

**Madison Parish School Board
Tallulah, Louisiana**

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



**Madison Parish School Board
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(Concluded)

Independent Auditor's Report

To the Members of the
Madison Parish School Board
Tallulah, LA

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Madison 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 as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Madison Parish School Board as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 10 to 17, and the schedule of changes in total OPEB liability and related ratios, schedule of employer's proportionate share of the net pension liability, schedule of employer's contributions to pension plans, and the budgetary comparison schedules, on pages 62 to 70, 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 (GASB) 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 have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Board's basic financial statements. The combining and individual non-major fund financial statements, the combining agency fund financial statements, the schedules of changes in deposits due others, the schedule of compensation paid to board members, and the schedule of compensation, benefits, and other payments to agency head are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information referred to in the preceding paragraph 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual non-major fund financial statements, the combining agency fund financial statements, the schedules of deposits due others, the schedule of compensation paid to board members, and the schedule of compensation, benefits, and other payments to agency head are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 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 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 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.

Emphasis of a Matter

As discussed in Note 19 to the financial statements, the School Board adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the year ended June 30, 2018. The adoption of GASB Statement No. 75 required the School Board to record its net OPEB liability and related OPEB expense and deferred outflows of resources and deferred inflows of resources related to the School Board's postemployment benefits. Adoption of this guidance required the School Board to restate beginning net position in its government-wide financial statements. Our opinion is not modified with respect to this matter.



A Professional Accounting Corporation

Covington, LA
February 18, 2019

Madison Parish School Board

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REQUIRED SUPPLEMENTARY INFORMATION:

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

Madison Parish School Board
Management's Discussion and Analysis (MD&A)
June 30, 2018

Our discussion and analysis of Madison Parish School Board's financial performance provides an overview of the School Board's financial activities for the fiscal year ended June 30, 2018. Please read it in conjunction with the School Board's financial statements which follow this Management's Discussion and Analysis. Unless otherwise noted all amounts are reported in thousands.

FINANCIAL HIGHLIGHTS

In fiscal year 2018, the School Board adopted the following new statements of financial accounting standards issued by the Governmental Accounting Standards Board:

- *Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, issued by the Government Accounting Standards Board. This Statement addresses accounting and financial reporting of OPEB that is provided to the employees of state and local governmental employers and establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to the actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB.

The adoption of Statement No. 75 has no impact on the School Board's governmental fund financial statements, which continue to report expenditures on a pay-as-you-go basis. However, the adoption has resulted in the restatement of the School Board's 2017 government-wide financial statements to reflect the reporting of total OPEB liability in accordance with the provisions of the Statement. Net position as of July 1, 2017 was decreased by \$12,175 reflecting the cumulative retrospective effect of adoption.

- *Statement No. 85 – Omnibus 2017*, issued by the Government Accounting Standards Board. This Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to fair value measurement, and application, and postemployment benefits for both pensions and other postemployment benefits (OPEB).
- *Statement No. 86 – Certain Debt Extinguishment Issues*, issued by the Government Accounting Standards Board. This Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources, resources other than the proceeds of refunding debt, are placed in an irrevocable trust.

The adoption of Statements No. 85 and 86 had no impact on the government-wide or the governmental fund financial statements, but provide for additional guidance, clarification and/or additional disclosures in the notes to the financial statements.

The primary resources available to the School Board are local revenues which are primarily tax receipts, state revenues, which are primarily Minimum Foundation Funding and cost reimbursement grants, and federal revenues which are primarily cost reimbursement grants.

Madison Parish School Board
Management's Discussion and Analysis (MD&A)
June 30, 2018

Net position of governmental activities increased \$1,884 from the prior year primarily due to a decrease in net pension liability at year-end.

The fund balance of the governmental funds decreased \$296 primarily due to reductions in ad valorem, sales tax revenue and grant revenue received in the current year.

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

Financial Section

Required Supplementary Information
Management's Discussion & Analysis (MD&A)

Basic Financial Statements

**Government-wide
Financial Statements**



**Fund
Financial Statements**

Notes to the Basic Financial Statements

Required Supplementary Information
Schedule of Changes in Total OPEB Liability and Related Ratios
Schedule of Employer's Proportionate Share of the Net Pension Liability
Schedule of Employer's Contributions to Pension Plans
Budgetary Information for Major Funds

Supplementary Information
Nonmajor Funds Combining Statements
Agency Funds Statements/Schedules
Schedule of Compensation Paid to Board Members
Schedule of Compensation, Benefits and Other Payments to Agency Head

Madison Parish School Board
Management's Discussion and Analysis (MD&A)
June 30, 2018

Reporting the School Board as a Whole

The Statement of Net Position and the Statement of Activities

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

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

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

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

Reporting the School Board's Most Significant Funds

Fund Financial Statements

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

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

Madison Parish School Board
Management's Discussion and Analysis (MD&A)
June 30, 2018

Proprietary funds - When the School Board charges customers for the services it provides - whether to outside customers or to other units of the School Board - these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The School Board uses internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the School Board's other programs and activities - the worker's compensation fund.

The School Board as Trustee

Reporting the School Board's Fiduciary Responsibilities

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

THE SCHOOL BOARD AS A WHOLE The School Board's net position was \$(19,731) at June 30, 2018. Of this amount \$(37,293) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School Board's ability to use that net position for day-to-day operations. Our analysis below focuses on the net position, (Table 1) and the change in net position (Table 2) of the School Board's governmental activities. The 2017 amounts presented in Table 1 and Table 2 were not restated to reflect the retrospective effect of GASB 75 implementation because the pro forma amounts are not readily determinable.

Table 1
Net Position (in thousands)
June 30,

	2018	2017	Variance
Other assets	\$ 11,166	\$ 11,766	\$ (600)
Capital assets	29,529	30,431	(902)
Total assets	<u>40,695</u>	<u>42,197</u>	<u>(1,502)</u>
Deferred Outflow of Resources	<u>3,265</u>	<u>4,610</u>	<u>(1,345)</u>
Other liabilities	1,181	1,473	(292)
Long-term liabilities	56,699	50,783	5,916
Total liabilities	<u>57,880</u>	<u>52,256</u>	<u>5,624</u>
Deferred Inflow of Resources	<u>5,811</u>	<u>3,991</u>	<u>1,820</u>
Net position:			
Net investment in capital assets	12,053	11,734	319
Restricted	5,509	5,594	(85)
Unrestricted	(37,293)	(26,768)	(10,525)
Total net position	<u><u>\$ (19,731)</u></u>	<u><u>\$ (9,440)</u></u>	<u><u>\$ (10,291)</u></u>

Madison Parish School Board
Management's Discussion and Analysis (MD&A)
June 30, 2018

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

Table 2
Changes in Net Position (in thousands)
For the Year Ended June 30,

	Governmental Activities		
	2018	2017	Variance
Net Position - beginning	\$ (9,440)	\$ (8,971)	\$ (469)
Revenues:			
Program revenues			
Charges for services	5	7	(2)
Operating grants and contributions	5,163	4,960	203
General Revenues			
Ad valorem taxes	2,503	2,543	(40)
Sales taxes	3,343	3,565	(222)
State equalization	7,672	7,749	(77)
Other general revenues	463	356	107
Total revenues	<u>19,149</u>	<u>19,180</u>	<u>(31)</u>
Functions/Program Expenses:			
Instruction			
Regular programs	6,497	7,568	(1,071)
Special programs	441	682	(241)
Other instructional programs	1,735	2,145	(410)
Support services			
Student services	822	908	(86)
Instructional staff support	1,440	1,493	(53)
General administration	859	932	(73)
School administration	540	717	(177)
Business services	445	548	(103)
Plant services	1,687	1,492	195
Student transportation services	869	992	(123)
Central Services	211	256	(45)
Food Services	1,047	1,208	(161)
Community Service Program	14	14	-
Interest on long-term debt	658	694	(36)
Total expenses	<u>17,265</u>	<u>19,649</u>	<u>(2,384)</u>
Increase (decrease) in net position	<u>1,884</u>	<u>(469)</u>	<u>2,353</u>
Prior period adjustment	(12,175)	-	(12,175)
Net Position – ending	<u>\$ (19,731)</u>	<u>\$ (9,440)</u>	<u>\$ (10,291)</u>

Madison Parish School Board
Management's Discussion and Analysis (MD&A)
June 30, 2018

Governmental Activities As reported in the Statement of Activities, the cost of all governmental activities this year was \$17,265. The amount that taxpayers ultimately financed for these activities through School Board taxes was \$5,846 because some of the cost was paid by those who benefited from the program \$5 or by other governments and organizations who subsidized certain programs with grants and contributions \$5,163. The remaining amount was paid by MFP funds of \$7,672 and other revenues of \$463 which are mainly interest income and other local sources. The net change of \$1,884 increased the net position.

Total revenues decreased \$31 due mainly to a reduction in sales tax revenue collected in the current year.

Total expenses decreased \$2,384 due mainly to a decrease in net pension liability at year-end.

In the table below, we have presented the cost of each of the School Board's six largest functions - regular programs, other instructional programs, instructional staff support, 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.

	2018		2017	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Regular programs	\$ 6,497	\$ 5,647	\$ 7,568	\$ 6,849
Other instructional programs	1,735	295	2,145	624
Instructional staff support	1,440	384	1,493	568
Plant services	1,687	1,676	1,492	1,479
Student transportation services	869	829	992	957
Food services	1,047	106	1,208	227
All others	3,990	3,158	4,751	3,978
Totals	<u>\$ 17,265</u>	<u>\$ 12,095</u>	<u>\$ 19,649</u>	<u>\$ 14,682</u>

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

The fund balances of all governmental funds decreased \$296. This overall decrease is due mainly to a reduction in local ad valorem and sales tax revenue.

The General Fund decreased \$270 due to the reductions in local ad valorem and sales tax revenue. The Debt Service fund decreased \$81 due to a reduction in local ad valorem and sales tax revenue, as well as the purchase of new security systems in the current year. The Nonmajor Governmental fund increased \$54 due to reduction in current year school food service expenditures.

The Title I major fund is a cost-reimbursement fund and does not carry a fund balance.

Madison Parish School Board
Management's Discussion and Analysis (MD&A)
June 30, 2018

General Fund Budgetary Highlights There was one budget amendment for the 2017-2018 fiscal year. The original budget was amended to account for changes during the year in funding, as well as expenses. The original budgeted amount available for appropriations was decreased by \$1,155 primarily due to a decrease in MFP funding. The original budgeted charges to appropriations was decreased by \$710 mainly due to reductions in expenses to account for reductions in funding to be received.

Budgeted revenues were more than actual revenues by \$772 and actual expenditures exceeded budgeted expenditures by \$714. These variances are due to unexpected transactions during the year as well as year-end adjustments.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets At June 30, 2018, the School Board had \$29,529 invested in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net decrease (including additions, deductions, and depreciation) of \$902 or 3%, from last year. This decrease is primarily due to current year depreciation. We present more detailed information on our capital assets in Note 6 to the financial statements.

Capital Assets at June 30,
(in thousands)

	2018	2017	Variance
Land	\$ 936	\$ 936	\$ -
Buildings	27,619	28,527	(908)
Furniture and equipment	974	968	6
Totals	<u>\$ 29,529</u>	<u>\$ 30,431</u>	<u>\$ (902)</u>

Additions for the current year consisted of new security systems.

DEBT ADMINISTRATION At June 30, 2018, the School Board had \$17,745 in long term debt versus \$18,970 last year. The outstanding debt consists of (in thousands):

	2018	2017	Variance
General obligation bonds	\$ 12,020	\$ 12,820	\$ (800)
Sales tax revenue bonds	5,725	6,150	(425)
	<u>\$ 17,745</u>	<u>\$ 18,970</u>	<u>\$ (1,225)</u>

The State limits the amount of general obligation debt that can be issued to 35% of the assessed value of taxable property. The net bonded debt of \$10,709 (total bonded debt of \$12,020 less the fund balance in debt service of \$1,311) is well below this threshold. We present more detailed information on our long term debt in Note 12 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES The 2018-19 budget was estimated from the 2017-18 fiscal year actual results.

**Madison Parish School Board
Management's Discussion and Analysis (MD&A)
June 30, 2018**

CONTACTING THE SCHOOL BOARD'S FINANCIAL MANAGEMENT Our financial report is designed to provide our citizens, taxpayers, parents, students, and investors and creditors with a general overview of the School Board's finances and to show the School Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Benita Young, Superintendent, at Madison Parish School Board, P. O. Box 1620, Tallulah, Louisiana 71284, telephone number (318) 574-3616.

Madison Parish School Board

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BASIC FINANCIAL STATEMENTS:

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

MADISON PARISH SCHOOL BOARD

STATEMENT OF NET POSITION
June 30, 2018

	Statement A
	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and cash equivalents	\$ 9,574,637
Receivables (net)	1,481,638
Inventory	16,192
Prepaid items	93,623
Capital assets:	
Land and construction in progress	936,308
Exhaustible capital assets, net of depreciation	28,592,664
TOTAL ASSETS	40,695,062
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows on refundings	857,040
Deferred outflows on pensions	2,408,078
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,265,118
LIABILITIES	
Accounts, salaries and other payables	967,858
Interest payable	183,174
Unearned revenue	29,659
Long-term liabilities:	
Due within one year	1,591,279
Due in more than one year	55,107,720
TOTAL LIABILITIES	57,879,690
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows on pensions	5,811,112
TOTAL DEFERRED INFLOWS OF RESOURCES	5,811,112
NET POSITION	
Net investment in capital assets	12,053,484
Restricted for:	
Debt Service	4,892,702
Salaries	326,012
School Food Service	288,764
Grants	1,694
Unrestricted	(37,293,278)
TOTAL NET POSITION	\$ (19,730,622)

The accompanying notes are an integral part of these financial statements.

MADISON PARISH SCHOOL BOARD

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

Statement B

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
<i>Governmental activities:</i>				
Instruction:				
Regular programs	\$ 6,496,587	\$ -	\$ 849,907	\$ (5,646,680)
Special programs	440,497	-	67,852	(372,645)
Other instructional programs	1,735,069	-	1,440,184	(294,885)
Support services:				
Student services	822,361	-	365,401	(456,960)
Instructional staff support	1,439,801	-	1,055,673	(384,128)
General administration	859,250	-	260,757	(598,493)
School administration	539,715	-	4,664	(535,051)
Business services	444,346	-	5,712	(438,634)
Plant services	1,687,227	-	11,497	(1,675,730)
Student transportation services	869,294	-	39,928	(829,366)
Central services	210,920	-	126,319	(84,601)
Food services	1,046,679	5,020	935,208	(106,451)
Community service programs	13,650	-	113	(13,537)
Interest and fiscal charges	657,990	-	-	(657,990)
Total Governmental Activities	\$ 17,263,386	\$ 5,020	\$ 5,163,215	\$ (12,095,151)

General revenues:

Taxes:

Ad valorem taxes	2,502,668
Sales taxes	3,342,577

Grants and contributions not restricted to specific programs

Minimum Foundation Program	7,671,621
State Revenue Sharing	35,747
Federal Refuge Revenue Sharing	30,072
Interest and investment earnings	19,545
Miscellaneous	377,513

Total general revenues 13,979,743

Changes in net position 1,884,592

Net position - beginning, as originally stated (9,440,190)

Prior period adjustment (12,175,024)

Net position - beginning, as restated (21,615,214)

Net position - ending \$ (19,730,622)

The accompanying notes are an integral part of these financial statements.

Madison Parish School Board

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BASIC FINANCIAL STATEMENTS:

FUND FINANCIAL STATEMENTS (FFS)

MADISON PARISH SCHOOL BOARD

GOVERNMENTAL FUNDS

Balance Sheet

June 30, 2018

	GENERAL	TITLE I	DEBT SERVICE
ASSETS			
Cash and cash equivalents	\$ 3,222,363	\$ -	\$ 4,944,041
Receivables	267,471	316,161	133,410
Interfund receivables	791,833	-	30,282
Inventory	-	-	-
Prepaid items	93,623	-	-
TOTAL ASSETS	4,375,290	316,161	5,107,733
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts, salaries and other payables	503,556	118,720	31,857
Interfund payables	39,520	197,441	-
Unearned revenue	-	-	-
Total Liabilities	543,076	316,161	31,857
Fund Balances:			
Nonspendable	93,623	-	-
Restricted	326,012	-	5,075,876
Committed	1,101,478	-	-
Unassigned	2,311,101	-	-
Total Fund Balances	3,832,214	-	5,075,876
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,375,290	\$ 316,161	\$ 5,107,733

The accompanying notes are an integral part of these financial statements.

Statement C

NONMAJOR GOVERNMENTAL	TOTAL
\$ 544,578	\$ 8,710,982
764,523	1,481,565
9,238	831,353
16,192	16,192
-	93,623
<u>1,334,531</u>	<u>11,133,715</u>
313,656	967,789
594,392	831,353
29,659	29,659
<u>937,707</u>	<u>1,828,801</u>
7,588	101,211
290,464	5,692,352
98,772	1,200,250
-	2,311,101
<u>396,824</u>	<u>9,304,914</u>
<u>\$ 1,334,531</u>	<u>\$ 11,133,715</u>

The accompanying notes are an integral part of these financial statements.

Madison Parish School Board

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MADISON PARISH SCHOOL BOARD

**Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2018**

Statement D

Total fund balances - governmental funds	\$	9,304,914
--	----	-----------

The cost of capital assets (land, buildings, furniture and equipment) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net 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 reported as governmental activities in the Statement of Activities. Because depreciation expense does not affect financial resources, it is not reported in governmental funds.

Costs of capital assets	\$ 47,320,009	
Depreciation expense to date	<u>(17,791,037)</u>	
		29,528,972

Net position of the internal service fund reported as proprietary fund type in the fund financial statement but included as governmental activities in the government-wide financial statement

Total net position	761,659
--------------------	---------

For advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying value of the old debt is reported as a deferred outflow of resources for full accrual reporting	857,040
---	---------

Deferred outflows/inflows related to pensions are not due and payable in the current period and accordingly are not reported in the fund financial statements

Deferred outflows on pensions	2,408,078
Deferred inflows on pensions	(5,811,112)

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.

Balances at June 30, 2018 are:

Long-term liabilities		
General obligation and sales tax bonds	(17,745,000)	
Premium on bonds	(587,534)	
Net pension liability	(14,209,562)	
OPEB liability payable	(23,606,064)	
Compensated absences payable	(448,839)	
Interest payable	<u>(183,174)</u>	
		<u>(56,780,173)</u>

Total net position - governmental activities	\$	<u><u>(19,730,622)</u></u>
--	----	----------------------------

MADISON PARISH SCHOOL BOARD

GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 2018

	<u>GENERAL</u>	<u>TITLE I</u>
REVENUES		
Local sources:		
Taxes:		
Ad valorem	\$ 1,193,624	\$ -
Sales and use	2,063,451	-
Interest earnings	6,041	-
Food services	-	-
Other	142,934	-
State sources:		
Equalization	7,660,051	-
Other	47,104	-
Federal sources	77,388	1,693,847
	<u>11,190,593</u>	<u>1,693,847</u>
Total Revenues		
	<u>11,190,593</u>	<u>1,693,847</u>
EXPENDITURES		
Current:		
Instruction:		
Regular programs	5,679,949	72,428
Special programs	386,721	-
Other instructional programs	484,757	842,187
Support services:		
Student services	456,259	158,995
Instructional staff support	473,363	448,682
General administration	573,391	146,921
School administration	658,338	-
Business services	501,767	1,950
Plant services	1,038,504	205
Student transportation services	888,173	1,335
Central services	149,571	21,144
Food services	155,814	-
Community service programs	13,650	-
Capital outlay	-	-
Debt service:		
Principal retirement	-	-
Interest and bank charges	-	-
	<u>11,460,257</u>	<u>1,693,847</u>
Total Expenditures		
	<u>11,460,257</u>	<u>1,693,847</u>
EXCESS (Deficiency) OF REVENUES		
OVER EXPENDITURES	<u>(269,664)</u>	<u>-</u>
Fund balances- beginning	<u>4,101,878</u>	<u>-</u>
Fund balances - ending	<u>\$ 3,832,214</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

Statement E

DEBT SERVICE	NONMAJOR GOVERNMENTAL	TOTAL
\$ 1,309,044	\$ -	\$ 2,502,668
1,279,126	-	3,342,577
12,391	241	18,673
-	5,020	5,020
-	230,458	373,392
-	11,570	7,671,621
-	334,551	381,655
16,531	3,059,613	4,847,379
<u>2,617,092</u>	<u>3,641,453</u>	<u>19,142,985</u>
-	742,013	6,494,390
-	65,091	451,812
-	594,278	1,921,222
-	431,711	1,046,965
-	600,495	1,522,540
81,118	109,657	911,087
-	-	658,338
-	-	503,717
516,119	8,905	1,563,733
-	32,607	922,115
-	104,212	274,927
-	898,176	1,053,990
-	-	13,650
210,837	-	210,837
1,225,000	-	1,225,000
664,775	-	664,775
<u>2,697,849</u>	<u>3,587,145</u>	<u>19,439,098</u>
<u>(80,757)</u>	<u>54,308</u>	<u>(296,113)</u>
<u>5,156,633</u>	<u>342,516</u>	<u>9,601,027</u>
<u>\$ 5,075,876</u>	<u>\$ 396,824</u>	<u>\$ 9,304,914</u>

The accompanying notes are an integral part of these financial statements.

MADISON PARISH SCHOOL BOARD

**Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities
For the Year Ended June 30, 2018**

Statement F

Total net change in fund balances - governmental funds	\$ (296,113)
--	--------------

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

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

Depreciation expense	\$ (1,112,793)	
Capital outlays	<u>210,837</u>	(901,956)

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

Repayment of bond debt	1,225,000
------------------------	-----------

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in government funds.

OPEB liability	(684,203)
----------------	-----------

In the Statement of Activities, certain operating expenses-compensated absences (vacations and sick leave) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, vacation and sick time used (\$205,960) was less than the amounts earned (\$264,945) by \$58,985.

(58,985)

The recognition of pension expense in the Statement of Activities is based on projected benefit payments discounted to actuarial present value and attributed to periods of employee service. Pension expenditures in the fund financial statements are the amounts actually paid.

2,602,977

All revenues, expenses and changes in fund net position (deficits) of the Internal Service fund are reported as proprietary fund type in the fund financial statement but included as governmental activities in the government-wide financial statement.

(8,913)

Bond premiums are reported as other financing sources in the governmental funds and thus contribute to the changes in fund balance. In the statement of net position, however, bond premiums increase long term debt and are amortized over the life of the bonds.

Amortization of bond premium	69,157
------------------------------	--------

For advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources for full accrual reporting and is recognized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.

The amortization for the current year is \$73,090.	(73,090)
--	----------

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

10,718

Change in net position of governmental activities.	<u>\$ 1,884,592</u>
--	---------------------

The accompanying notes are an integral part of these financial statements.

MADISON PARISH SCHOOL BOARD
 PROPRIETARY FUND TYPE - INTERNAL SERVICE
 STATEMENT OF NET POSITION
 June 30, 2018

Statement G

ASSETS

Current assets:

Cash	\$	863,655
Accounts receivable		<u>73</u>

TOTAL ASSETS		<u>863,728</u>
--------------	--	----------------

LIABILITIES

Current liabilities:

Accounts payable		69
Claims payable		<u>25,000</u>

Noncurrent liabilities:

Claims payable		<u>77,000</u>
----------------	--	---------------

TOTAL LIABILITIES		<u>102,069</u>
-------------------	--	----------------

NET POSTION

Unrestricted		<u>761,659</u>
--------------	--	----------------

TOTAL NET POSITION	\$	<u><u>761,659</u></u>
--------------------	----	-----------------------

The accompanying notes are an integral part of these financial statements.

MADISON PARISH SCHOOL BOARD

PROPRIETARY FUND TYPE - INTERNAL SERVICE

Statement of Revenues, Expenses, and

Changes in Fund Net Position

For the Year Ended June 30, 2018

Statement H

OPERATING REVENUE

Insurance refunds	\$ 4,121
-------------------	----------

Total operating revenue	4,121
-------------------------	-------

OPERATING EXPENSES

Claims	8,309
--------	-------

Administration	5,597
----------------	-------

Total operating expenses	13,906
--------------------------	--------

Operating income (loss)	(9,785)
-------------------------	---------

NONOPERATING REVENUE

Earnings on investments	872
-------------------------	-----

Changes in Net Position	(8,913)
-------------------------	---------

NET POSITION - BEGINNING	770,572
--------------------------	---------

NET POSITION - ENDING	\$ 761,659
-----------------------	------------

The accompanying notes are an integral part of these financial statements.

MADISON PARISH SCHOOL BOARD

PROPRIETARY FUND TYPE - INTERNAL SERVICE

Statement of Cash Flows
For the Year Ended June 30, 2018

Statement I

CASH FLOWS FROM OPERATING ACTIVITIES

Insurance refunds	\$ 4,121
Claims paid	(26,837)

Net cash provided (used) by operating activities	(22,716)
--	----------

CASH FLOWS FROM INVESTING ACTIVITIES

Earnings on invested proceeds	872
-------------------------------	-----

Net increase (decrease) in cash and cash equivalents	(21,844)
--	----------

CASH AND CASH EQUIVALENTS AT
BEGINNING OF YEAR

885,499

CASH AND CASH EQUIVALENTS AT
END OF YEAR

863,655

RECONCILIATION OF OPERATING INCOME (LOSS) TO
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

Operating income (loss)	(9,785)
-------------------------	---------

Change in assets and liabilities:

Increase (decrease) in accounts payable	69
Increase (decrease) in claims payable	(13,000)

Net cash provided (used) by operating activities	\$ (22,716)
--	-------------

MADISON PARISH SCHOOL BOARD

FIDUCIARY FUND
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
June 30, 2018

Statement J

AGENCY
FUND

ASSETS

Cash and cash equivalents	\$	106,717
Receivables		557,963
Cash, restricted- paid under protest		557,568

TOTAL ASSETS

1,222,248

LIABILITIES

Accounts, salaries, and other payables		68,095
Deposits due others		596,585
Taxes paid under protest- payable with restricted assets		557,568

TOTAL LIABILITIES

\$ 1,222,248

The accompanying notes are an integral part of these financial statements.

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Madison Parish School Board
Notes to the Basic Financial Statements
June 30, 2018

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

A. REPORTING ENTITY The Madison Parish School Board was created by Louisiana Revised Statute LSA-R.S. 17:51 to provide public education for the children within Madison 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 eight members who are elected from eight districts for terms of four years.

The School Board operates five schools within the parish with a total enrollment of approximately 1,300 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.

B. FUNDS The accounts of the School Board are organized and operated on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

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

Governmental Funds Governmental funds account for all or most of the School Board's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of capital assets, and the servicing of long-term debt. The School Board reports the following major governmental funds:

General fund - the general operating fund of the School Board accounts for all financial resources, except those accounted for in other funds.

Title I fund - accounts for federal funds received for the Title I federal program.

Debt Service - accounts for taxes collected for payment of debt and the debt service payments on the general obligation bonds and the sales tax bonds.

Proprietary Funds Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on measurement, which, together with the maintenance of equity is an important financial indicator. The School Board reports the following proprietary fund:

Internal service fund - accounts for operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. This fund accounts for the workers' compensation program.

Madison Parish School Board
Notes to the Basic Financial Statements
June 30, 2018

Fiduciary Funds - account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the School Board. Fiduciary funds include:

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

Sales tax agency fund - used to account for collections and disbursement of sales tax receipts to Madison Parish School Board, Madison Parish Police Jury, City of Tallulah, Village of Delta, Village of Richmond and Madison Parish Law Enforcement.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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 Assets and Liabilities at the fund financial statement level.

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

Internal activities The Workers' Compensation internal service fund provides services to the governmental funds. Accordingly, the Workers' Compensation fund activity was rolled into the governmental activities. Pursuant to GASB Statement No. 34 Basic Financial statements – and Managements' Discussion and Analysis- for State and Local Governments, as much as possible, the internal activities have been eliminated in order to avoid the "grossing-up" effect of a straight inclusion.

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

Allocation of indirect expenses The School Board reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities.

Fund Financial Statements (FFS)

Governmental Funds The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when

Madison Parish School Board
Notes to the Basic Financial Statements
June 30, 2018

susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Federal and state entitlements which include state equalization and state revenue sharing are recorded as unrestricted grants-in-aid when available and measurable. Federal and state restricted grants are recorded when the reimbursable expenditures have been incurred.

Ad valorem taxes are recognized when all applicable eligibility requirements are met and the resources are available.

Sales taxes are recognized when the underlying exchange takes place and the resources are available.

Interest income on time deposits and investments is recorded when the interest becomes measurable and available to finance expenditures of the fiscal period.

Expenditures Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Salaries are recorded as paid. Salaries for nine-month employees are paid over twelve months and accrued at June 30.

Principal and interest on long-term debt is recognized when due.

Inventory items are expensed as purchased except for inventory of the school lunch fund which is expensed as consumed.

Compensated absences are recognized as expenditures when leave is actually taken or upon termination of employment due to retirement or death.

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

Proprietary Fund Proprietary fund is accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus, all assets and all liabilities associated with the operation of the fund are included on the balance sheet.

Madison Parish School Board
Notes to the Basic Financial Statements
June 30, 2018

Operating revenues and expenses Proprietary fund distinguish operating revenues and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with the fund's principal ongoing operation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

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

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

The investments are reflected at fair value except for the following which are required/permitted as per GASB Statement No. 31:

1. Investments in *nonparticipating* interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.
2. The School Board reported at amortized cost money market investments and *participating* interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less.

Definitions:

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

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

F. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

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.

Madison Parish School Board
Notes to the Basic Financial Statements
June 30, 2018

H. INVENTORY AND PREPAID ITEMS Inventory items are expensed as purchased except for inventory of the school food service fund.

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

Certain payments to vendors reflect cost applicable to future accounting periods and are reported as prepaid items.

I. CAPITAL ASSETS Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed and depreciated over their estimated useful lives (including salvage value). The capitalization threshold is \$5,000. Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

Buildings	15 - 40 years
Furniture and equipment	3 - 10 years

J. UNEARNED REVENUES Unearned revenues arise when resources are received by the School Board before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the School Board has a legal claim to the resources, the liability for unearned revenue is removed and the revenue is recognized.

K. COMPENSATED ABSENCES All 12-month employees earn ten days of vacation leave each year. Vacation leave can be accumulated up to a maximum of twenty-five days. However, those employees who had accumulated more than twenty-five days prior to June 30, 2003 could have their full accumulated leave count carried forward. The amount accumulated can never exceed the amount at June 30, 2003.

All School Board employees earn from ten to eighteen days of sick leave each year, depending upon the length of service. Sick leave can be accumulated without limitation. Upon retirement or death, unused accumulated sick leave of up to twenty-five days is paid to the employee or to the employee's estate at the employee's current rate of pay. Under the Louisiana Teachers' Retirement System, and the Louisiana School Employees' Retirement System, all unpaid sick leave is used in the retirement benefit computation as earned service.

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

GASB Statement 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

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

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GASB Statement 16 provides that a liability for sick leave should be accrued using one of the following termination approaches:

- A. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.
- B. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments. The School Board uses this approach to accrue the liability for sick leave. Employees with a minimum of 10 years of experience are included in the calculation.

L. LONG-TERM LIABILITIES For government-wide reporting, the costs associated with the bonds are recognized over the life of the bond. For fund financial reporting, bond premiums and discounts, as well as issuance costs are recognized in the period the bonds are issued. Bond proceeds are reported as other financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

In accordance with state statutes, the School Board provides certain continuing health care and life insurance benefits for its retired employees on a pay-as-you-go basis. The OPEB Plan is a single employer defined benefit “substantive plan” as understood by past practices of the School Board and its employees. Although no written plan or trust currently exists or is sanctioned by law, the OPEB Plan is reported based on communication to plan members.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement systems and additions to/deductions from the retirements systems fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School Board has deferred outflows related to the net pension liability recorded as well as bond refunding. See Note 7 for additional information related to the net pension liability recorded and Note 12 related to the bond refunding.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The School Board has deferred inflows related to the net pension liability recorded. See Note 7 for additional information related to the net pension liability recorded.

N. RESTRICTED NET POSITION For the government-wide statement of net position, net position is 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.

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When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

The net position restricted for debt service and salaries is restricted due to enabling legislation.

O. FUND EQUITY OF FUND FINANCIAL STATEMENTS

GASB 54 *Fund Balance Reporting and Governmental Fund Type Definitions* requires the fund balance amounts to be reported within the fund balance categories as follows:

Non-spendable: Fund balance that is not in spendable form or legally or contractually required to be maintained intact. This category includes items that are not easily converted to cash such as inventories and prepaid items.

Restricted: Fund balance that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed: Fund balance that can only be used for specific purposes determined by the School Board's highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action it employed to previously commit the funds. Committed fund balance is the result of a resolution passed at a School Board meeting committing the funds. The resolutions are usually the result of budget revisions.

Assigned: Fund balance that is constrained by the School Board's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the Board.

Unassigned: Fund balance that is the residual classification for the general fund.

It is the School Board's policy to use restricted amounts first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available. The School Board reduces committed amounts, followed by assigned amounts and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

P. INTERFUND ACTIVITY Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. 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.

Q. SALES TAX The School Board collects 2.5% sales tax. Of the sales tax collected 1% is dedicated for salaries, .5% is dedicated for maintenance and 1% is dedicated for capital projects, which includes the authority to fund the sales tax into bonds.

R. BUDGETS

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

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

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Each year prior to September, the Superintendent submits to the Board proposed annual budgets for the general fund and special revenue funds. Public hearings are conducted, prior to the Board's approval, to obtain taxpayer comments. The operating budgets include proposed expenditures and the means of financing them. Appropriations (unexpended budget balances) lapse at year-end.

Formal budget integration (within the accounting records) is employed as a management control device. All budgets are controlled at the function level. Budget amounts included in the accompanying financial statements include the original adopted budget. The Board adopted original and revised budgets for the general fund in the current year.

Encumbrances Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is employed.

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

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY The following individual accounts and fund had actual expenditures over budgeted expenditures for the year ended June 30, 2018:

<u>Fund</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund	\$9,238,270	\$9,952,690	\$(714,420)

NOTE 3 - LEVIED TAXES The School Board levies taxes on real and business personal property located within Madison Parish's boundaries. Property taxes are levied by the School Board on property values assessed by the Madison Parish Tax Assessor and approved by the State of Louisiana Tax Commission.

The Madison Parish Sheriff's Office bills and collects property taxes for the School Board. Collections are remitted to the School Board monthly.

	<u>Property Tax Calendar</u>
Millage rates adopted	October, 2017
Levy date	November, 2017
Due date	December 31, 2017
Lien date	January 1, 2018

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

10%	land	15%	industrial improvements
15%	machinery	15%	commercial improvements
10%	residential improvements	25%	public service properties, excluding land

A revaluation of all property is required after 1978 to be completed no less than every four years. The last revaluation was completed for the tax roll of January 1, 2016.

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

All property taxes are recorded in the general and sinking fund. Revenues in such funds are recognized in the accounting period in which an enforceable legal claim arises. Estimated uncollectible taxes are those taxes based on past experience which will not be collected in the subsequent year and are primarily due to subsequent adjustments to the tax roll. The School Board uses the lien date to establish the enforceable legal claim date. No receivable has been recorded for 2017 property taxes due to insignificant balance considered outstanding at year-end.

The tax roll is prepared by the parish tax assessor in November of each year. The collection of the 2018 property taxes occurs in December, and January and February of the next year.

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

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

	Authorized Millage	Levied Millage	Expiration Date
Parish-wide taxes:			
Constitutional	4.60	4.58	Statutory
Operations	5.27	5.25	2022
Debt service	12.2	12.0	2029

NOTE 4 - DEPOSITS At June 30, 2018, the School Board has cash and cash equivalents of \$10,238,922. Deposits are stated at cost, which approximates fair value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

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

Credit risk: The School Board's policy does not address credit risk.

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Custodial credit risk: At year end, the School Board's carrying amount of deposits was \$10,238,922 (Statement A - \$9,574,637 and Statement J - \$664,285) and the bank balance was \$10,946,816. Of the bank balance, \$500,009 was covered by federal depository insurance or by collateral held by the School Board's agent in the School Board's name. The remaining bank balance was collateralized with securities held by the pledging financial institution's trust department or agent but not in the School Board's name. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell pledged securities within 10 days of being notified by the School Board that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 5 - RECEIVABLES The balance of receivables at June 30, 2018, is shown below. The School Board expects to collect the full amount; therefore, no allowance for doubtful accounts has been established.

	Intergovernmental - grants:		Local sources:		Total
	Federal	State	Sales tax	Other	
General	\$ 13,541	\$ 1,678	\$ 175,320	\$ 76,932	\$ 267,471
Title I	316,161	-	-	-	316,161
Debt Service	16,530	-	116,880	-	133,410
Nonmajor Governmental	550,433	150,574	-	63,516	764,523
Internal Service	-	-	-	73	73
Total	<u>\$ 896,665</u>	<u>\$ 152,252</u>	<u>\$ 292,200</u>	<u>\$ 140,521</u>	<u>\$ 1,481,638</u>

NOTE 6 - CAPITAL ASSETS Capital asset balances and activity for the year ended June 30, 2018 is as follows:

	Balance, Beginning	Additions	Deletions	Balance, Ending
Governmental activities				
Capital asset not being depreciated				
Land	\$ 936,308	\$ -	\$ -	\$ 936,308
Total capital assets not being depreciated	<u>936,308</u>	<u>-</u>	<u>-</u>	<u>936,308</u>
Capital assets being depreciated				
Buildings and improvements	43,182,506	-	-	43,182,506
Furniture and equipment	2,990,358	210,837	-	3,201,195
Total capital assets being depreciated	<u>46,172,864</u>	<u>210,837</u>	<u>-</u>	<u>46,383,701</u>
Less accumulated depreciation				
Buildings and improvements	14,655,853	907,743	-	15,563,596
Furniture and equipment	2,022,391	205,050	-	2,227,441
Total accumulated depreciation	<u>16,678,244</u>	<u>1,112,793</u>	<u>-</u>	<u>17,791,037</u>
Total capital assets being depreciated, net	<u>29,494,620</u>	<u>(901,956)</u>	<u>-</u>	<u>28,592,664</u>
Governmental activities				
Capital assets, net	<u>\$ 30,430,928</u>	<u>\$ (901,956)</u>	<u>\$ -</u>	<u>\$ 29,528,972</u>

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Depreciation expense was charged to governmental activities as follows:

Regular programs	\$ 567,391
Special programs	42,768
Other instructional programs	57,006
Plant services	271,118
Student transportation services	117,454
Food services	57,056
Total depreciation expense	<u>\$ 1,112,793</u>

NOTE 7 - PENSION PLANS

The School Board is a participating employer in two statewide, public employee retirement systems, the Louisiana School Employees' Retirement System (LSERS) and the Teacher's Retirement System of Louisiana (TRSL). Both systems have separate boards of trustees and administer cost-sharing, multiple-employer defined benefit pension plans, including classes of employees with different benefits and contribution rates (sub-plans). Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of all sub-plans administered by these systems to the State Legislature. Each system issues a public report that includes financial statements and required supplementary information. Copies of these reports for LSERS and TRSL may be obtained at www.lsers.net and www.trsl.org, respectively.

TRSL also administers an optional retirement plan (ORP), which was created by Louisiana Revised Statute 11:921-931 for academic and administrative employees of public institutions of higher education and is considered a defined contribution plan (see Optional Retirement Plan note below). A portion of the employer contributions for ORP plan members is dedicated to the unfunded accrued liability of the TRSL defined benefit plan.

General Information about the Pension Plans

Plan Descriptions/Benefits Provided:

Louisiana School Employees' Retirement System: LSERS administers a plan to provide retirement, disability, and survivor's benefits to non-teacher school employees excluding those classified as lunch workers and their beneficiaries as defined in R.S. 11:1001. The age and years of creditable service (service) required in order for a member to receive retirement benefits are established by R.S. 11:1141-1153 and vary depending on the member's hire date.

A member who joined the system on or after July 1, 2015 is eligible for normal retirement if he has at least 5 years of creditable service and is at least age 62. A member who joined between July 1, 2010 and June 30, 2015 is eligible for normal retirement if he has at least 5 years of creditable service and is at least age 60. 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, or 10 years of creditable service and is at least age 60. All members are eligible for retirement with 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 3 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

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limitation. For members who joined the system on or after July 1, 2010, 2 ½% 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 the member has at least 5 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 vested person with twenty or more years of creditable service, who has withdrawn from active service prior to the age at which that pension is eligible for retirement benefits, is eligible for a disability benefit until normal retirement age. A member who joins the system on or after July 1, 2006, must have at least 10 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.

Teachers' Retirement System of Louisiana: TRSL administers a plan to provide retirement, disability, and survivor benefits to employees who meet the legal definition of a "teacher" as provided for in R.S 11:701. Eligibility for retirement benefits and the calculation of retirement benefits are provided for in R.S. 11:761. Statutory changes closed existing, and created new, sub-plans for members hired on or after January 1, 2011.

Most members are eligible to receive retirement benefits 1) at the age of 60 with 5 years of service, 2) at the age of 55 with at least 25 years of service, or 3) at any age with at least 30 years of service. For members joining on or after July 1, 2015, retirement benefits are paid at age 62 with at least 5 years of service credit. Members may retire with an actuarially reduced benefit with 20 years of service credit. Retirement benefits are calculated by applying a percentage ranging from 2% to 3% of final average salary multiplied by years of service. Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to January 1, 2011, or highest 60 consecutive months of employment for members employed after that date.

Under R.S. 11:778 and 11:779, members who have suffered a qualified disability are eligible for disability benefits if employed prior to January 1, 2011 and attained at least 5 years of service or if employed on or after January 1, 2011 and attained at least 10 years of service. Members employed prior to January 1, 2011 receive disability benefits equal to 2½% of average compensation multiplied by the years of service, but not more than 50% of average compensation subject to statutory minimums. Members employed on or after January 1, 2011 receive disability benefits equivalent to the regular retirement formula without reduction by reason of age.

- Survivor benefits are provided for in R.S. 11:762. In order for survivor benefits to be paid, the deceased member must have been an active member at the time of death and must have a minimum of five years of service, at least two of which were earned immediately prior to death, or must have had a minimum of twenty years of service regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Survivor benefits are equal to 50% of the benefit to which the member would have been entitled if retired on the date of death using a factor of 2½% regardless of years of service or age, or \$600 per month, whichever is greater. Benefits are payable to an unmarried child until age 21, or age 23 if the child remains a full-time student. The minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or a qualified handicapped child.

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Deferred Retirement Option Program (DROP):

In lieu of terminating employment and accepting a service retirement, an eligible LSERS or TRSL member can begin participation in the DROP on the first retirement eligibility date for a period not to exceed 3 years. A member has a 60 day window from his first eligible date to participate in the program in order to participate for the maximum number of years. Delayed participation reduces the three year maximum participation period. During participation, benefits otherwise payable are fixed, and deposited in an individual DROP account. Upon termination of DROP participation, the member can continue employment and earn additional benefit accruals to be added to the fixed pre-DROP benefit. 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 upon the account balance.

Cost of Living Adjustments:

As fully described in Title 11 of the Louisiana Revised Statutes, LSERS and TRSL allow for the payment of cost of living adjustments, or COLAs, that are funded through investment earnings when recommended by the board of trustees and approved by the Legislature. These ad hoc COLAs are not considered to be substantively automatic.

Contributions:

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee. For those members participating in the TRSL defined contribution ORP, a portion of the employer contributions are used to fund the TRSL defined benefit plans' unfunded accrual liability.

Employer contributions to LSERS for fiscal year 2018 were \$170,642, with active member contributions ranging from 7.5% to 8%, and employer contributions of 27.6%. Employer defined benefit plan contributions to TRSL for fiscal year 2018 were \$1,686,317, with active member contributions of 8%, and employer contributions of 26.6%. Non-employer contributing entity contributions to TRSL, which are comprised of ad valorem tax revenue of \$121,300 and PIP revenue of \$3,602 for fiscal year 2018, and was recognized as revenue by the School Board.

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

At June 30, 2018, the School Board reported liabilities of \$1,132,370 and \$13,077,192 under LSERS and TRSL, respectively, for its proportionate share of the Net Pension Liability (NPL). The NPL for LSERS and TRSL was measured as of June 30, 2017, and the total pension liabilities used to calculate the NPL were determined by actuarial valuations as of that date. The School Board's proportions of the NPL were based on projections of the School Board's long-term share of contributions to the pension plans relative to the projected contribution of all participating employers, actuarially determined. As of June 30, 2017, the most recent measurement date, the School Board's proportions and the changes in proportion from the prior measurement date was .1770%, or a decrease of .0513% for LSERS and .1276%, or a decrease of .0274% for TRSL.

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For the year ended June 30, 2018, the School Board recognized a total pension expense of \$696,572, or \$178,898 and \$517,674 for LSERS and TRSL, respectively. The School Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows			Deferred Inflows		
	LSERS	TRSL	Total	LSERS	TRSL	Total
Differences between expected and actual experience	\$ -	\$ -	\$ -	\$ 26,406	\$ 429,868	\$ 456,274
Changes of assumptions	23,743	137,899	161,642	17,640	-	17,640
Net difference between projected and actual earnings on pension plan investments	-	-	-	17,706	337,760	355,466
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,079	380,398	389,477	311,122	4,670,610	4,981,732
Employer contributions subsequent to the measurement date	170,642	1,686,317	1,856,959	-	-	-
Total	<u>\$ 203,464</u>	<u>\$ 2,204,614</u>	<u>\$ 2,408,078</u>	<u>\$ 372,874</u>	<u>\$ 5,438,238</u>	<u>\$ 5,811,112</u>

Deferred outflows of resources related to pensions resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the LSERS and TRSL NPL in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	LSERS	TRSL	Total
2019	\$ (227,966)	\$ (1,846,734)	\$ (2,074,700)
2020	(78,350)	(1,236,188)	(1,314,538)
2021	7,464	(938,720)	(931,256)
2022	(41,200)	(898,299)	(939,499)

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Actuarial Assumptions

The total net pension liabilities for LSERS and TRSL in the June 30, 2017, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurements:

	LSERS	TRSL
Valuation Date	June 30, 2017	June 30, 2017
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Expected Remaining Service Lives	3 years, closed period	5 years, close period
Investment Rate of Return	7.125%, net of investment expense, including inflation	7.70%, net of investment expense
Inflation Rate	2.625% per annum	2.5% per annum
Projected Salary Increases	3.075% to 5.375%	3.5% to 10.0% varies depending on duration of service
Cost of Living Adjustments	Not substantively automatic	Not substantively automatic
Mortality - Non-disabled	RP-2000 Sex Distinct Mortality Table	RP-2000 Scale AA to 2025
Mortality-Disabled	RP-2000 Disabled Lives Mortality Table	RP-2000
Termination, Disability, Retirement	2008-2012 experience study	2008-2012 experience study

For LSERS 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 and an adjustment for the effect of rebalancing/diversification.

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For TRSL the long-term expected rate of return for each plan 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 of 2.5% and an adjustment for the effect of rebalancing/diversification. The target allocation and best estimates of real rates of return for each major asset class are summarized for each plan in the following table:

		Target Allocation	LT Expected Real Rate of Return
TRSL (arithmetic)			
	Domestic equity	27.00%	4.28%
	International equity	19.00%	4.96%
	Domestic fixed income	13.00%	1.98%
	International fixed income	5.50%	2.75%
	Private equity	25.50%	8.47%
	Other private assets	10.00%	3.51%
	Total	100.00%	
LSERS (arithmetic)			
Fixed income	Core Fixed Income	8.00%	2.02%
	High Yield	5.00%	4.43%
	Emerging Markets Debt	7.00%	4.71%
	Global Fixed Income	10.00%	1.38%
Equity	US Equity	20.00%	6.44%
	Developed Equity	18.00%	7.40%
	Emerging Markets Equity	10.00%	9.42%
	Global REITs	3.00%	5.77%
Alternative	Private Equity	5.00%	10.47%
	Hedge Fund of Funds	3.00%	3.75%
Real assets	Real Estate	5.00%	5.00%
	Timber	2.00%	5.67%
	Oil & Gas	2.00%	10.57%
	Infrastructure	2.00%	6.25%
	Total	100.00%	

Discount Rate. The discount rate used to measure the total pension liability was 7.125% for LSERS and 7.70% for TRSL. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was 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.

Madison Parish School Board
Notes to the Basic Financial Statements
June 30, 2018

The discount rate used in the June 30, 2017 net pension liability valuation was decreased from the 7.75% used in the June 30, 2016 valuation to 7.70%. The discount rate was reduced in accordance with the TRSL Board's adopted plan to reduce the discount rate to 7.5% in 0.05% annual increments. This change was anticipated in the prior valuation when determining the projected contribution requirements for fiscal year 2018.

Sensitivity of the proportionate share of the NPL to changes in the discount rate - The following presents the School Board's proportionate share of the NPL for LSERS and TRSL using the current discount rate as well as what the School Board's proportionate share of the NPL 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:

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
LSERS	\$ 1,552,346	\$ 1,132,370	\$ 771,709
TRSL	16,850,260	13,077,192	9,867,534

Pension plan fiduciary net position - Detailed information about LSERS and TRSL fiduciary net position is available in the separately issued financial reports referenced above.

Payables to the Pension Plan - At June 30, 2018, the School Board had \$7,226 in payables to LSERS and \$114,524 in payables to TRSL for the June 2018 employee and employer legally required contributions.

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS

Plan description - In accordance with state statutes, the School Board provides certain continuing health care and life insurance benefits for its retired employees on a pay-as-you-go basis. The School Board OPEB plan is a single-employer defined benefit "substantive plan" as understood by past practices of the School Board and its employees. Although no written plan or trust currently exists or is sanctioned by law, the OPEB plan is reported based on communication to plan members. Also, no stand-alone financial report was prepared. Substantially all of the School Board's employees become eligible for these benefits if they reach normal retirement age while working for the School Board. These benefits and similar benefits for active employees are provided through the Office of Group Benefits, whose monthly premiums are paid jointly by the employee and the School Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided and Funding Policy - The plan provides medical and life insurance benefits for retirees and their dependents. The contribution requirements of plan members and the School Board are established and may be amended by LRS 42:801-883. Employees do not contribute to their post-employment benefits cost until they become retirees and begin receiving those benefits. The retirees contributes approximately 25% of the medical premium with the School Board contributing the balance. This percentage will be greater for eligible retirees with less than 20 years of service. Medical coverage is provided through options under the Louisiana Office of Group Benefits (OGB). A Medicare supplement benefit is provided at Medicare eligibility. Benefits continue for life. A life insurance benefit depending on final salary is provided at retirement prior to age 65. The life insurance benefit may continue for life if the retiree pays premiums. The cost of life insurance is shared with the retiree and the School Board.

Madison Parish School Board
Notes to the Basic Financial Statements
June 30, 2018

Employees Covered by Benefit Terms - At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	136
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	99
Employees with life insurance benefit but not medical benefit	52
Total	<u><u>287</u></u>

Total OPEB Liability - The School Board's total OPEB liability of \$23,606,064 was measured as of June 30, 2018 and was determined by an actuarial valuation as of the same date.

Actuarial Assumptions and Other Inputs - The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial method	Individual Entry Age Normal Cost Method- Level Percentage of Projected Salary
Discount rate	3.88% (0.88% real rate of return plus 3.00% inflation)
Healthcare trend	Level 5% trend rate
Mortality	RPH-2014 Total Table with Projection MP-2018
Turnover	Range from 8.75% at age 25 to 2.50% at age 55 and over
Retirement rates	Range from 10.3% at age 55 to 100% at age 72
Salary increase	3.50%
Retirees' share of benefit-related costs	25% of the medical contributions and 50% of the cost of life insurance

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at June 30, 2017	\$ 22,921,861
Changes for the year:	
Service cost	819,092
Interest	901,052
Benefit payments	(1,035,941)
Net changes	<u>684,203</u>
Balance at June 30, 2018	<u><u>\$ 23,606,064</u></u>

Madison Parish School Board
Notes to the Basic Financial Statements
June 30, 2018

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the School Board, as well as what the School Board's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower and one percentage point higher than the current discount rate.

	1% Decrease (2.88%)	Discount Rate (3.88%)	1% Increase (4.88%)
Total OPEB liability	\$27,257,450	\$23,606,064	\$20,674,004

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the School Board, as well as what the School Board's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (3.3% - 2.9% for pre-65 and 5.4% - 3.1% for post-65) and one percentage point higher (5.3% - 4.9% for pre-65 and 7.4% - 5.1% for post-65) than the current healthcare cost trend rates.

	1% Decrease (4%)	Trend Rate (5%)	1% Increase (6%)
Total OPEB liability	\$20,735,413	\$23,606,064	\$27,208,244

NOTE 9 - ACCOUNTS, SALARIES, AND OTHER PAYABLES Payables at year-end are as follows:

	Accounts	Salaries	Total
General	\$ 197,740	\$ 305,816	\$ 503,556
Title I	8,467	110,253	118,720
Debt Service	31,857	-	31,857
Nonmajor Governmental	40,318	273,338	313,656
Internal Service	69	-	69
Total	<u>\$ 278,382</u>	<u>\$ 689,407</u>	<u>\$ 967,858</u>

NOTE 10 - COMPENSATED ABSENCES At June 30, 2018, employees of the School Board have accumulated and vested \$448,839 of employee leave benefits, which were computed in accordance with GASB Codification Section C60.

NOTE 11 - AGENCY FUND DUE OTHERS

	Balance at Beginning of year	Additions	Deletions	Balance at End of year
Agency funds:				
School activities agency fund	\$ 42,238	\$ 178,267	\$ 181,883	\$ 38,622
Sales tax agency fund	471,905	6,418,936	6,332,878	557,963
Total	<u>\$ 514,143</u>	<u>\$ 6,597,203</u>	<u>\$ 6,514,761</u>	<u>\$ 596,585</u>

Madison Parish School Board
Notes to the Basic Financial Statements
June 30, 2018

Madison Parish School Board Collections on Behalf of Other Taxing Authorities:

	Annual Totals- 2017-2018 Tax Periods (Cash Basis)		
	<u>Total Collections</u>	<u>Collection Cost</u>	<u>Final Distribution</u>
Madison Parish School Board			
Salaries (1%)	\$ 1,355,887	\$ 34,937	\$ 1,320,950
Maintenance (.5%)	675,475	17,386	658,089
Debt Service (1%)	1,257,750	29,928	1,227,822
	<u>3,289,112</u>	<u>82,251</u>	<u>3,206,861</u>
City of Tallulah (2%)	<u>1,320,242</u>	<u>34,116</u>	<u>1,286,126</u>
Madison Parish Sheriff's Office (.5%)	<u>658,165</u>	<u>16,473</u>	<u>641,692</u>
Madison Parish Police Jury (.5%)	<u>658,165</u>	<u>16,473</u>	<u>641,692</u>
Village of Delta (1%)	<u>90,837</u>	<u>2,195</u>	<u>88,642</u>
Village of Richmond (2%)	<u>316,357</u>	<u>7,753</u>	<u>308,604</u>
Total	<u>\$ 6,332,878</u>	<u>\$ 159,261</u>	<u>\$ 6,173,617</u>

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One year</u>
Governmental Activities					
Bonds payable:					
2013 General Obligation- Refunding	\$ 9,080,000	\$ -	\$ -	\$ 9,080,000	\$ -
2014 General Obligation- Refunding	3,740,000	-	800,000	2,940,000	825,000
2015 Sales Tax Bond - Refunding	6,150,000	-	425,000	5,725,000	435,000
Bond Premium	656,691	-	69,157	587,534	69,157
Other liabilities:					
Net pension liability	19,904,538	-	5,694,976	14,209,562	-
Workers' compensation claims	115,000	8,139	21,139	102,000	25,000
OPEB liability	22,921,861	1,720,144	1,035,941	23,606,064	-
Compensated absences	389,854	264,945	205,960	448,839	237,122
Governmental activities					
Long-term liabilities	<u>\$ 62,957,944</u>	<u>\$ 1,993,228</u>	<u>\$ 8,252,173</u>	<u>\$ 56,698,999</u>	<u>\$ 1,591,279</u>

Madison Parish School Board
Notes to the Basic Financial Statements
June 30, 2018

Below is a schedule of principal and interest payments for the general obligation and sales tax revenue bonds:

Year Ending June 30,	Principal Payments	Interest Payments	Total
2019	\$ 1,260,000	\$ 628,025	\$ 1,888,025
2020	1,300,000	590,225	1,890,225
2021	1,340,000	551,225	1,891,225
2022	1,385,000	511,025	1,896,025
2023	1,425,000	469,475	1,894,475
2024-2028	7,975,000	1,587,975	9,562,975
2029-2030	3,060,000	181,625	3,241,625
Total	<u>\$ 17,745,000</u>	<u>\$ 4,519,575</u>	<u>\$ 22,264,575</u>

<u>General Obligation</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Principal Outstanding</u>
Sales Tax Bond - Refunding Series 2015	\$ 7,035,000	2.00-4.00%	March 15, 2029	\$ 5,725,000
General obligation bonds Series 2013- Refunding	9,080,000	3.00-4.25%	March 15, 2030	9,080,000
General obligation bonds Series 2014- Refunding	5,560,000	2.00-3.00%	March 15, 2022	2,940,000

In accordance with Louisiana Revised Statute 39:562, the School Board is legally restricted from incurring long-term bonded debt in excess of 35 percent of the assessed value of taxable property. At June 30, 2018, the long term bonded debt balance was well below the legal limit. The bond payments are made by the debt service fund. The compensated absences liability, net pension liability and OPEB liability that are attributable to the governmental activities are liquidated primarily by the general fund.

Pledged Revenues: The School Board has pledged and dedicated the net revenues of the special one percent (1%) sales and use tax now being levied and collected by the School Board, pursuant to Article VI, Section 29 of the Louisiana Constitution of 1974, and other constitutional and statutory authority, and in compliance with the election held therein on November 2, 2004. Proceeds from the bond provided for acquiring, constructing, maintaining, improving and/or renovating school buildings and facilities, including furniture, fixtures and equipment. The School Board has a balance of \$3,764,750 in the debt service fund for payment of the bond. Total principal and interest remaining to be paid on the bond is \$5,725,000 and \$1,266,900, respectively. For the year ended June 30, 2018 the School Board received \$1,279,126 from the collection of the incremental sales tax and paid \$425,000 in bond principal and \$202,300 in debt service interest. The annual required principal and interest payments are estimated to be 49% of the tax revenue over the next 11 years.

Madison Parish School Board
Notes to the Basic Financial Statements
June 30, 2018

NOTE 13 - INTERFUND TRANSACTIONS (FFS LEVEL ONLY)

Interfund Receivable/Payable:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Nonmajor Governmental	General Fund	\$ 9,238
General Fund	Title 1	197,441
General Fund	Nonmajor Governmental	594,392
Debt Service	General Fund	30,282
Total		<u>\$ 831,353</u>

The purpose of the interfund assets/liabilities between the general fund and grants funds was to cover current-year expenditures on cost reimbursement programs until the reimbursement requests are received as well as amounts owed to the payroll fund related to salaries paid. Also, the general fund has an amount payable to the debt service fund and nonmajor governmental for balances received.

NOTE 14 - LITIGATION AND CONTINGENCIES

Litigation At June 30, 2018, the School Board was involved in various litigations. It is the opinion of legal counsel for the School Board that ultimate resolution of these lawsuits would not materially affect the financial statements.

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

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

NOTE 15 - RISK MANAGEMENT The School Board initiated a risk management program for workers' compensation in 1992. An excess insurance policy covers individual claims in excess of \$250,000.

Changes in the claims amount for the current and two prior fiscal years are as follows:

<u>Fiscal Year Ended</u>	<u>Beginning of fiscal year liability</u>	<u>Claims and changes in estimates</u>	<u>Benefit payments and claims</u>	<u>Ending of Fiscal year liability</u>
2015-2016	\$ 78,000	\$ 67,707	\$ 20,707	\$ 125,000
2016-2017	125,000	6,507	16,507	115,000
2017-2018	115,000	8,139	21,139	102,000

The School Board continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The liability for unpaid claims is based on information provided by the third party administrator.

Madison Parish School Board
Notes to the Basic Financial Statements
June 30, 2018

NOTE 16 - ON-BEHALF PAYMENTS FOR FRINGE BENEFITS AND SALARIES On-behalf payments for fringe benefits and salaries are direct payments made by an entity (the paying agent) to a third-party recipient for the employees of another, legally separate entity (the employer entity). GASB Statement No. 24 requires employer governments to recognize revenue and expenditures or expenses for these on-behalf payments.

The State of Louisiana made pension contributions (regarding Professional Improvement Program) directly to the Teachers' Retirement System of Louisiana on behalf of the School Board in the amount of \$3,602. This amount was recognized as state revenue with a corresponding expenditure in the applicable fund from which the salary was paid.

The Parish Tax Collector makes retirement remittances to the Teachers' Retirement System of Louisiana. These remittances are a portion of the property taxes and state revenue sharing collected which are statutorily set aside for teachers' retirement. The basis for recognizing the revenue and expenditure payments is the actual contribution made by the Tax Collector's Office. For 2017, the Tax Collector paid the Teachers' Retirement System of Louisiana \$121,300. This amount was recognized as ad valorem revenue and a reduction in the School Board's required contribution to the TRSL pension plan.

NOTE 17 - ECONOMIC DEPENDENCY The Minimum Foundation Funding provided by the state to all public school systems in Louisiana is based on several factors. The State provided \$7,671,621 to the School Board, which represents approximately 40% of the School Board's total revenue for the year.

NOTE 18 - FUND BALANCE CLASSIFICATIONS

	General	Debt Service	Nonmajor Governmental	Total
Non spendable:				
Inventory	\$ -	\$ -	\$ 7,588	\$ 7,588
Prepaid items	93,623	-	-	93,623
Restricted for:				
Salaries	326,012	-	-	326,012
Debt service	-	5,075,876	-	5,075,876
Capital projects	-	-	6	6
School food service	-	-	288,764	288,764
Grants	-	-	1,694	1,694
Committed to:				
Maintenance	1,101,478	-	-	1,101,478
Health programs	-	-	98,772	98,772
Unassigned	2,311,101	-	-	2,311,101
Total	<u>\$ 3,832,214</u>	<u>\$ 5,075,876</u>	<u>\$ 396,824</u>	<u>\$ 9,304,914</u>

NOTE 19 - NEW GASB STANDARDS In fiscal year 2018, the School Board adopted the following new statement of financial accounting standards issued by the Governmental Accounting Standards Board:

- *Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, issued by the Government Accounting Standards Board. This Statement addresses accounting and financial reporting of OPEB that is provided to the employees of state and local governmental employers and establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to the actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are

Madison Parish School Board
Notes to the Basic Financial Statements
June 30, 2018

addressed. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB.

The adoption of Statement No. 75 has no impact on the School Board's governmental fund financial statements, which continue to report expenditures on a pay-as-you-go basis. However, the adoption has resulted in the restatement of the School Board's 2017 government-wide financial statements to reflect the reporting of total OPEB liability in accordance with the provisions of the Statement. Net position as of July 1, 2017 was decreased by \$12,175,024 reflecting the cumulative retrospective effect of adoption.

- *Statement No. 85 – Omnibus 2017*, issued by the Government Accounting Standards Board. This Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to fair value measurement, and application, and postemployment benefits for both pensions and other postemployment benefits (OPEB).
- *Statement No. 86 – Certain Debt Extinguishment Issues*, issued by the Government Accounting Standards Board. This Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources, resources other than the proceeds of refunding debt, are placed in an irrevocable trust.

The adoption of Statements No. 85 and 86 had no impact on the government-wide or the governmental fund financial statements, but provide for additional guidance, clarification and/or additional disclosures in the notes to the financial statements.

NOTE 20 - PRIOR PERIOD ADJUSTMENT The government-wide financial statements include a prior period adjustment decreasing net position of the governmental activities by \$12,175,024, which was related to the implementation of GASB 75. The pro forma amounts for fiscal year 2017 are not presented because the amounts are not readily determinable. See note 8 for additional information.

Madison Parish School Board

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REQUIRED SUPPLEMENTARY INFORMATION

Madison Parish School Board

**Schedule of Changes in Total OPEB Liability and Related Ratios
For Fiscal Year Ended June 30, 2018**

Exhibit 1

Total OPEB Liability

Service costs	\$ 819,092
Interest	901,052
Benefit payments	<u>(1,035,941)</u>
Net change in total OPEB liability	684,203
Total OPEB liability - Beginning	<u>22,921,861</u>
Total OPEB liability - Ending	<u><u>\$ 23,606,064</u></u>
Covered payroll	7,395,268
Total OPEB liability as a percentage of covered employee payroll	319.20%

Notes:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is presented.

No assets are accumulated in a trust that meet the criteria in GASB 75, paragraph 4, to pay related benefits.

Madison Parish School Board

**Schedule of Employer's Proportionate Share of the Net Pension Liability
For Fiscal Year Ended June 30, 2018**

Exhibit 2-1

<u>Fiscal Year</u>	<u>Employer's Proportion of the Net Pension Liability</u>	<u>Employer's Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
Louisiana School Employees' Retirement System					
2015	0.300600%	\$ 1,745,440	\$ 841,994	207%	76.18%
2016	0.263019%	1,667,877	824,133	202%	74.49%
2017	0.228208%	1,721,481	648,185	266%	70.09%
2018	0.176953%	1,132,370	506,555	224%	75.03%
Teacher's Retirement System of Louisiana					
2015	0.19257%	\$ 19,683,718	\$ 9,102,057	216%	63.7%
2016	0.16956%	18,232,085	9,140,137	199%	62.5%
2017	0.15492%	18,183,057	7,392,466	246%	59.9%
2018	0.12756%	13,077,192	6,187,541	211%	65.6%

Notes:

The amounts presented have a measurement date of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is presented.

Madison Parish School Board

**Schedule of Employer's Contributions to Pension Plans
For Fiscal Year Ended June 30, 2018**

Exhibit 2-2

<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
Louisiana School Employees' Retirement System					
2015	\$ 271,964	\$ 271,964	\$ -	\$ 824,133	33.0%
2016	199,990	199,990	-	648,185	30.9%
2017	151,609	151,609	-	506,555	29.9%
2018	170,642	170,642	-	628,327	27.2%
Teacher's Retirement System of Louisiana					
2015	\$ 2,475,758	\$ 2,475,758	\$ -	\$ 9,140,137	27.1%
2016	2,054,589	2,054,589	-	7,392,466	27.8%
2017	1,723,591	1,723,591	-	6,187,541	27.9%
2018	1,686,317	1,686,317	-	6,029,551	28.0%

Notes:

The amounts presented were determined as of the fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is presented.

Madison Parish School Board

Notes to Required Supplementary Information for Pensions For Fiscal Year Ended June 30, 2018

Louisiana School Employees' Retirement System

Changes in Benefit Terms: Members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after July 1, 2015 may retire with a 2.5% benefit factor after attaining the age of 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. This benefit change raised the age requirement from 60 years of age for members hired after June 30, 2010.

Changes in assumptions: For amounts reported in 2016, the valuation investment rate of return was reduced from the 7.25% reported in 2015 to 7.00%. The reduction was made to account for the funding of administrative expenses out of investment earnings. Prior to this valuation, no explicit provision was made to fund or offset administrative expenses. In addition, the valuation model was revised. The long-term expected portfolio real rate of return (expected arithmetic nominal return) was increased .77% in 2016 to 8.30% from the rate of 7.53% used in the 2015 valuation.

Changes in discount rate: For LSERS, the discount rate used in the June 30, 2016 net pension liability valuation was increased from the 7.0% used in the June 30, 2015 valuation to 7.125%. For the June 30, 2015 year, the discount rate assumed 0.25% of investment return would offset administrative expenses. Based on Act 94 of the 2016 regular session of the legislature, beginning with the June 30, 2016 actuarial evaluation, the explicit cost of projected noninvestment related administrative expenses will be included in the calculation of the actuarially required contributions for the System. Prior to this valuation, no explicit provision was made to fund or offset administrative expenses. With this change, the valuation of plan liabilities based on a valuation interest rate set for .25% below the assumed long-term rate of return is no longer necessary. Instead, for the June 30, 2016 actuarial valuation, the assumed long-term rate of return was reduced from 7.25% to 7.125%, and the valuation interest rate was set equal to the long-term rate of return.

Teacher's Retirement System of Louisiana

Changes in Benefit Terms: Members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after July 1, 2015 may retire with a 2.5% benefit factor after attaining the age of 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. This benefit change raised the age requirement from 60 years of age for members hired after January 1, 2011.

Changes in discount rate: The discount rate used in the June 20, 2017 net pension liability valuation was decreased from the 7.75% used in the June 30, 2016 valuation to 7.70%. The discount rate was reduced in accordance with the TRSL Board's adopted plan to reduce the discount rate of 7.5% in 0.05% annual increments. This change was anticipated in the prior valuation when determining the projected contribution requirements for fiscal year 2018.

Madison Parish School Board

Budgetary Comparison Schedules

General Fund and Major Special Revenue Funds With Legally Adopted Annual Budgets

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

TITLE I Title I improves the educational opportunities of educationally deprived children by helping them succeed in the regular school program, attain grade level proficiency and improve achievement in basic and more advanced skills. It is designed primarily to provide instructional activities to educationally deprived children that reside in low-income areas who have been selected on the basis of a needs assessment. These services supplement, not supplant, those normally provided by state and local educational agencies.

MADISON PARISH SCHOOL BOARD

**GENERAL FUND
Budgetary Comparison Schedule
For the Year Ended June 30, 2018**

Exhibit 3-1

	BUDGETED AMOUNTS		(BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
BUDGETARY FUND BALANCES, BEGINNING	\$ 4,101,878	\$ 4,101,878	\$ 4,101,878	\$ -
Resources (inflows)				
Local sources:				
Taxes:				
Ad valorem	1,055,515	1,055,103	1,193,624	138,521
Sales and use	2,046,794	2,046,794	2,063,451	16,657
Interest earnings	27,001	25,522	6,041	(19,481)
Other	31,037	32,243	142,934	110,691
State sources:				
Equalization	6,595,249	5,614,825	6,152,484	537,659
Other	80,244	84,658	47,104	(37,554)
Federal sources	80,138	51,725	77,388	25,663
Transfers from other funds	150,102	-	-	-
Amounts available for appropriations	14,167,958	13,012,748	13,784,904	772,156
Charges to appropriations (outflows)				
Current:				
Instruction:				
Regular programs	4,100,995	3,733,011	4,172,382	(439,371)
Special programs	494,130	383,976	386,721	(2,745)
Other instructional programs	510,161	459,933	484,757	(24,824)
Support services:				
Student services	353,258	422,745	456,259	(33,514)
Instructional staff support	445,885	425,483	473,363	(47,880)
General administration	640,232	515,472	573,391	(57,919)
School administration	668,684	650,224	658,338	(8,114)
Business services	539,224	491,137	501,767	(10,630)
Plant services	998,114	964,772	1,038,504	(73,732)
Student transportation services	923,064	897,673	888,173	9,500
Central services	126,003	138,628	149,571	(10,943)
Food services	141,854	141,566	155,814	(14,248)
Community service programs	6,845	13,650	13,650	-
Total charges to appropriations	9,948,449	9,238,270	9,952,690	(714,420)
BUDGETARY FUND BALANCES, ENDING	\$ 4,219,509	\$ 3,774,478	\$ 3,832,214	\$ 57,736

See notes to the budgetary comparison schedules and independent auditor's report.

MADISON PARISH SCHOOL BOARD

**TITLE I
Budgetary Comparison Schedule
For the Year Ended June 30, 2018**

Exhibit 3-2

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL	AMOUNTS	FINAL BUDGET
				POSITIVE
				(NEGATIVE)
BUDGETARY FUND BALANCES, BEGINNING	\$ -	\$ -	\$ -	\$ -
Resources (inflows)				
Federal sources	1,980,057	2,063,628	1,693,847	(369,781)
Amounts available for appropriations	1,980,057	2,063,628	1,693,847	(369,781)
Charges to appropriations (outflows)				
Current:				
Instruction:				
Regular programs	71,930	71,930	72,428	(498)
Other instructional programs	1,031,653	1,091,989	842,187	249,802
Support services:				
Student services	188,569	188,869	158,995	29,874
Instructional staff support	530,004	544,419	448,682	95,737
General administration	149,728	156,048	146,921	9,127
Business services	-	-	1,950	(1,950)
Plant services	8,173	10,373	205	10,168
Student transportation services	-	-	1,335	(1,335)
Central services	-	-	21,144	(21,144)
Total charges to appropriations	1,980,057	2,063,628	1,693,847	369,781
BUDGETARY FUND BALANCES, ENDING	\$ -	\$ -	\$ -	\$ -

See notes to the budgetary comparison schedules and independent auditor's report.

Madison Parish School Board
Notes to the Budgetary Comparison Schedules
For the Year Ended June 30, 2018

A. BUDGETS

Formal budget integration (within the accounting records) is employed as a management control device. All budgets are controlled at the function level. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

Although there were no formal budget amendments approved by the School Board during the fiscal year, the Board has authorized the grant supervisors/administration to submit budget amendments to the State during the year as needed for cost reimbursement grants.

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

Transfers to Charter Schools The School Board is required to report State Equalization revenue, and a corresponding expenditure for amounts withheld from State Equalization Funding to be sent to applicable charter schools. Since these amounts are not actually received by the School Board, they are not included in the budgeted revenues and expenses. Therefore, the actual amounts for the General Fund were reduced by \$1,507,567 for the amount reported as transferred to applicable charter schools.

MADISON PARISH SCHOOL BOARD

**Notes to the Budgetary Comparison Schedules
For the Year Ended June 30, 2018**

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

	<u>GENERAL FUND</u>	<u>TITLE I</u>
<u>Sources/inflows of resources:</u>		
Actual amounts (budgetary basis) "available for appropriation" from the Budgetary Comparison Schedule	\$ 13,784,904	\$ 1,693,847
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(4,101,878)	-
Transfers in from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	-	-
State Equalization revenue reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance includes amounts withheld and transferred to applicable Charter Schools.	<u>1,507,567</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 11,190,593</u>	<u>\$ 1,693,847</u>
<u>Charges to appropriations (outflows):</u>		
Actual amounts (budgetary basis) "charges to appropriations" from the Budgetary Comparison Schedule	\$ 9,952,690	\$ 1,693,847
Regular programs expenditures reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance includes amounts withheld and transferred to applicable Charter Schools.	<u>1,507,567</u>	<u>-</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental F	<u>\$ 11,460,257</u>	<u>\$ 1,693,847</u>

SUPPLEMENTARY INFORMATION

MADISON PARISH SCHOOL BOARD
NONMAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet - By Fund Type
June 30, 2018

Exhibit 4

	<u>SPECIAL REVENUE</u>	<u>CAPITAL PROJECT</u>	<u>TOTAL</u>
ASSETS			
Cash and cash equivalents	\$ 544,572	\$ 6	\$ 544,578
Receivables	764,523	-	764,523
Interfund receivables	9,238	-	9,238
Inventory	16,192	-	16,192
	<u>1,334,525</u>	<u>6</u>	<u>1,334,531</u>
TOTAL ASSETS			
	<u>1,334,525</u>	<u>6</u>	<u>1,334,531</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts, salaries and other payables	313,656	-	313,656
Interfund payables	594,392	-	594,392
Unearned revenue	29,659	-	29,659
	<u>937,707</u>	<u>-</u>	<u>937,707</u>
Total Liabilities			
	<u>937,707</u>	<u>-</u>	<u>937,707</u>
Fund Balances:			
Nonspendable	7,588	-	7,588
Restricted	290,458	6	290,464
Committed	98,772	-	98,772
	<u>396,818</u>	<u>6</u>	<u>396,824</u>
Total Fund Balances			
	<u>396,818</u>	<u>6</u>	<u>396,824</u>
TOTAL LIABILITIES AND FUND BALANCES			
	<u>\$ 1,334,525</u>	<u>\$ 6</u>	<u>\$ 1,334,531</u>

See independent auditor's report.

MADISON PARISH SCHOOL BOARD

**NONMAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances - By Fund Type
For the Year Ended June 30, 2018**

Exhibit 5

	SPECIAL REVENUE	CAPITAL PROJECT	TOTAL
REVENUES			
Interest earnings	\$ 241	\$ -	\$ 241
Food services	5,020	-	5,020
Other	230,458	-	230,458
State sources:			
Equalization	11,570	-	11,570
Other	334,551	-	334,551
Federal sources	3,059,613	-	3,059,613
Total Revenues	<u>3,641,453</u>	<u>-</u>	<u>3,641,453</u>
EXPENDITURES			
Current:			
Instruction:			
Regular programs	742,013	-	742,013
Special programs	65,091	-	65,091
Other instructional programs	594,278	-	594,278
Support services:			
Student services	431,711	-	431,711
Instructional staff support	600,495	-	600,495
General administration	109,657	-	109,657
Plant services	8,905	-	8,905
Student transportation services	32,607	-	32,607
Central services	104,212	-	104,212
Food services	898,176	-	898,176
Total Expenditures	<u>3,587,145</u>	<u>-</u>	<u>3,587,145</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>54,308</u>	<u>-</u>	<u>54,308</u>
FUND BALANCES - BEGINNING	<u>342,510</u>	<u>6</u>	<u>342,516</u>
FUND BALANCES - ENDING	<u>\$ 396,818</u>	<u>\$ 6</u>	<u>\$ 396,824</u>

See independent auditor's report.

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

TITLE II To improve the skills of teachers and the quality of instruction in the mathematics and sciences, and to increase the accessibility of such instruction to all students.

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

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

VOCATIONAL EDUCATION The purpose of these grants is to make the United States more competitive in the world economy by developing more fully the academic and occupational skills of all segments of the population, principally through concentrating resources on improving educational programs leading to academic and occupational skills needed to work in a technologically advanced society.

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

RURAL EDUCATION ACHIEVEMENT PROGRAM (REAP) To provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning.

JOBS FOR AMERICA'S GRADUATES (JAG) A school to career program to keep young people in school through graduation and provide work based learning experiences.

LA4 This fund accounts for the preschool program funded by state and federal funds.

EDUCATIONAL EXCELLENCE This fund accounts for monies received from the state education excellence fund. The funds are to be expended in accordance with the School Board's plan submitted and approved by the State Department of Education.

8G EARLY CHILDHOOD To provide high quality early childhood educational experiences to four year old children who are considered to be at risk of achieving later academic success.

21ST CENTURY GRANT Accounts for Federal Funds received to support the erection of community learning centers to provide academic enrichment opportunities during non-school hours for children, particularly students who attend higher-poverty and low performing schools.

HEALTH PROGRAMS This fund accounts for the money received for the school based health program.

SCHOOL IMPROVEMENT To dramatically turn around the academic achievement of students in the Nation's persistently lowest-achieving schools.

TEACHER INCENTIVE To support programs that develop and implement performance-based compensation systems for teachers in high need schools.

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

STRIVING READERS Accounts for Federal Funds received to advance literacy skills, including pre-literacy skills, reading and writing for students from birth through 12th grade, including limited English proficient students and students with disabilities.

SCHOOL REDESIGN Accounts for Federal Funds received to support implementation of plans to improve struggling schools.

MISCELLANEOUS FUNDS This fund accounts for various small local, state, and federal grants.

MADISON PARISH SCHOOL BOARD

NONMAJOR SPECIAL REVENUE FUNDS

Combining Balance Sheet

June 30, 2018

	TITLE II	PRESCHOOL	IDEA	VOCATIONAL EDUCATION	SCHOOL FOOD SERVICE
ASSETS					
Cash and cash equivalents	\$ 63,978	\$ -	\$ -	\$ 1,847	\$ 340,842
Receivables	27,131	3,587	37,700	4,656	22,000
Interfund receivables	-	-	-	-	6,441
Inventory	-	-	-	-	16,192
TOTAL ASSETS	91,109	3,587	37,700	6,503	385,475
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts, salaries and other payables	11,551	-	10,236	6,503	57,759
Interfund payable	70,018	3,054	23,946	-	20,830
Unearned revenues	9,540	533	3,518	-	10,534
Total Liabilities	91,109	3,587	37,700	6,503	89,123
Fund Balances:					
Nonspendable	-	-	-	-	7,588
Restricted	-	-	-	-	288,764
Committed	-	-	-	-	-
Total fund balances	-	-	-	-	296,352
TOTAL LIABILITIES AND FUND BALANCES	\$ 91,109	\$ 3,587	\$ 37,700	\$ 6,503	\$ 385,475

Exhibit 6

REAP	JAG	LA 4	EDUCATIONAL EXCELLENCE	8G EARLY CHILDHOOD	21st CENTURY GRANT	HEALTH PROGRAMS
\$ 646	\$ 2,211	\$ 17,204	\$ -	\$ 1,736	\$ 29,930	\$ 76,683
760	3,585	75,917	80,135	26,908	97,503	63,516
-	2,374	-	-	-	-	-
-	-	-	-	-	-	-
1,406	8,170	93,121	80,135	28,644	127,433	140,199
-	8,170	23,071	-	11,625	103,126	20,549
1,406	-	69,505	80,135	17,019	24,307	20,878
-	-	545	-	-	-	-
1,406	8,170	93,121	80,135	28,644	127,433	41,427
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	98,772
-	-	-	-	-	-	98,772
\$ 1,406	\$ 8,170	\$ 93,121	\$ 80,135	\$ 28,644	\$ 127,433	\$ 140,199

(CONTINUED)

MADISON PARISH SCHOOL BOARD
NONMAJOR SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2018

Exhibit 6

	SCHOOL IMPROVEMENT	TEACHER INCENTIVE	STRIVING READERS	SCHOOL REDESIGN	MISCELLANEOUS FUNDS	TOTAL
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ 5,109	\$ -	\$ 4,386	\$ 544,572
Receivables	30,610	128,265	9,243	106,231	46,776	764,523
Interfund receivables	423	-	-	-	-	9,238
Inventory	-	-	-	-	-	16,192
TOTAL ASSETS	31,033	128,265	14,352	106,231	51,162	1,334,525
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts, salaries and other payables	12,220	18,870	1	19,872	10,103	313,656
Interfund payable	18,813	109,395	9,362	86,359	39,365	594,392
Unearned revenues	-	-	4,989	-	-	29,659
Total Liabilities	31,033	128,265	14,352	106,231	49,468	937,707
Fund Balances:						
Nonspendable	-	-	-	-	-	7,588
Restricted	-	-	-	-	1,694	290,458
Committed	-	-	-	-	-	98,772
Total fund balances	-	-	-	-	1,694	396,818
TOTAL LIABILITIES AND FUND BALANCES	\$ 31,033	\$ 128,265	\$ 14,352	\$ 106,231	\$ 51,162	\$ 1,334,525

(CONCLUDED)

Madison Parish School Board

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MADISON PARISH SCHOOL BOARD

NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 2018

	TITLE II	PRESCHOOL	IDEA	VOCATIONAL EDUCATION	SCHOOL FOOD SERVICE
REVENUES					
Local sources:					
Interest earnings	\$ -	\$ -	\$ -	\$ -	\$ 241
Food service	-	-	-	-	5,020
Other	-	-	-	-	2,575
State sources:					
Equalization	-	-	-	-	11,570
Other	-	-	-	-	-
Federal sources	143,693	21,390	339,846	6,963	934,564
Total revenues	<u>143,693</u>	<u>21,390</u>	<u>339,846</u>	<u>6,963</u>	<u>953,970</u>
EXPENDITURES					
Current:					
Instruction:					
Regular programs	66,020	-	-	-	-
Special programs	-	-	65,091	-	-
Other instructional programs	-	9,633	6,648	5,563	-
Support services:					
Student services	-	10,411	192,758	170	-
Instructional staff support	66,807	-	50,706	1,230	-
General administration	10,866	1,346	22,848	-	-
Plant services	-	-	1,795	-	-
Student transportation services	-	-	-	-	-
Central Services	-	-	-	-	-
Food services	-	-	-	-	898,176
Total expenditures	<u>143,693</u>	<u>21,390</u>	<u>339,846</u>	<u>6,963</u>	<u>898,176</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,794</u>
FUND BALANCES - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>240,558</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 296,352</u>

Exhibit 7

REAP	JAG	LA 4	EDUCATIONAL EXCELLENCE	8G EARLY CHILDHOOD	21st CENTURY GRANT	HEALTH PROGRAMS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	227,883
-	-	-	-	-	-	-
-	-	90,688	104,212	105,312	-	-
47,202	29,165	111,287	-	-	464,337	-
47,202	29,165	201,975	104,212	105,312	464,337	227,883
-	26,251	-	-	-	-	-
-	-	-	-	-	-	-
22,440	-	189,581	-	67,721	287,482	-
-	-	-	-	-	-	228,372
21,250	718	3,300	-	37,591	119,522	997
3,512	2,196	8,415	-	-	21,388	-
-	-	-	-	-	7,110	-
-	-	679	-	-	28,835	-
-	-	-	104,212	-	-	-
-	-	-	-	-	-	-
47,202	29,165	201,975	104,212	105,312	464,337	229,369
-	-	-	-	-	-	(1,486)
-	-	-	-	-	-	100,258
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 98,772

(CONTINUED)

MADISON PARISH SCHOOL BOARD

**NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 2018**

Exhibit 7

	SCHOOL IMPROVEMENT	TEACHER INCENTIVE	STRIVING READERS	SCHOOL REDESIGN	MISCELLANEOUS FUNDS	TOTAL
REVENUES						
Local sources:						
Interest earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 241
Food service	-	-	-	-	-	5,020
Other	-	-	-	-	-	230,468
State sources:						
Equalization	-	-	-	-	-	11,570
Other	-	-	-	-	34,339	334,551
Federal sources	285,618	366,164	127,667	137,425	44,292	3,059,613
Total revenues	285,618	366,164	127,667	137,425	78,631	3,641,453
EXPENDITURES						
Current:						
Instruction:						
Regular programs	129,330	258,288	100,001	105,637	56,486	742,013
Special programs	-	-	-	-	-	65,091
Other instructional programs	-	-	3,760	-	1,450	594,278
Support services:						
Student services	-	-	-	-	-	431,711
Instructional staff support	138,629	107,876	16,216	21,400	14,253	600,495
General administration	17,659	-	7,690	10,388	3,349	109,657
Plant services	-	-	-	-	-	8,905
Student transportation services	-	-	-	-	3,093	32,607
Central Services	-	-	-	-	-	104,212
Food services	-	-	-	-	-	898,176
Total expenditures	285,618	366,164	127,667	137,425	78,631	3,587,145
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	-	-	-	-	-	54,308
FUND BALANCES - BEGINNING	-	-	-	-	1,694	342,510
FUND BALANCES - ENDING	\$ -	\$ -	\$ -	\$ -	\$ 1,694	\$ 396,818

(CONCLUDED)

**Madison Parish School Board
Agency Funds**

SALES TAX AGENCY FUND The School Board collects all sales tax for the parish and disburses to the appropriate governments.

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

MADISON PARISH SCHOOL BOARD

AGENCY FUNDS

Combining Statement of Fiduciary Assets and Liabilities
6/30/2018

Exhibit 8

	SALES TAX AGENCY FUND	SCHOOL ACTIVITIES AGENCY FUND	TOTAL AGENCY FUNDS
ASSETS			
Cash and cash equivalents	\$ 68,095	\$ 38,622	\$ 106,717
Receivables	557,963	-	557,963
Cash, restricted- paid under protest	557,568	-	557,568
Total Assets	1,183,626	38,622	1,222,248
LIABILITIES			
Accounts, salaries and other payables	68,095	-	68,095
Deposits due others	557,963	38,622	596,585
Taxes paid under protest- payable with restricted assets	557,568	-	557,568
Total Liabilities	\$ 1,183,626	\$ 38,622	\$ 1,222,248

MADISON PARISH SCHOOL BOARD

AGENCY FUNDS - SCHOOL ACTIVITIES AGENCY FUND

Schedule of Changes in Deposits Due Others

For the Year Ended June 30, 2018

Exhibit 9

<u>SCHOOL</u>	<u>Balance, Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, Ending</u>
Madison High School	\$ 18,350	\$ 102,753	\$ 103,253	\$ 17,850
Tallulah Elementary School	124	42,506	40,290	2,340
Madison Middle School	21,690	21,326	26,900	16,116
Wright Elementary School	2,074	11,682	11,440	2,316
Totals	<u>\$ 42,238</u>	<u>\$ 178,267</u>	<u>\$ 181,883</u>	<u>\$ 38,622</u>

MADISON PARISH SCHOOL BOARD

AGENCY FUNDS- SALES TAX AGENCY FUND
Schedule of Changes in Deposits Due Others
For the Year Ended June 30, 2018

Exhibit 10

DEPOSIT BALANCE AT BEGINNING OF YEAR	\$ 471,905
ADDITIONS:	
Sales tax collections	6,418,936
DEDUCTIONS:	
Madison Parish School Board	
Salaries	1,355,887
Maintenance	675,475
Debt service	1,257,750
City of Tallulah	1,320,242
Sheriff's Office	658,165
Police Jury	658,165
Village of Delta	90,837
Village of Richmond	316,357
Total deductions	6,332,878
DEPOSIT BALANCE AT END OF YEAR	\$ 557,963

Madison Parish School Board

**Schedule of Compensation Paid to Board Members
For the Year Ended June 30, 2018**

Exhibit 11

The schedule of compensation paid School Board members is in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the School Board members is included in the general administrative expenditures of the general fund. In accordance with Louisiana Revised Statute 17:56, the School Board members have elected the monthly payment method of compensation. Under this method, each member of the School Board receives \$800 per month and the President receives an additional \$100 per month.

<u>Board Member</u>	<u>Amount</u>
Mary Presley, President	\$ 10,800
Marguerite Hargrave, Vice President	9,600
Samuel Dixon	9,600
Rev. O. W. Hamilton	9,600
Vera Davis	9,600
Jerry Richardson	9,600
Sharon Jackson	9,600
Darrell Sims	9,600
Total	<u>\$ 78,000</u>

Madison Parish School Board

**Schedule of Compensation, Benefits, and Other Payments to Agency Head (Superintendent)
For Fiscal Year Ended June 30, 2018**

Exhibit 12

Agency Head Name: Benita Young, Superintendent

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 106,642
Benefits-insurance	6,081
Benefits-retirement	28,367
Benefits – other (Medicare & Life Insurance)	3,174
Car allowance	6,600
Dues	1,228
Reimbursements	<u>5,526</u>
Total	<u>\$ 157,618</u>

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report

To the Members of the
Madison Parish School Board
Tallulah, LA

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Madison 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 18, 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Board's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs, that we considered to be a material weakness. See item 2018-001.

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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 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 items 2018-001, 2018-002 and 2018-003.

Madison Parish School Board's Responses to Findings

Madison Parish School Board's responses to the findings identified in our audit are described in the accompanying corrective action plan. The School Board's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 School Board'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 communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

Covington, LA
February 18, 2019

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

To the Members of the
Madison Parish School Board
Tallulah, LA

Report on Compliance for Each Major Federal Program

We have audited Madison 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 auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's 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, Madison Parish 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 identify a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2018-004, that we consider to be a material weakness.

The School Board's response to the internal control over compliance finding identified in our audit is described in the accompanying corrective action plan. The School Board's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

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

We have audited the financial statements of Madison Parish School Board as of and for the year ended June 30, 2018, and have issued our report thereon dated February 18, 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 as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 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 financial statements or to the 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 financial statements as a whole.

Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

Covington, LA
February 18, 2019

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

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME	CFDA Number	Pass-Through Grantor No.	Expenditures	
United States Department of Agriculture				
Passed through Louisiana Department of Education:				
Child Nutrition Cluster:				
Non-cash assistance (commodities):				
National School Lunch Program	10.555	N/A	\$ 61,586	
Cash assistance:				
National School Lunch Program	10.555	N/A	591,784	
School Breakfast Program	10.553	N/A	220,217	\$ 873,587
Child and Adult Care Food Program	10.558	N/A		38,977
National School Lunch Program Equipment Assistance	10.579	N/A		22,000
Total United States Department of Agriculture				934,564
United States Department of Education				
Passed through National Institute for Excellence in Teaching				
Teacher Incentive Fund	84.374	N/A		366,164
Passed Through Louisiana Department of Education:				
Title I Part A Basic Grant Program	84.010	28-18-T1-33	1,666,702	
		28-16-RD1-33	27,145	
		28-18-RD18-33	137,425	1,831,272
Special Education Cluster:				
Grants to States (Part B)	84.027	28-18-B1-33	339,846	
		28-18-JP-33	37,511	
Preschool Grants	84.173	28-18-P1-33	21,390	398,747
Vocational Education:				
Basic Grants to States	84.048	28-18-02-33		6,963
21st Century Community Learning Centers	84.287	28-17-2C-33	145,671	
		28-18-2C-33	318,666	464,337
Improving Teacher Quality State Grants (Title II)	84.367	28-18-50-33		143,693
School Improvement- Believe and Succeed- 1003(g)	84.377	28-17-TC07-33		285,618
Rural Education Achievement Program	84.358	28-18-RE-33		47,202
Striving Readers Comprehensive Literacy Program	84.371	28-16-U1-33	2,809	
		28-16-U2-33	34,368	
		28-16-U3-33	48,272	
		28-16-U4-33	42,218	127,667
Student Support and Academic Enrichment Program	84.424	28-18-71-33		6,781
Louisiana Office of Student Financial Assistance	84.UKN	N/A		12,122
Total United States Department of Education				3,690,566
United States Department of Health and Human Services				
Passed through Louisiana Department of Education:				
Temporary Assistance for Need Families	93.558	28-18-JS-33; 28-18-36-33		140,452
United States Department of the Interior				
Passed through Madison Parish Sheriff's Office:				
Federal Refuge Revenue Sharing	15.659	FRRS2017		30,072
United States Department of Defense Direct Program:				
Junior Reserve Officer Training Corps (JROTC)	12.UKN	N/A		51,725
TOTAL				\$ 4,847,379

See notes to the schedule of expenditures of federal awards.

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

NOTE 1 - GENERAL The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Madison Parish School Board under programs of the federal government for the year ended June 30, 2018. 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 in the schedule. The information in this Schedule 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). Because the Schedule presents only a selected portion of the operations of Madison Parish School Board, it is not intended to and does not present the financial position, changes in net position or cash flows of Madison Parish School Board.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 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.

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

<u>Funds</u>	<u>Federal Sources</u>
Major Funds:	
General Fund	\$ 77,388
Title I	1,693,847
Debt Service	16,531
Nonmajor Special Revenue Funds:	
Title II	143,693
Preschool	21,390
IDEA	339,846
Vocational Education	6,963
School Food Service	934,564
REAP	47,202
JAG	29,165
LA4	111,287
21st Century Grant	464,337
School Improvement	285,618
Teacher Incentive	366,164
Striving Readers Comprehensive Literacy Program	127,667
School Redesign	137,425
Miscellaneous Funds	44,292
Total	<u>\$ 4,847,379</u>

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

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

NOTE 6 - NONCASH PROGRAMS The commodities received, which are noncash revenues, are valued using prices provided by the United States Department of Agriculture.

NOTE 7 - INDIRECT COST RATE The School Board has elected not to use the 10- percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Madison Parish School Board
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018**

PART I – Summary of auditor’s results

Financial statements

The type of audit report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None
Noncompliance material to financial statements noted?	Yes

Federal awards

Internal control over major programs:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None
The type of report the auditor issued on compliance of major federal awards:	Unmodified
Audit finding which the auditor is required to report under Uniform Guidance, Section 2 CFR 200.516(a)?	None
The major federal awards are:	
Child Nutrition Cluster:	
National School Lunch Program	CFDA # 10.555
School Breakfast Program	CFDA # 10.553
School Improvement – Believe and Succeed – 1003(g)	CFDA # 84.377
The dollar threshold used to distinguish between Type A and Type B programs	\$750,000
The auditee qualifies as a low-risk auditee?	Yes

Madison Parish School Board
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2018

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

2018-001 Budget Compliance

Criteria:	Louisiana Revised Statutes (LRS) 39:1305-1306, 17:88, and 39:1310.
Condition:	The School Board did not make available for public inspection, nor adopt during an open board meeting, budgets for its special revenue funds. The School Board's general fund expenditures exceeded budgeted expenditures by greater than 5%.
Cause:	The omission of special revenue budgets in the budget adoption process and the absence of an amended general fund budget were oversights by management.
Effect:	Noncompliance with LRS 39:1305-1306, 17:88, and 39:1310.
Recommendation:	We recommend that the School Board include the budgets of its special revenue funds in its process of adopting the general fund budget. We recommend the School Board incorporate budget monitoring activities to prompt management to amend any budgets for which actual expenditures exceed budgeted expenditures by greater than 5%.
Management's Response:	See corrective action plan.

2018-002 General Obligation Bond Continuing Disclosure

Criteria:	Bond continuing disclosure requirements.
Condition:	For the two general obligation bond series outstanding, audited financial statements were not posted on the reporting website www.emma.gov .
Cause:	Unknown.
Effect:	Continuing disclosure requirements for the general obligation bond series were not met.
Recommendation:	We recommend that the School Board work with its bond counsel to ensure the required disclosures are made.
Management's Response:	See corrective action plan.

**Madison Parish School Board
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2018**

2018-003 Late Submission of Audit Report to Legislative Auditor

Criteria:	Louisiana Revised Statutes (LRS) 24:513A (5)(a)(i).
Condition:	The audit report was not filed within six months as required by state law.
Cause:	Certain accounts contained misstatements that required adjustment. Due to the volume of transactions in the accounts, the School Board needed additional time to resolve the matter.
Effect:	Noncompliance with LRS 24:513A (5)(a)(i).
Recommendation:	We recommend that the School Board ensure that the time requirement is met for next year's audit.
Management's Response:	See corrective action plan.

Part III – Findings and questioned costs for federal awards which are required to be reported under the Uniform Guidance, Section 2 CFR 200.516(a):

2018-004 Child Nutrition Cluster Internal Controls Over Compliance

Criteria:	Title 2, Part 200, Subpart A, Section 200.62.
Condition:	There was a lack of consistent operation of internal controls over compliance.
Cause:	Turnover in the child nutrition program supervisor position rendered inadequate the operation of certain authorization internal controls over compliance.
Effect:	A significant number of non-payroll disbursements tested lacked proper authorization.
Recommendation:	We recommend that the School Board find a permanent replacement for the child nutrition program supervisor position.
Management's Response:	See corrective action plan.

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

Part I – Financial Statement Findings Section

2017-001 Louisiana Office of Student Financial Assistance (LOSFA) Grant Expenditures

Condition: During our audit procedures, we were made aware of instances in which expenses related to the grant were being approved by both the payroll administrator and the purchasing agent. This caused certain expenses to be recorded twice in the School Board's accounting system.

Status: Resolved.

2017-002 Budget Compliance

Condition: The School Board did not make available for public inspection, nor adopt during an open board meeting, budgets for its special revenue funds.

Status: Not resolved. See current year finding 2018-001.

Part II – Federal Award Findings and Questioned Costs Section

None.

Board Members:

District 2

Mrs. Mary Presley

President

District 8

Mrs. Marquerite Hargrave

Vice-President

District 1

Mr. Jeff Wilson

District 3

Mr. Samuel Dixon

District 4

Ms. Sharon R. Jackson

District 5

Mr. Darrell D. Sims

District 6

Rev. D. W. Hamilton

District 7

Ms. Lisa Johnson



Madison Parish School Board

Post Office Box 1620

Tallulah, Louisiana 71284-1620

(318) 574-3616

Benita B. Young, Ed.S., Superintendent

Corrective Action

Madison Parish School Board agrees with the findings in the Schedule of Findings and Questionable Costs.

2018-01

The Madison Parish School Board will adopt all budgets General and Special Revenue at their regular meetings prior to funds being expended. The Board will Amend General Fund budget at year end. These procedures have been instituted to ensure that this Finding will be resolved.

2801-02

The Madison Parish School Board has instructed Superintendent to post General Obligation Bonds to the various website. The Business Manager will ensure that this procedure is implemented for the Parish to resolve this finding.

2018-3

The Madison Parish School Board will insure that the Annual Audit is filed timely next year to resolve this finding.

2018-4

The Madison Parish School is currently pursuing candidates for the Child Nutrition Program Supervisors position and will have this finding resolve by next audit.

MADISON PARISH SCHOOL BOARD

Agreed-Upon Procedures
R.S. 24:514 - Performance and Statistical Data

June 30, 2018



Contents	Schedule	Page
Independent Accountant's Report on Applying Agreed-Upon Procedures		1 - 3
Schedules Required by Louisiana State Law (R.S. 24:514 - Performance and Statistical Data)		4
General Fund Instructional and Support Expenditures and Certain Local Revenue Sources	1	5
Class Size Characteristics	2	6

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Members of the Madison Parish School Board, the Louisiana Department of Education, and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Madison Parish School Board, the Louisiana Department of Education, and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of Madison Parish School Board for the fiscal year ended June 30, 2018; and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin, in compliance with Louisiana Revised Statute 24:514. I. Management of Madison Parish School Board is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated 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:

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

1. We selected a sample of 25 transactions, reviewed supporting documentation, and observed that the sampled expenditures/revenues are classified correctly and are reported in the proper amounts among 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
 - Nonpublic Transportation Revenue

Results: No differences were noted.

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 1st roll books for those classes and observed that the class was properly classified on the schedule.

Results: No differences were noted.

Education Levels of Public School Staff (NO SCHEDULE)

3. We obtained October 1st PEP data submitted to the Department of Education, 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.

Results: No differences were noted.

Public School Staff Data: Average Salaries (NO SCHEDULE)

4. We obtained June 30th PEP data submitted to the Department of Education 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.

Results: After completing testing, two exceptions were noted. The first exception was for one employee who had a \$300 variance between total salary per June 30, 2018 PEP data and total salary per employee master file. Per discussion with the Business Manager and Payroll Clerk, the \$300 variance was due to a stipend received mid-year by the employee due to being in the military. The client was not able to provide support for the stipend to corroborate this \$300 variance. The second exception was for an employee whose contract was prorated due to her being a new hire. She worked a total of 62 days out of a total of 182 days. Per discussion with the Business Manager, Madison Parish School Board incorrectly calculated the proration paying her \$17,091. The maximum she should have earned was \$14,499.32.

* * * * *

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. 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 the performance and statistical data. 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 the performance and statistical data accompanying the annual financial statements of the Madison Parish School Board, as required by Louisiana Revised Statute 24:514. I, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

A handwritten signature in cursive script, appearing to read "LaForte".

A Professional Accounting Corporation

Covington, LA
February 18, 2019

MADISON PARISH SCHOOL BOARD
Schedules Required by Louisiana State Law
(R.S. 24:514 - Performance and Statistical Data)
As of and for the Year Ended June 30, 2018

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

This schedule includes general fund instructional and equipment expenditures. It also contains local taxation revenue, earnings on investments, revenue in lieu of taxes, and nonpublic textbook and transportation revenue. This data is used either in the Minimum Foundation Program (MFP) formula or is presented annually in the MFP 70% Expenditure Requirement Report.

Schedule 2 - Class Size Characteristics

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1 - 20, 21 - 26, 27 - 33, and 34+ students.

MADISON PARISH SCHOOL BOARD
General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2018

Schedule 1

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$ 2,920,143	
Other Instructional Staff Activities	-	
Instructional Staff Employee Benefits	1,783,340	
Purchased Professional and Technical Services	77,614	
Instructional Materials and Supplies	21,607	
Instructional Equipment	-	
Total Teacher and Student Interaction Activities		\$ 4,802,704
Other Instructional Activities		-
Pupil Support Activities	684,509	
Less: Equipment for Pupil Support Activities	(120)	
Net Pupil Support Activities		684,389
Instructional Staff Services	470,317	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		470,317
School Administration	658,338	
Less: Equipment for School Administration	-	
Net School Administration		658,338
Total General Fund Instructional Expenditures		\$ 6,615,748
Total General Fund Equipment Expenditures		\$ 1,369

Certain Local Revenue Sources

Local Taxation Revenue:		
Constitutional Ad Valorem Taxes	\$ 499,618	
Renewable Ad Valorem Tax	572,708	
Debt Service Ad Valorem Tax	-	
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	121,298	
Sales and Use Taxes	2,063,451	
Total Local Taxation Revenue		\$ 3,257,075
Local Earnings on Investment in Real Property:		
Earnings from 16th Section Property	\$ 20,200	
Earnings from Other Real Property	6,042	
Total Local Earnings on Investment in Real Property		\$ 26,242
State Revenue in lieu of Taxes:		
Revenue Sharing - Constitutional Tax	\$ 35,747	
Revenue Sharing - Other Taxes	-	
Revenue Sharing - Excess Portion	-	
Other Revenue in lieu of Taxes	-	
Total State Revenue in lieu of Taxes		\$ 35,747
Nonpublic Textbook Revenue	\$ -	
Nonpublic Transportation Revenue	\$ -	

MADISON PARISH SCHOOL BOARD
Class Size Characteristics
As of October 1, 2017

Schedule 2

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	66%	82	34%	42	0%	0	0%	0
Elementary Activity Classes	100%	7	0%	0	0%	0	0%	0
Middle/Jr. High	68%	52	13%	10	19%	15	0%	0
Middle/Jr. High Activity Classes	60%	9	13%	2	27%	4	0%	0
High	61%	98	19%	31	18%	28	2%	3
High Activity Classes	82%	68	10%	8	7%	6	1%	1
Combination	59%	146	41%	11	0%	0	0%	0
Combination Activity Classes	75%	3	25%	1	0%	0	0%	0

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

AGREED-UPON PROCEDURES REPORT

Madison Parish School Board

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Period July 1, 2017 - June 30, 2018

To the Board Members of the
Madison Parish School Board and the
Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by Madison Parish School Board (the School Board) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period from July 1, 2017 through June 30, 2018. The School Board's management is responsible for those C/C areas identified in the SAUPs. The sufficiency of these procedures is solely the responsibility of the School Board. Consequently, we make no representations 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 results are as follows:

Board or Finance Committee

1. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.
 - c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

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Results: We obtained and inspected all board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, and bylaws in effect during the fiscal period and confirmed that the board met monthly as per their requirements. The finance committee minutes reference financial reports, but do not specify that they are budget-to-actual comparisons, nor which funds were presented. We noted that the general fund had a positive unrestricted fund balance.

Bank Reconciliations

2. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - 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.

Results: We obtained a listing of bank accounts from management and management's representation that the listing is complete. We selected the entity's main operating account identified by management and four additional accounts and obtained and inspected bank statements and reconciliations for one randomly selected month. We noted that the bank reconciliations were prepared within 2 months of the closing date and that reconciliations are reviewed by the superintendent who is also an authorized check signer, but who does not handle cash or post ledgers. We noted multiple outstanding checks that have been outstanding for more than 6 months dating back several years as of the end of the statement date that have no documentation indicating investigation.

Collections

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

Results: We obtained a listing of deposit sites from management and management's representation that the listing is complete.

4. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe 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.

- 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 (e.g., pre-numbered receipts) to the deposit.
- 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.
- 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.

Results: Because deposit sites and collection locations are considered to be the same for school boards, we utilized the five deposit sites selected in step 3 above for testing. For each deposit site/collection location, we obtained and inspected written policies and procedures relating to employee job duties at each deposit site/collection location. We observed that job duties are properly segregated at each deposit site/collection location. Criteria 4(a), 4(b), 4(c), and 4(d) were met without exception.

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

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

- 6. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #2 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe 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).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Results: We randomly selected two deposit dates for each of the five bank accounts selected for bank reconciliations testing above. We noted several exceptions. Per inquiry with client, the receipt book used to record collections was misplaced and never replaced. The client now makes a copy of the check received and keeps a file of it to act as a receipt. Therefore, we were unable to trace sequentially pre-numbered receipts to the deposit slip or observe that the deposit slip 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). For our two selections for the Cash Parish Wide Tax Collection Account, dates 4/4/2018 and 4/16/2018 bank deposit slips could not be located by client.

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

7. Obtain 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. Obtain management's representation that the listing is complete.

Results: We obtained a listing of all active credit cards, bank debit cards, fuel cards, and P-cards, 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.

8. Using the listing prepared by management, randomly select all 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) 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.]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.

Results: Using the list of cards prepared by management, we selected all cards that were used during the period. We randomly selected one monthly statement and obtained supporting documentation for criteria 8(a) and 8(b) above. We viewed evidence that the monthly statements or combined statements and supporting documentation were reviewed and approved, in writing, by someone other than the authorized card holder. No finance charges or late fees were assessed on the selected statements.

9. Using the monthly statements or combined statements selected under #8 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe 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).

Results: For the selected monthly statements, we successfully viewed supporting documentation of an original itemized receipt identifying precisely what was purchased, written documentation of the business/public purpose, and documentation of the individuals participating in meals.

Contracts

10. Obtain from management 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. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
 - a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment.
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: 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 year and management's representation that the listing was complete. We selected all five of the contracts provided which met criteria 10(a), 10(b), 10(c), and 10(d) without exception.

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

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



A Professional Accounting Corporation

Covington, LA
February 18, 2019

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Madison Parish School Board

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Benita B. Young, Ed.S., Superintendent

Management Response

To Whom It May Concern,

We concur with finding in the agreed-upon procedures report.

Board

Management will ensure that the board or committee minutes reflect the budget-to-actual presentation using the revenue and expenditure report.

Bank Reconciliations

In reference to bank reconciliations, the Business Manager will continue to review all reconciling items on a consistent basis.

Collections

In reference to collections, each collection point will deposit money collected the next business day. The Finance Coordinator will continue to reconcile the accounts monthly.

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