable	59,298		-		20,407		16,545		11,639		-	-	-	-		21,325	129,214
Due to other funds	46,112		19,956		40,093		30,338		20,521		158,301	6,973	3 <b>.</b>	-		179,136	501,430
Other liabilities	•		-				-					1,618	17.	-		-	1,618
Total liabilities	110,786		21,186		60,500		46,883		32,160		158,301	23,702	•			216,702	670,220
Fund Equity																	
Fund balances																	
Restricted for																	
Instructional costs	-		-				-							-		-	-
Construction and maintenance costs	-						-					¥	-	168,945		-	168,945
Total fund balances	-		-		-		-		( <u>-</u>		-	÷	-	168,945		-	168,945
Total liabilities and fund balances	\$ 110,786	\$	21,186	\$	60,500	\$	46,883	\$	32,160	\$	158,301	\$ 23,702	\$ *	\$ 168,945	\$	216,702	\$ 839,165

# Morehouse Parish School Board Nonmajor Special Revenue Funds – Combining Statement of Revenues, Expenditures, and Changes in fund Balances For the Year Ended June 30, 2018

					Special Revenu	ue Funds					
	Special Education	Title II	JAG/ Vocational Education	LA 4	8 (g)	21st Century Grant	Rural Education Achievement	ROTC	East Morehouse Parish Tax District	Miscellaneous Grants	Total
Revenues											
Local Sources											
Ad valorem tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 470,985	\$ -	\$ 470,985
Interest		-	-	-	-	-	-	-	321	-	321
Other local revenue	-	-	-	-	-	-	-	-	-	-	-
State Sources											
State - other revenues	2	-	( <u>=</u> )	72,929	90,886	ıμ.	97	~	(4)	233,514	397,329
Federal Sources											
Restricted grants-in-aid	1,058,284	178,819	179,697	81,158	(m)	432,625	59,731	74,739	-	436,877	2,501,930
Total revenues	1,058,284	178,819	179,697	154,087	90,886	432,625	59,731	74,739	471,306	670,391	3,370,565
Expenditures											
Current											
Instructional											
Regular programs	-	2,130	-	-	-	-	-	-	101,497	99,588	203,215
Special education programs	374,077	-	-	-	12	-	52,929	141	27,440	-	454,446
Vocational programs		-	158,218	40		-	-	-	4,482	-	162,740
Other instructional programs	-	-	-	-	-	242,849		74,739	-	2,211	319,799
Special programs		11,232	-	154,047	90,886	511		-	12,980	45,027	314,683
Support Services											
Pupil support services	181,578	-	-		-	-	-	-	1,120	-	182,698
Instructional staff	392,659	144,395	16,137	_	12	107,793	_	-	3,551	441,047	1,105,582
General administration	-	-	-	-		-	-	-	19,302	-	19,302
School administration	-	-	-	(=)		-	-	-	18,001	81,128	99,129
Plant services		-	-	-	121		2	21	121,745	-	121,745
Student transportation services	4,427	-	394	-	i =	38,668	-	1-1	39,100	4,440	87,029
Central services	-,	3,209	-	-	-	-	_	-	-	4,712	7,921
Noninstructional		747.27									
Food service operations	-	-	-	-	-	_	-	-	10,345	-	10,345
Capital outlay	-	-	-	1=1		-	_	140	-	5,041	5,041
Total expenditures	952,741	160,966	174,749	154,087	90,886	389,821	52,929	74,739	359,563	683,194	3,093,675
Excess (Deficiency) of Revenues											
Over Expenditures	105,543	17,853	4,948	*	-	42,804	6,802	-	111,743	(12,803)	276,890
Other Financing Sources (Uses)											
Transfers out	(105,543)	(17,853)	(4,948)	-	-	(42,804)	(6,802)	-	-	(24,596)	(202,546)
Total other financing sources (Uses)	(105,543)	(17,853)	(4,948)	(#)	-	(42,804)	(6,802)	-	.=	(24,596)	(202,546
Net Change in Fund Balances	æ	-	-	-		=	8	-	111,743	(37,399)	74,344
Fund Balances at Beginning of Year		-	-	¥	1º	-	-	-	57,202	37,399	94,601
Fund Balances at End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 168,945	\$ -	\$ 168,945

**CAPITAL PROJECTS FUNDS** 

# Morehouse Parish School Board Nonmajor Capital Project Funds — Combining Balance Sheet June 30, 2018

	D Coi	Total		
Assets			60	
Cash and cash equivalents	\$	97,836	\$	97,836
Accounts Receivable		4,579		4,579
Total assets	\$	102,415	\$	102,415
Liabilities and Fund Equity				
Liabilities				
Accounts Payable	\$	46,487	\$	46,487
Fund Balances				
Restricted for				
Capital projects		55,928		55,928
Total liabilities and fund balances	\$	102,415	\$	102,415

# Morehouse Parish School Board Nonmajor Capital Project Funds – Combining Statement of Revenues, Expenditures, and Changes in Fund Balance For the Year Ended June 30, 2018

		School District 12 Construction		Total
Revenues	16		5	
Local sources				
Ad valorem tax	\$	123,326	\$	123,326
Interest		178		178
Other		10,194		10,194
Total revenues		133,698		133,698
Expenditures				
Current				
General administration		4,014		4,014
Plant services		7,100		7,100
Noninstructional				
Food service operations		<u>-</u> 1		=
Capital outlay		24,574		24,574
Debt service:				
Principal		50,000		50,000
Interest		47,273		47,273
Total expenditures		132,961		132,961
Excess (deficiency) of revenues				
over expenditures		737		737
Other Financing Sources (Uses)				
Transfers in		-		-
Transfers out		*:		-
Total other financing sources (Uses)		羅3(		*
Net change in fund balances		737		737
Fund balances at beginning of year		55,191		55,191
Fund balances at end of year	\$	55,928	\$	55,928

## Morehouse Parish School Board Schedule of Compensation Paid to Board Members For the Year Ended June 30, 2018

	District	Compensation	
Karen T. Diel	1	\$	10,200
Louis E. Melton	2		9,600
Colby R. Daniels	3		9,600
Richard W. Hixon, President	4		9,600
Leland G. Rawls	5		10,200
Chasity N. Kennedy-Lee	6		9,600
Rose M. Thompson	7		9,600
		\$	68,400

## Morehouse Parish School Board Schedule of Compensation, Benefits and Other Payments to Agency Head For the Year Ended June 30, 2018

Agency Head Name: <u>Hazel Sellers, Superintendent</u>

Purpose	Ar	Amount	
Salary	\$	113,329	
Benefits - insurance	\$	6,675	
Benefits - retirement	\$	31,483	
Car allowance	\$	7,200	
Cell phone	\$	863	
Dues	\$	138	
Per diem	\$	58	
Travel	\$	896	

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 Carr, Riggs & Ingram, LLC 1000 East Preston Avenue

Suite 200 Shreveport, LA 71105

Mailing Address: P.O. Box 4278 Shreveport, LA 71134-0278

(318) 222-2222 (318) 226-7150 (fax) CRIcpa.com

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, 2018, 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 February 15, 2019.

#### 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as 2018-002 to be a material weakness.

#### **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 2018-001.

#### 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, LLC

Can, Rigge & Ingram, L.L.C.

Shreveport, Louisiana February 15, 2019



Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the *Uniform Guidance*  Carr, Riggs & Ingram, LLC 1000 East Preston Avenue Suite 200 Shreveport, LA 71105

Mailing Address: P.O. Box 4278 Shreveport, LA 71134-0278

(318) 222-2222 (318) 226-7150 (fax) CRIcpa.com

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, 2018. 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, 2018.

#### **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.

#### Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the School Board as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements. We issued our report thereon dated February 15, 2019, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the School Board's basic financial statements. The schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by the Uniform Guidance, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

#### **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** 

Caux Rigge & Ingram, L.L.C.

Shreveport, Louisiana February 15, 2019

# Morehouse Parish School Board Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2018

Federal Grantor / Pass-Through Grantor /		Pass Through Grant			Amounts D	assed Through
Program Title	CFDA Number	Number	Eve	enditures		recipients
Direct Programs:	CFDA Nulliber	Number	EXP	enuitures	10 300	recipients
U.S. Department of Defense						
R.O.T.C.	12.UKN	N/A	\$	74,739	\$	2
Total U.S. Department of Defense	12.0111		<b>-</b>	74,739		9
Pass Through Programs:						
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	28-18-T1-34		3,860,275		2
Redesign Planning	84.010	28-18-RD18-34		30,858		-
School Improvement CCRS 1003A	84.010	28-16-TA-34		20.025%;D2020		-
Total I Grants to Local Educational Agencies				3,891,133	-	-
Special Education Cluster (IDEA):						
IDEA B	84.027	28-18-B1-34		1,003,397		-
Preschool	84.173	28-18-P1-34		53,527		=
JAG AIM High! Middle School Pilot Project	84.027	28-18-JP-34		52,201		-
Opportunity Grant	84.027	28-15-OG-34		1,360		5
Total Special Education Cluster (IDEA)				1,110,485		ē
Improving Teacher Quality State Grants	84.367	28-18-50-34		178,819		5
21st Century	84.287	28-18-2C-34		432,625		5
Vocational Education - Basic Grants to States	84.048	28-18-02-34		59,150		<u>.</u>
Title IV SSAE	84.424	28-18-71-34		38,533		Ę
Title III	84.365	28-18-60-34		1,035		-
PBS Teacher Incentive Funds	84.374	28-18-PBCS-34		28,688		2
Rural Education Achievement Program (REAP)	84.358	28-18-RE-34		59,731		2
Teacher Incentive Funds	84.274	28-18-TP-34		152,117		2
School Improvement Grant	84.377	28-16-BE-34		185,646		2
Total U. S. Department of Education			iii iii	6,137,962	<del>3</del>	¥
U. S. Department of Health and Human Services						
Passed through Louisiana Department of Education						
Temporary Assistance for Needy Families (TANF) Cluster						
The Cecil J. Picard LA 4 Early Childhood Program	93.558	18-18-36-34		81,158		
JAG	93.558	28-18-JSPT-34		68,346	7	
Total TANF Cluster			4	149,504	4	*
Total U. S. Department of Health and Human Service	es		161	149,504	1 41	*
U.S. Department of Agriculture (USDA)						
Passed through Louisiana Department of Education						
Child Nutrition Cluster	202000000	The second		92 2000		
School Breakfast Program	10.553	N/A		673,739		•
School Lunch Program	10.555	N/A		1,633,905		*
School Snack Program	10.555	N/A				
Commodities	10.555	N/A		362,937		5
Child and Adult Care Food Program	10.558	N/A		71,300		5
Summer Feeding	10.559	N/A	*	46,846	<del></del>	-
Total Child Nutrition Cluster			*	2,788,727	. <del>55</del>	8
Fresh Fruit and Vegetable Program	10.582	N/A		166,773		ų.
Total U.S. Department of Agriculture				2,955,500	-	2
Total Expenditures of Federal Awards			\$	9,317,705	\$	법

## Morehouse Parish School Board Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2018

#### 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, 2018:

Major Funds:	
General Fund	\$ -
Title I	3,860,275
School Food Service	2,955,500
Nonmajor Governmental:	
Special Education	1,058,284
Title II	178,819
JAG / Vocational Education	179,697
LA 4	81,158
21st Century	432,625
Rural Education Achievement	59,731
ROTC	74,739
Miscellaneous Grants	 436,877
Total	\$ 9,317,705

Included in the Child Nutrition Cluster is \$308,749 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, 2018

#### 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 revenues, 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, 2018

#### I. Loans

Morehouse Parish School Board did not expend federal awards related to loans or loan guarantees during the year ended June 30, 2018.

#### J. Federally Funded Insurance

Morehouse Parish School Board has no federally funded insurance.

#### Section I - Summary of Auditors' Results

#### A. Financial Statement Audit

Type of auditors' report issued on the basic financial statements: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? Yes
- Significant deficiencies identified that are not considered to be material weaknesses?
   No

Noncompliance material to the basic financial statements noted? No

#### B. Audit of Federal Awards

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

Internal control over major programs:

- Material weaknesses identified? No
- Significant deficiencies identified that are not considered to be material weaknesses?
   No

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? Yes

Any instances of material noncompliance in major programs disclosed during the audit? No

#### Identification of major programs:

Name of federal program of cluster	CFDA number
Child Nutrition Cluster	10.553
School Breakfast Program	10.555
School Lunch Program	10.555
School Snack Program	10.555
Child and Adult Care Program	10.558
Summer Feeding	10.559
Special Education Cluster (IDEA):	
IDEA B	84.027
Preschool	84.173
JAG AIM High! Middle School Pilot Project	84.027
Opportunity Grant	84.027

The dollar threshold used to identify Type A programs: \$750,000

Auditee qualified as a low-risk auditee under the Uniform Guidance: No

# Section II – Financial Statement Findings Reported in Accordance with Governmental Auditing Standards

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

Entity-Wide or Program/Department Specific: This finding is entity-wide.

Criteria or Specific Requirement: 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)

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

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

**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.

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

Views of responsible officials and corrective action plan: 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

#### 2018-002 Account Balance Reconciliations / Adjustments

Entity-Wide or Program/Department Specific: This finding is entity-wide.

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

**Condition:** Account reconciliations should be performed in a timely manner for proper management and oversight of the accounting function. Material adjustments were required on the financial records.

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

Cause: Untimely account reconciliations

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

**Views of responsible officials and corrective action plan:** Proper controls and procedures will be implemented to ensure account reconciliations are performed timely and accurately and all necessary adjustments are recorded.

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

## Morehouse Parish School Board Summary Schedule of Prior Year Audit Findings For the Year Ended June 30, 2018

#### 2017-001 Late Submission of Audit Report to the Louisiana Legislative Auditor

Year of Origination: On going or 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. See 2018-001

#### 2017-002 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. See 2018-002

#### 2017-003 Timely Submission of Audited Financial Statements to EMMA

Year of Origination: June 30, 2017

Condition: The audited financial statements for the year ended June 30, 2016 was not submitted within

the required time frame.

Status: Resolved

#### 2017-004 Formal Budget Adoption

Year of Origination: June 30, 2017

Condition: The School Board did not include the Title I program and the Special Education fund as major

funds in the budget approval package.

Status: Resolved

## Morehouse Parish School Board Summary Schedule of Prior Year Audit Findings For the Year Ended June 30, 2018

#### 2017-005 Budget Violations (Five Percent Budget Variance)

Year of Origination: June 30, 2017

**Condition:** The Title I program fund's actual revenues were not at least 95% of the budgeted revenues and other sources and the School Food Service program fund's actual expenditures and other uses exceeded 105% of the budgeted expenditures and other uses and the budget was not adopted and amended.

Status: Unresolved

#### 2017-006 Fraud Incident – Fund Misappropriation

Year of Origination: June 30, 2017

Condition: On July 11, 2017, an audit of Bastrop High School was performed and several concerns were raised regarding suspected misappropriation of assets of the school's activity fund. The cheerleading sponsor is accused of taking money from the cheerleaders and their parents. Funds were taken from cash payments, fundraisers, and various padded charges that were used to pay for trips and merchandise for the sponsor's family. The estimated range of misappropriation is approximately \$32,000 to \$36,000 from 2015-2017. The district attorney's office and the Louisiana Legislative Office was notified. The sponsor is no longer employed by Morehouse Parish School Board. An ongoing investigation is being performed by the Louisiana State Police. No restitution has been made by the accused and Morehouse Parish School Board has not filed a claim with their insurance company. During the time frame of the suspected fraud, the school and school board's lack of internal controls allowed for the suspected fraud to go undetected. The School Board has contracted with an outside independent auditing firm to perform annual audits on school accounting processes. Lead bookkeepers have been hired to assist with the overview of daily transactions with two other schools. Additional training of administration and school sponsors on the processes of collecting monies and school accounting procedures is being performed twice a year.

Status: Unresolved

#### 2017-007 Lack of Documentation – Title I, Grants to Local Educational Agencies, CFDA #84.010

Year of Origination: June 30, 2017

**Condition:** We selected a sample of forty (40) students to test from the 2016-2017 accountability year listing of students removed from the regulatory adjusted cohort. There were thirteen (13) exceptions with no supporting documentation.

Status: Resolved

### Morehouse Parish School Board Summary Schedule of Prior Year Audit Findings For the Year Ended June 30, 2018

2017-008 Lack of Documentation – Title I, Grants to Local Educational Agencies, CFDA #84.010

Year of Origination: June 30, 2017

**Condition:** We selected a sample of twenty (20) test administrators to determine if training was obtained. There were five (5) exceptions, specific to one school, that proper documentation was not obtained to ensure proper training.

Status: Resolved

#### **CORRECTIVE ACTION PLAN**

Year Ended June 30, 2018

#### Section II - Financial Statement Findings

**Finding:** 2018-001

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:** 2018-002

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

**OTHER INFORMATION** 



# Independent Accountants' Report On Applying Agreed-Upon Procedures

Board Members Morehouse Parish School Board Bastrop, Louisiana Carr, Riggs & Ingram, LLC

1000 East Preston Avenue Suite 200 Shreveport, LA 71105

Mailing Address: P.O. Box 4278 Shreveport, LA 71134-0278

(318) 222-2222 (318) 226-7150 (fax) CRIcpa.com

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, 2017 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, 2017 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.

#### <u>Public School Staff Data: Average Salaries (No Schedule)</u>

4. We obtained June 30, 2018 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 Statue 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, LLC

Can, Rigge & Ingram, L.L.C.

Shreveport, Louisiana February 15, 2019

# Morehouse Parish School Board Schedule 1 – General Fund Instructional and Support Expenditures and Certain Local Revenue Sources For the Year Ended June 30, 2018

General Fund Instructional and Equipment Expenditures				
General Fund Instructional Expenditures:				
Teacher and Student Interaction Activities:				
Classroom Teacher Salaries	\$	9,296,033		
Other Instructional Staff Activities		1,026,548		
Instructional Staff Employee Benefits		6,113,105		
Purchased Professional and Technical Services		21,216		
Instructional Materials and Supplies		389,578		
Instructional Equipment		-		
Total Teacher and Student Interaction Activities	-	-	\$	16,846,480
Other Instructional Activities				167,259
Pupil Support Activities		2,093,192		
Less: Equipment for Pupil Support Activities		-,,		
Net Pupil Support Activities			ā	2,093,192
Instructional Staff Services		913,396		_,,,,,,,
Less: Equipment for Instructional Staff Services		-		
Net Instructional Staff Services	y		£	913,396
School Administration		2,103,170		313,330
Less: Equipment for School Administration		2,103,170		
Net School Administration				2,103,170
Net School Administration		i		2,103,170
Total Canaral Fund Instructional Europeditures			ė	22 122 407
Total General Fund Instructional Expenditures			Þ.	22,123,497
Tile le le l'ele le				02.047
Total General Fund Equipment Expenditures		,	<del>&gt;</del>	82,017
Certain Local Revenue Sources				
Local Taxation Revenue:				
Ad Valorem Taxes				
Constitutional Ad Valorem Taxes			\$	853,877
Renewable Ad Valorem Tax				3,812,544
Debt Service Ad Valorem Tax				859,961
Up to 1% of Collections by the Sheriff on taxes other than School Taxes				130,230
Sales Taxes				
Sales and Use Taxes - Gross				5,995,560
Total Local Taxation Revenue			\$	11,652,172
		,		
Local Earnings on Investment in Real Property:				
Earnings from 16th Section Property			\$	89,128
Total Local Earnings on Investment in Real Property		,	\$	89,128
position of the original of the contract of the original of th				
State Revenue in Lieu of Taxes:				
Revenue Sharing-Constitutional Tax			\$	66,232
Revenue Sharing-Constitutional Tax  Revenue Sharing-Other Taxes			*	98,688
Total State Revenue in Lieu of Taxes			\$	164,920
Total State Revenue III Lieu VI Taxes		i	7	104,320
Mannublis Taythaak Bayanya			ć	C 400
Nonpublic Textbook Revenue			ş	6,409

## Morehouse Parish School Board Schedule 2 – Class Size Characteristics As of October 1, 2017

	Class Size Range									
	1 - 20		21-26		27 - 33		34+			
School Type	Percent	Number	Percent	Number	Percent	Number	Percent	Number		
Elementary	64%	199	34%	106	2%	5	1%	3		
Elementary Activity Classes	57%	37	25%	16	3%	2	15%	10		
Middle/Jr. High	69%	156	30%	67	1%	2	0%	0		
Middle/Jr. High Activity Classes	85%	44	10%	5	2%	1	4%	2		
High	60%	211	30%	104	10%	34	0%	0		
High Activity Classes	97%	88	1%	1	2%	2	0%	0		
Combination	80%	426	18%	94	1%	6	1%	8		
Combination Activity Classes	89%	132	7%	10	1%	1	4%	6		

# Morehouse Parish School Board Bastrop, Louisiana

#### STATEWIDE AGREED-UPON PROCEDURES REPORT

For the fiscal period July 1, 2017 through June 30, 2018





Carr, Riggs & Ingram, LLC 1000 East Preston Avenue Suite 200 Shreveport, LA 71105

Mailing Address: P.O. Box 4278 Shreveport, LA 71134-0278

(318) 222-2222 (318) 226-7150 (fax) CRIcpa.com

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

To the Board of Directors 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 2 (SAUPs) for the fiscal period July 1, 2017 to June 30, 2018. 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.

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.

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

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;

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: We identified reconciling items that have been outstanding for many years.

#### **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:** One employee that is responsible for collecting cash deposits can record the transactions and is responsible for reconciling the bank account.

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:** One employee that is responsible for collecting cash deposits can record the transactions and is responsible for reconciling the bank account.

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

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

- 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.

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 noted in the procedures performed.

# Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

7. We obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Then we randomly selected 5 locations.

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

- 8. For each location selected under #7 above, we obtained a listing of those employees involved with non-payroll purchasing and payment functions. We obtained written policies and procedures relating to employee job duties and observed that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

- 9. For each location selected under #7 above, we obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursement) and obtained management's representation that the population is complete. We then selected 5 disbursements for each location, obtained supporting documentation for each transaction and:
  - a) Observed that the disbursement matched the related original invoice/billing statement.
  - b) Observed that the disbursement documentation included evidence of segregation of duties tested under #8, as applicable.

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

#### Credit Cards/Debit Cards/Fuel Cards/P-Cards

10. We obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. We obtained management's representation that the listing is complete.

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

- 11. Using the listing prepared by management, we randomly selected 5 cards (or all cards if less than 5) that were used during the fiscal period. We obtained the one monthly statement or combined statement, selected at random, for the selected cards, obtained supporting documentation, and:
  - a) We reported whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)

Comment: No exceptions were identified in the procedures performed.

b) We reported whether finance charges and/or late fees were assessed on the selected statements.

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

12. Using the monthly statements or combined statements selected under #11 above, <u>excluding fuel cards</u>, we randomly selected 10 transactions from each statement, and obtained supporting documentation for the transactions. For each transaction, we observed that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

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

#### Contracts

- 13. We obtained a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* We obtained management's representation that the listing or general ledger is complete. Then we randomly selected 5 contracts from the listing, excluding the practitioner's contract, and:
  - a) Observed that the contract was bid in accordance with the Louisiana Public Bid Law, if required by law.
  - b) Observed that the contract was approved by the governing body/board, if required by policy or law
  - c) If the contract was amended, observed that the original contract terms provided for such an amendment.

d) Randomly selected one payment from the fiscal period for each of the 5 contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

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

#### Other

14. 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: No exceptions were identified in the procedures performed.

15. 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 <a href="www.lla.la.gov/hotline">www.lla.la.gov/hotline</a>) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Comment: We identified the entity 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.

This report is intended solely for the information and use of the board and management of Morehouse Parish School Board and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

CARR, RIGGS, & INGRAM, LLC Shreveport, Louisiana

Can, Rigge & Ingram, L.L.C.

February 15, 2019

6



# 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

Mission: "Academic Excellence through Quality Teaching"

Vision: "Continuing to a 'C' in 2019"

DAVID GRAY Superintendent

Louis Melton, President District 2

Tab Wilkerson, Vice President District 3

Karen Diel District 1

Rick Hixon District 4

Debbie Wilson

Veronica Loche-Tappin District 6

Adrin Williams District 7

February 15, 2019

Louisiana Legislative Auditor 1600 North 2<sup>nd</sup> Street PO Box 94397 Baton Rouge, LA 70804-9397

And

Carr, Riggs & Ingram, LLC 1000 East Preston Avenue, Suie 200 Shreveport, LA 71105

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 Grav

Superintendent

**Business Manager**