

**UNION PARISH SCHOOL BOARD  
FARMERVILLE, LOUISIANA**

**ANNUAL FINANCIAL REPORT**

**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

# UNION PARISH SCHOOL BOARD

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(Concluded)

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(A PROFESSIONAL ACCOUNTING CORPORATION)  
**CERTIFIED PUBLIC ACCOUNTANTS**  
INDEPENDENT AUDITORS' REPORT

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Lynn Andries, CPA, CGMA  
Esther Atteberry, CPA  
Katie Jacola, CPA

Board Members  
Union Parish School Board  
Farmerville, Louisiana

## 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 the Union 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.

## Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Downsville Community Charter which represents the aggregate discretely presented component unit. The statements for Downsville Community Charter, Inc. were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Downsville Community Charter, Inc., is based solely on the report of the other auditor. 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.

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 the Union Parish School Board, as of June 30, 2018, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of a Matter

As described in Note 15 to the financial statements, the School Board adopted Government Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions, which resulted in a cumulative effect of change in accounting principal of (\$23,544,764) to the June 30, 2017 net position for governmental activities. Our opinions are not modified with respect to this matter.

## Other Matters

### *Required Supplementary Information (Part A and Part B)*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedules (Schedules 1), the Schedule of Changes in net OPEB Liability and Related Ratios (Schedule 2), the Schedule of Employer's Proportionate Share of Net Pension Liability (Schedule 3) and the Schedule of Employer's Contributions to Pension Plans (Schedule 4) as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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 inquires 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 Supplementary Information*

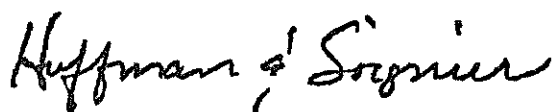
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Board's basic financial statements. The accompanying financial information listed as other supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *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), and is also not a required part of the basic financial statements.

The accompanying other information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and

other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, accompanying supplemental information and the schedule of expenditures of federal awards 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 April 30, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Board's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Huffman & Signier". The signature is written in a cursive, flowing style.

(A Professional Accounting Corporation)  
April 30, 2019

**REQUIRED SUPPLEMENTARY INFORMATION**

**(Part A)**

**Union Parish School Board  
Farmerville, Louisiana**

**Management's Discussion and Analysis  
For the Year Ended June 30, 2018**

**(Unaudited)**

The Management's Discussion and Analysis of the Union Parish School Board's (the School Board) financial performance presents a narrative overview and analysis of the School Board's financial activities for the year ended June 30, 2018. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information (where available). Please read this document with the School Board's financial statements, which follow the Management's Discussion and Analysis.

Union Parish is located in the northeastern area of the state and has a population of approximately 23,000. The public school system includes 1 elementary and middle school and 1 high school. The system serves approximately 1,600 students. All of the students participate in the free or reduced lunch program. Advanced education is easily attained from nearby vocational-technical schools, colleges, and universities.

In fiscal year 2018, the School Board adopted a 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 expenses/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 75 has no impact on the School Board's governmental fund financial statements, which continue to report OPEB on a pay-as-you-go basis. However, the adoption has resulted in the restatement of the School Board's government-wide financial statements to reflect the reporting of total OPEB liabilities at June 30, 2017 in accordance with provisions of Statement 75. Net position as of July 1, 2017 was decreased by \$23,544,764 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).



**Union Parish School Board  
Farmerville, Louisiana**

**Management's Discussion and Analysis  
For the Year Ended June 30, 2018**

**(Unaudited)**

*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.

**FINANCIAL HIGHLIGHTS:** The primary resources available to the School Board are local revenues which are primarily tax receipts, state revenues which are primarily Minimum Foundation funding and cost reimbursement grants, and federal revenues which are primarily cost reimbursements grants.

- The School Board's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at the close of fiscal year 2018 by approximately \$52.5 million.
- The School Board's expenses exceeded revenue by an approximate \$2.2 million for the year ended June 30, 2018.
- The School Board's general fund received \$19.6 million in funding, expended approximately \$24.4 million and recognized a decrease in fund balance of approximately \$1.9 million for the fiscal year ended 2018 which was primarily due to the loss of ad valorem revenues.

**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 demonstrate how we financed our services in the short-term as well as what remains for future spending. Fund statements also may give the reader insight 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, sales tax fund, and debt service fund. The remaining statement, the statement of fiduciary assets and liabilities, presents financial information about activities for which the School Board acts solely as an agent for the benefit of students and parents.

**Union Parish School Board  
Farmerville, Louisiana**

**Management's Discussion and Analysis  
For the Year Ended June 30, 2018**

**(Unaudited)**

**OVERVIEW OF THE FINANCIAL STATEMENTS**

These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

**Government-Wide Financial Statements**

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

The statement of net position presents information on all of the School Board's assets and deferred outflows, and liabilities and deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School Board is improving or deteriorating.

The statement of activities presents information showing how the School Board's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flow. Thus, revenues and expenditures reported in this statement for some items will only result in cash flows in future periods (e.g. uncollected taxes and earned but unused sick/vacation leave).

Both of the government-wide financial statements present functions of the School Board that are principally supported by taxes and intergovernmental revenues (governmental activities). The School Board has no functions or activities which are business-like in nature, meaning that they are primarily supported by user fees and charges for services, such as a municipally owned utility system. The governmental activities of the School Board include 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. The School Board contains one other unit of government (component unit), Downsview Community Charter, Inc. Its financial statements are issued by a separate audit report which may be obtained from the School Board. The School Board is not contained as a component unit of any other level of local or state government.

**Fund Financial Statements**

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

**Governmental funds.** Governmental funds are used to account for essentially the same functions as governmental activities in the government-wide financial statements. However,

**Union Parish School Board  
Farmerville, Louisiana**

**Management's Discussion and Analysis  
For the Year Ended June 30, 2018**

**(Unaudited)**

unlike the government-wide financial statements, governmental fund financial statement focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the School Board's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School Board maintains many individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the Debt Service Fund, Construction Fund #3, and Construction Fund #4, each of which are considered major funds. The remaining funds are combined into a single aggregated presentation under the label of Nonmajor Governmental, which contains all non-major funds. Individual fund data for each of these non-major funds is provided in the form of combining schedules elsewhere in this report.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of outside parties, such as students and employees. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School Board's programs. The one fiduciary funds of the School Board is the School Activity Fund (which contain monies belonging to the schools, their students, and clubs and other activities).

## **NOTES TO THE FINANCIAL STATEMENTS**

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

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The statement of net position and the statement of activities are designed to provide readers with a broad overview of the School Board's finances, in a manner similar to a private-sector business. The statement of net position presents financial information on all of the School Board's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. All of the 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 and changes in net position. Increases or decreases in the School Board's net position are one indicator of whether its financial health is

**Union Parish School Board  
Farmerville, Louisiana**

**Management's Discussion and Analysis  
For the Year Ended June 30, 2018**

(Unaudited)

improving or deteriorating. The net position of the School Board as of June 30, 2018 consisted of a deficit balance of \$52,474,268 which decreased by \$2,194,220, or 4.4%, compared to the prior year. The statement of net position and statement of activities reflect the School Board's governmental activities (e.g., its basic service), such as instruction, plant services, transportation, and food services. Property taxes, sales taxes, Minimum Foundation Program ("MFP") Funds, and state and federal grants finance most of these activities. Our analysis below focuses on the summary of net position (Table 1) and changes in net position (Table 2) of the School Board's governmental activities. Key fluctuations include the following:

**TABLE 1  
SUMMARY OF NET POSITION  
June 30, 2018 and 2017**

	<b>2018</b>	<b>Restated 2017</b>
Current and other assets	\$ 4,937,737	\$ 18,708,161
Capital assets, net of depreciation	49,841,140	40,776,672
Total assets	<u>54,778,877</u>	<u>59,484,833</u>
Deferred outflows of resources	<u>3,939,573</u>	<u>5,868,771</u>
Other liabilities	5,503,419	5,863,782
Long-term liabilities	103,339,872	107,619,953
Total liabilities	<u>108,843,291</u>	<u>113,483,735</u>
Deferred inflows of resources	<u>2,349,427</u>	<u>2,150,323</u>
Net position		
Net invested in capital assets,	5,947,213	5,510,309
Restricted	426,852	2,243,175
Unrestricted	(58,848,333)	(58,033,938)
Total net position	<u>\$ (52,474,268)</u>	<u>\$ (50,280,454)</u>

Statement of Net Position

Current and other assets are comprised primarily of cash and cash equivalents, and account for 4.7% of total assets. The remaining other current assets, such as receivables, and inventory, comprise 4.4% of total assets.

Capital assets, which are reported net of accumulated depreciation, account for 91.0% of total assets. Total capital assets increased by approximately \$9,064,000 or 22.2% due to significant additions in the current year.

**Union Parish School Board  
Farmerville, Louisiana**

**Management's Discussion and Analysis  
For the Year Ended June 30, 2018**

**(Unaudited)**

Long-term liabilities decreased by \$4.3 million, or 5.0%, due primarily to a \$3.6 million reduction in the net pension liability and a \$1.1 million reduction in bonds which was partially offset by a \$926 thousand addition to other post-employment (OPEB) benefits.

Deferred inflows and outflows fluctuated by amounts related to the calculations related to pensions.

Net investment in capital assets ended with a balance of \$5,947,213 as of June 30, 2018.

Unrestricted net position ended with a deficit balance of \$58,848,333. As of June 30, 2018, the School Board plans to eliminate this negative balance when it shows increases in revenues over expenses and is able to fund pension and post-employment benefits, reducing the total liability and increasing net position.

Changes in Net Position

As reported in the statement of activities, the cost of all governmental activities this year was \$32,891,377. The amount that taxpayers ultimately financed for these activities was \$25,284,805 because some of the cost was paid by those who benefited from the program \$17,027 or by other governments and organizations who subsidized certain programs with grants and contributions of \$5,395,325. Of the \$25,284,805 financed amount, MFP funds paid \$13,372,129, ad valorem and sales taxes paid \$10,734,107, and other general revenues paid \$1,178,569 which are mainly interest income, other unrestricted state and other local sources.

Total revenues decreased by approximately \$4,018,000 of which most of the decrease is due to the expected decrease in federal revenues of \$1.6 million, a planned decrease in millage for debt service by \$1 million coupled with the nonrenewal of a couple of ad valorem taxes for a \$721 thousand. MFP decreased another \$304 thousand due to a decline in enrollment and another \$414 thousand due to a decline in various revenues.

Expenses decreased approximately \$2,474,000 which was mostly attributable to fluctuations in the pension and OPEB valuations in the current year.

Union Parish School Board  
Farmerville, Louisiana

Management's Discussion and Analysis  
For the Year Ended June 30, 2018

(Unaudited)

TABLE 2  
CHANGES IN NET POSITION  
For the years ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 17,027	\$ 26,993
Operating grants & contributions	5,395,325	6,931,149
General revenues		
Ad valorem taxes	3,360,951	5,243,683
Sales taxes	7,373,156	7,348,296
State equalization	13,372,129	13,676,235
Other general revenues	1,178,569	1,489,299
Total revenues	<u>30,697,157</u>	<u>34,715,655</u>
<b>Functions/Program Expenses</b>		
Instructional services		
Regular programs	15,113,728	15,684,642
Special education programs	1,707,555	2,024,276
Other instructional programs	3,183,261	3,147,734
Support services		
Pupil support services	1,421,456	1,892,635
Instructional staff support services	1,492,982	1,696,984
General administration	994,676	1,137,747
School administration	1,064,196	1,412,385
Business services	398,864	457,692
Plant services	1,404,864	1,494,354
Student transportation services	3,063,355	3,279,450
Central services	109,688	125,977
Food services	1,449,322	1,659,919
Community service programs	16,343	15,000
Interest on long-term debt	1,471,087	1,336,463
Total expenses	<u>32,891,377</u>	<u>35,365,258</u>
<b>Increase (decrease) in net position</b>	<b>(2,194,220)</b>	<b>(649,603)</b>
Net position, beginning of year, as originally reported	(26,735,284)	(26,085,681)
Prior period adjustment	(23,544,764)	-
Net position, beginning of year, restated	<u>(50,280,048)</u>	<u>(26,085,681)</u>
<b>Net position, end of year</b>	<b>\$ (52,474,268)</b>	<b>\$ (26,735,284)</b>

**Union Parish School Board  
Farmerville, Louisiana**

**Management's Discussion and Analysis  
For the Year Ended June 30, 2018**

**(Unaudited)**

**MAJOR FUND FINANCIAL ANALYSIS**

The School Board's financial statements include four major funds. These funds are the General Fund, Debt Service Fund, Construction Fund #3, and Construction Fund #4.

The General Fund's fund balance decreased by approximately \$1.9 million or 114%, during the year ended June 30, 2018. Revenues decreased \$1.2 million (7.2%) with property taxes accounting for \$612 thousand of this decrease, primarily attributable to the nonrenewal of one property taxes that is in the General Fund. MFP decreased another \$304 thousand while all other revenues decreased \$325 thousand. Expenditures increased by approximately \$1.0 million, or 4.3%, which was primarily due to an increase in plant services expenditures. Variances between budgeted and actual amounts include a 2.0% positive variance of total revenues over budgeted revenues and a 2.8% negative variance of total expenditures over budgeted expenditures.

The Debt Service Fund's fund balance decreased by approximately \$1,718,000, or 66%, during the year ended June 30, 2018. The planned reduction of millage for ad valorem taxes decreased revenue by \$1,014,414, or 64%. Expenditures increased by \$582,128 primarily due to increases in bond principal retirements.

Construction Fund #3's fund balance decreased by \$6,495,049, or 97.1%, during the year ended June 30, 2018, primarily due to planned capital outlays which reduced the fund balance to \$196,120. Interest earnings declined by \$65,522. Capital outlays declined by \$4,496,054, or 40.9%, down to \$6,508,092.

Construction Fund #4's fund balance decreased by \$3,072,037, or 87.2%, during the year ended June 30, 2018, primarily due to capital outlays which reduced fund balance to \$449,407. Interest earnings increased by \$7,307. Capital outlays increased by \$3,003,546.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

As of June 30, 2018, the School Board had \$49,841,140 invested in a broad range of capital assets, including land, construction in progress, buildings, and furniture and equipment. This amount represents a current year net increase (including additions, deductions, and depreciation) of \$9,064,468 or 22.2%, in comparison to the prior year. The increase is due primarily to total current year additions to construction in progress and furniture and equipment purchases less current year additions to accumulated depreciation. See Note 5 in the notes to the financials for further information.

**Union Parish School Board  
Farmerville, Louisiana**

**Management's Discussion and Analysis  
For the Year Ended June 30, 2018**

(Unaudited)

**TABLE 3  
CAPITAL ASSETS  
(Net of depreciation)  
June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Land	\$ 378,351	\$ 378,351
Construction in progress	31,158,388	29,488,947
Buildings	16,223,572	8,989,337
Furniture and equipment	2,080,829	1,920,037
Totals	<u>\$ 49,841,140</u>	<u>\$ 40,776,672</u>

**Long-Term Debt**

At the end of the current fiscal year, the School Board had \$44,005,000 of bonded indebtedness. Under state statute, the School Board is legally restricted from incurring long-term bonded debt in excess of 35% of the assessed value of taxable property. At June 30, 2018, the School Board was within the legally restricted amount. At June 30, 2018, the School Board's outstanding debt consisted of the following:

**TABLE 4  
LONG-TERM DEBT  
June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>	<u>Change</u>
General obligation bonds	\$ 40,550,000	\$ 41,515,000	\$ (965,000)
* Limited tax bonds	3,455,000	3,600,000	(145,000)
Totals	<u>\$ 44,005,000</u>	<u>\$ 45,115,000</u>	<u>\$ (1,110,000)</u>

See Note 9 in the notes to the financials for further information regarding debt.



**Union Parish School Board  
Farmerville, Louisiana**

**Management's Discussion and Analysis  
For the Year Ended June 30, 2018**

**(Unaudited)**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

At June 30, 2018, the General Fund had a deficit fund balance of \$227,345. For the 2018-2019 fiscal year, the School Board is projecting a deficiency of revenues over expenditures for the General Fund of \$32,307 which will result in a deficit fund balance at June 30, 2019, of \$259,652.

For fiscal year 2020, the School Board is projecting an excess of revenues over expenditures of \$784,090 which will result in a positive fund balance at June 30, 2020, of \$524,438. This \$784,090 amount is a result of targeted budget cuts in expenditures of approximately \$1 million in fiscal year 2020 to go along with the budget cuts that we have already implemented in fiscal year 2019. Any additional budget cuts, which are probable, will increase the positive fund balance.

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

Our financial report is designed to provide our citizens, taxpayers, parents, and students 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 Emmett Gibbs, Business Manager, at Union Parish School Board, P.O. Box 308, Farmerville, Louisiana 71241-0308, telephone number (318) 368-9715.

**BASIC FINANCIAL STATEMENTS**

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

## UNION PARISH SCHOOL BOARD

## STATEMENT OF NET POSITION

June 30, 2018

	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES	COMPONENT UNIT
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,551,365	\$ 902,632
Restricted assets:		
Cash and cash equivalents	-	83,803
Receivables	2,352,838	389,142
Inventory	33,534	
Capital assets, net	49,841,140	210,747
Total Assets	<u>54,778,877</u>	<u>1,586,324</u>
<b>DEFERRED OUTFLOWS</b>		
Deferred charges on pensions	<u>3,939,573</u>	<u>-</u>
<b>LIABILITIES</b>		
Accounts, salaries, and other payables	3,535,215	503,434
Interest payable	464,755	
Unearned revenues	14,939	
Long-term liabilities:		
Due within one year	1,488,510	6,529
Due in more than one year	103,339,872	36,780
Total Liabilities	<u>108,843,291</u>	<u>546,743</u>
<b>DEFERRED INFLOWS</b>		
Deferred inflows on pensions	<u>2,349,427</u>	<u>-</u>
<b>NET POSITION</b>		
Net investment in capital assets	5,947,213	210,747
Restricted for:		
Debt service	403,213	-
Grants and donations	17,830	-
Additional salaries and benefits	5,809	-
School activity funds	-	83,803
Unrestricted	<u>(58,848,333)</u>	<u>745,031</u>
Total Net Position	<u>\$ (52,474,268)</u>	<u>\$ 1,039,581</u>

The notes to the basic financial statements are an integral part of this statement.

## UNION PARISH SCHOOL BOARD

## STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2018

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			PRIMARY GOVERNMENTAL ACTIVITIES	COMPONENT UNIT
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
<i>Governmental activities:</i>					
Instruction:					
Regular programs	\$ 15,113,728	\$ -	\$ 12,976	\$ (15,100,752)	
Special education programs	1,707,555	-	264,544	(1,443,011)	
Vocational programs	422,646		30,071	(392,575)	
Other instructional programs	311,610	-	106,587	(205,023)	
Special programs	2,246,766		2,348,170	101,404	
Adult/continuing programs	202,239		-	(202,239)	
Support services:					
Pupil support services	1,421,456	-	446,078	(975,378)	
Instructional staff support	1,492,982	-	533,518	(959,464)	
General administration	994,676	-	235,895	(758,781)	
School administration	1,064,196	-	-	(1,064,196)	
Business services	398,864	-	62,982	(335,882)	
Plant services	1,404,864	-	5,853	(1,399,011)	
Student transportation services	3,063,355	-	16,122	(3,047,233)	
Central services	109,688	-	-	(109,688)	
Food service operations	1,449,322	17,027	1,332,529	(99,766)	
Community service programs	16,343	-	-	(16,343)	
Interest and other charges	1,471,087	-	-	(1,471,087)	
Total Governmental Activities	32,891,377	17,027	5,395,325	(27,479,025)	
<i>Component unit:</i>					
Downsville Community Charter, Inc.	\$ 3,826,193	\$ 8,029	\$ 289,581		\$ (3,528,583)
General revenues:					
Taxes:					
Property taxes levied for:					
General purposes				2,782,463	-
Debt service purposes				578,488	-
Sales taxes levied for general purposes				7,373,156	-
Grants and contributions not restricted to specific programs:					
Minimum Foundation Program				13,372,129	3,596,278
State revenue sharing				70,995	-
Interest and investment earnings				61,734	1,786
Miscellaneous				1,045,840	37,408
Total general revenues				25,284,805	3,635,472
Change in net position				(2,194,220)	106,889
Net position - beginning, as original stated				(26,735,284)	932,692
Restatement				(23,544,764)	-
Net position - beginning, restated				(50,280,048)	932,692
Net position - ending				\$ (52,474,268)	\$ 1,039,581

The notes to the basic financial statements are an integral part of this statement.

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

## UNION PARISH SCHOOL BOARD

## GOVERNMENTAL FUNDS

## Balance Sheet

June 30, 2018

	GENERAL	DEBT SERVICE	CONSTRUCTION FUND #3	CONSTRUCTION FUND #4	NONMAJOR GOVERNMENTAL	TOTAL
<b>ASSETS</b>						
Cash and cash equivalents	\$ 389,293	\$ 867,968	\$ 196,540	\$ 1,023,649	\$ 73,915	\$ 2,551,365
Receivables	277,228	-	-	-	1,913,760	2,190,988
Interfund receivables	1,432,060	-	-	-	82,526	1,514,586
Inventory	-	-	-	-	33,534	33,534
Total Assets	<u>\$ 2,098,581</u>	<u>\$ 867,968</u>	<u>\$ 196,540</u>	<u>\$ 1,023,649</u>	<u>\$ 2,103,735</u>	<u>\$ 6,290,473</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts, salaries, and other payables	\$ 2,325,287	\$ -	\$ 420	\$ 574,242	\$ 635,266	\$ 3,535,215
Interfund payables	-	-	-	-	1,514,586	1,514,586
Unearned revenue	639	-	-	-	14,300	14,939
Total Liabilities	<u>2,325,926</u>	<u>-</u>	<u>420</u>	<u>574,242</u>	<u>2,164,152</u>	<u>5,064,740</u>
<b>Fund Balances:</b>						
Nonspendable	-	-	-	-	33,534	33,534
Restricted	9,000	867,968	196,120	449,407	14,640	1,537,135
Committed	103,920	-	-	-	-	103,920
Unassigned	(340,265)	-	-	-	(108,591)	(448,856)
Total fund balances	<u>(227,345)</u>	<u>867,968</u>	<u>196,120</u>	<u>449,407</u>	<u>(60,417)</u>	<u>1,225,733</u>
Total Liabilities and Fund Balances	<u>\$ 2,098,581</u>	<u>\$ 867,968</u>	<u>\$ 196,540</u>	<u>\$ 1,023,649</u>	<u>\$ 2,103,735</u>	<u>\$ 6,290,473</u>

The notes to the basic financial statements are an integral part of this statement.

## UNION PARISH SCHOOL BOARD

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

Total fund balances – governmental funds	\$1,225,733
------------------------------------------	-------------

The cost of capital assets (land, buildings, and 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 is 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.

Cost of capital assets	\$60,155,271	
Accumulated depreciation	<u>(10,314,131)</u>	49,841,140

Long-term receivable applicable to the School Board's governmental activities are not a receivable in the current period and accordingly are not reported in the General Fund.	161,850
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Deferred outflows of resources related to pensions are not due and payable in the current period and accordingly are not reported in the governmental funds.	3,939,573
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Deferred inflows of resources related to pensions are not available to pay current period expenditures and therefore are not reported in the governmental funds.	(2,349,427)
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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 debt	(\$40,550,000)	
Limited revenue debt	(3,455,000)	
Bond premium	(344,674)	
Net Pension liability	(25,220,150)	
OPEB liability	(34,533,331)	
Compensated absences payable	(725,227)	
Interest payable	<u>(464,755)</u>	<u>(105,293,137)</u>

Net Position - Governmental Activities	<u><u>(\$52,474,268)</u></u>
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The notes to the basic financial statements are an integral part of this statement.

## UNION PARISH SCHOOL BOARD

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

	GENERAL	DEBT SERVICE	CONSTRUCTION FUND #3	CONSTRUCTION FUND #4	NONMAJOR GOVERNMENTAL	TOTAL
<b>REVENUES</b>						
Local sources:						
Taxes:						
Ad valorem	\$ 2,782,463	\$ 578,488	\$ -	\$ -	\$ -	\$ 3,360,951
Sales and use	2,457,719	-	-	-	4,915,438	7,373,157
Interest earnings	18,700	4,400	14,048	15,759	8,828	61,735
Food services	-	-	-	-	17,027	17,027
Other	884,307	-	-	-	-	884,307
State sources:						
Equalization	13,347,129	-	-	-	25,000	13,372,129
Other	111,821	-	-	-	273,696	385,517
Federal sources	15,574	-	-	-	5,064,912	5,080,486
Total Revenues	<u>19,617,713</u>	<u>582,888</u>	<u>14,048</u>	<u>15,759</u>	<u>10,304,901</u>	<u>30,535,309</u>
<b>EXPENDITURES</b>						
Current:						
Instruction:						
Regular instruction programs	14,083,467	-	-	-	934,936	15,018,403
Special education programs	1,256,223	-	-	-	493,849	1,750,072
Vocational programs	374,806	-	-	-	71,466	446,272
Other instructional programs	210,643	-	-	-	116,913	327,556
Special programs	17,718	-	-	-	2,311,518	2,329,236
Adult/continuing programs	187,335	-	-	-	19,343	206,678
Support services:						
Pupil support services	937,184	-	-	-	586,675	1,523,859
Instructional staff support	914,682	-	-	-	622,312	1,536,994
General administration	700,022	-	-	950	292,910	993,882
School administration	968,654	-	-	-	123,649	1,092,303
Business services	332,021	1,600	-	-	70,219	403,840
Plant services	1,219,274	-	-	-	197,774	1,417,048
Student transportation services	2,527,214	-	-	-	277,661	2,804,875
Central services	108,606	-	1,005	-	6,492	116,103
Non-instructional services:						
Food services	132,777	-	-	-	1,334,564	1,467,341
Community service programs	16,500	-	-	-	-	16,500
Capital outlay	82,825	-	6,508,092	3,086,846	-	9,677,763
Debt service:						
Principal	145,000	965,000	-	-	-	1,110,000
Interest	135,875	1,334,638	-	-	-	1,470,513
Total Expenditures	<u>24,350,826</u>	<u>2,301,238</u>	<u>6,509,097</u>	<u>3,087,796</u>	<u>7,460,281</u>	<u>43,709,238</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	<u>(4,733,113)</u>	<u>(1,718,350)</u>	<u>(6,495,049)</u>	<u>(3,072,037)</u>	<u>2,844,620</u>	<u>(13,173,929)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	2,930,692	-	-	-	77,098	3,007,790
Transfers out	(77,098)	-	-	-	(2,930,692)	(3,007,790)
Total other financing sources (uses)	<u>2,853,594</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,853,594)</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>(1,879,519)</u>	<u>(1,718,350)</u>	<u>(6,495,049)</u>	<u>(3,072,037)</u>	<u>(8,974)</u>	<u>(13,173,929)</u>
<b>FUND BALANCES - BEGINNING</b>	<u>1,652,174</u>	<u>2,586,318</u>	<u>6,691,169</u>	<u>3,521,444</u>	<u>(51,443)</u>	<u>14,399,662</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ (227,345)</u>	<u>\$ 867,968</u>	<u>\$ 196,120</u>	<u>\$ 449,407</u>	<u>\$ (60,417)</u>	<u>\$ 1,225,733</u>

The notes to the basic financial statements are an integral part of this statement.



## Union 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

Change in fund balances -- governmental funds (\$13,173,929)

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

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

Depreciation	(\$613,295)	
Capital outlays	<u>9,677,763</u>	9,064,468

Amount due from outside entity for insurance claim that is not being paid within the current period. 161,850

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		1,110,000
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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 governmental funds.

OPEB liability		(925,736)
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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.

1,450,493

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 leave earned exceeded the amounts used.

119,208

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		19,302
------------------------------	--	--------

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.

(19,876)

Change in net position of governmental activities		<u>\$ (2,194,220)</u>
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## UNION PARISH SCHOOL BOARD

## FIDUCIARY FUND

## Statement of Fiduciary Assets and Liabilities

June 30, 2018

AGENCY  
FUND

## ASSETS

Cash and cash equivalents

\$237,235

## LIABILITIES

Deposits due others

\$237,235

The notes to the basic financial statements are an integral part of this statement.

**Union Parish School Board  
Farmerville, Louisiana**

**Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2018**

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**Union Parish School Board  
Farmerville, Louisiana**

**Notes to the Basic Financial Statements (continued)  
Fiscal Year Ended June 30, 2018**

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**Union Parish School Board  
Farmerville, Louisiana**

**Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2018**

**1. Summary of Significant Accounting Policies**

The accompanying financial statements of the Union Parish School Board (School Board) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

**A. Reporting Entity**

The School Board was created by Louisiana Revised Statute LSA R.S. 17:51 to provide public education to children within Union 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 9 members who are elected from 9 districts for a period of 4 years.

The School Board operates 3 schools within the parish with a total enrollment of approximately 1,600 students, including Pre-K. In conjunction with the regular educational programs, some of these schools offer special and/or adult education programs. In addition, the School Board provides transportation and school food services for the students.

Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, establishes the criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Because the School Board has a separately elected governing body and is legally separate and fiscally independent, the School Board is a separate governmental reporting entity. For financial reporting purposes, the School Board's financial statements include all funds, schools, agencies and committees for which the School Board is financially accountable. Based on these criteria, the School Board has determined that the following component units should be considered as part of the School Board reporting entity:

Downsville Community Charter, Inc. is included in the reporting entity, because it is fiscally dependent on the school system for the majority of their revenue, because the School Board has the authority to revoke the charter and because exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Downsville Community Charter, Inc. is established as a 501 (c)3 not-for-profit corporations to operate Downsville Charter School. As such, it follows the guidance of Financial Standards Accounting Board (FASB) Accounting Standards Codification (ASC) 958-205, *Financial Statements of Not-for Profit Organizations*.

**Union Parish School Board  
Farmerville, Louisiana**

**Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2018**

Throughout the year, Union Parish School Board paid for expenses related to Downsville Community Charter, Inc. As a result, there were transactions throughout the year between the School Board and the discretely presented component unit. Below is a summary of amounts reimbursed to the Union Parish School Board from the discretely presented component unit for the 2017-2018 school year.

	Downsville Community Charter, Inc.
Transportation	\$ 64,481
JPAMS	15,155
Internet / Telephone	21,636
Special Education Oversight	15,146
Lease of Property	1,200
Total	<u>\$117,618</u>

Copies of the audit report for Downsville Community Charter, Inc. may be obtained from the School Board.

Certain units of local government, such as other independently elected officials, the parish police jury and municipalities, are excluded from the accompanying financial statements. These units have their own elected governing authorities and are not financially accountable to the School Board.

**B. Basis of Accounting and Measurement Focus**

***Government-wide Financial Statements (GWFS)***

The Statement of Net Position and the Statement of Activities display 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 and are accounted for on an accrual basis. The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting.

Revenues, expenses, gains, losses, assets, deferred outflows, liabilities and deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Non-exchange transactions are recognized when the School Board has an enforceable legal claim to the revenues, expenses, gains, losses, assets, deferred outflows, liabilities, and deferred inflows.

**General Revenues**

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

**Union Parish School Board  
Farmerville, Louisiana**

**Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2018**

Program Revenues

Amounts reported as *program revenues* include charges for services provided and grants and contributions. Charges for services are primarily derived from food sales and drivers education courses. Operating grants and contributions consist of the grants received from federal, state, or local government; private foundation; or restricted contributions or donations. Program revenues reduce the cost of the function to be financed from the School Board's general revenues. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Allocation of indirect expenses

The School Board reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on 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. All governmental funds reported in the fund financial statements are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in current net position.

Governmental funds reported in the fund financial statements are accounted for on the modified accrual basis of accounting. Governmental fund revenues are recognized in the accounting period in which they become susceptible to accrual—that is, when they become both measurable and available to pay current period liabilities. 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 School Board considers all revenues available if they are collected within 60 days after the fiscal year end. Such revenue items are ad valorem, sales and use taxes, and federal and state entitlements. Ad valorem taxes are considered measurable and are recognized in the calendar year of the tax levy. Sales and use taxes are considered measurable and available when collected by the vendors. Revenue from state and federal grants are recorded when the reimbursable expenditures have been incurred. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the Debt Service Funds for payments to be made early in the following year. Other post-employment benefits (OPEB) are recorded in the Government-wide Financial Statements as expenditures and as a liability when incurred.

**Union Parish School Board  
Farmerville, Louisiana**

**Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2018**

**C. Fund Accounting**

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

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

***Governmental Funds*** - Governmental funds account for the School Board's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of capital assets, and the servicing of general long-term debt. Governmental funds are divided into major and nonmajor funds. Major funds are funds that meet certain dollar tests of their assets, liabilities, revenues, and expenditures/expenses. Major funds are larger, more significant funds. Nonmajor funds are the governmental funds that do not meet the dollar tests for major funds.

The major and nonmajor funds of the School Board are described below.

**General Fund** – The General Fund is the general operating fund of the School Board. It accounts for all financial resources except those required to be accounted for in another fund and is always a major fund. The General Fund, as in past years also includes the Payroll Fund, Sales Tax 2014 and the Michaela Bennett Scholarship Fund.

**Special Revenue Funds** – Special Revenue Funds account for and report the proceeds of specific revenue sources (other than special assessments) that are legally restricted or committed to expenditures for specified purposes other than debt service or capital projects. The term "proceeds of specific revenue sources" establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. The School Board has 9 nonmajor special revenue funds.

**Debt Service Fund** - accounts for the servicing of debt payments including principal and interest. The bonds were issued to renovate, construct, and improve school buildings, equipment, and furnishings. The bond issuances are financed by ad valorem tax on property within the legal boundaries of the district. The School Board has 1 major Debt Service Fund.

**Capital Projects Funds** - Capital Projects Funds account for and report financial resources that are restricted, committed, or assigned to expenditures for capital expenditures, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private



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organizations, or other governments. The School Board has 2 major Capital Projects Funds and are as follows:

**Construction Fund #3**, which accounts for new construction and renovations to schools in the parish financed through bond issuances.

**Construction Fund #4**, which accounts for new construction and renovations to schools in the parish financed through bond issuances.

The School Board also has 1 nonmajor Capital Projects Fund.

**Fiduciary Funds** – Fiduciary Funds are used to account for assets held by the School Board in a trustee capacity or as an agent for individuals, private organizations, other governmental unites or other funds.

**Agency Funds** – Agency Funds account for assets that the School Board holds on behalf of others as their agent. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School Board accounts for agency funds as follows:

**School Activity Funds**, which represents funds generated by schools in the district specifically for student activity uses and;

**Component Unit** – The discretely presented component unit of the School Board is the Downsville Community Charter, Inc., which is accounted for as a separate not-for-profit organization.

**D. Cash and Cash Equivalents**

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

**E. Short-Term Interfund Receivables and 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 fund financial statements balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

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**F. Eliminations 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. Interfund services provided and used by the various Governmental Funds have not been eliminated in the process of aggregating data.

**G. Inventory and Prepaid Items**

Inventory of the school food service special revenue fund consists primarily 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.

Prepaid items are also accounted for using the consumption method where expenditures are recognized as the prepaid item expires with the passage of time. There are no prepaid items reported at year end.

**H. Capital Assets**

Capital assets, which include land, buildings and improvements, furniture and equipment, intangibles, and construction-in-progress are reported as governmental funds in the Government-wide Financial Statements. The School Board considers assets, other than intangibles, with an initial individual cost of more than \$5,000 and an estimated useful life of more than 1 year as a capital asset. Intangibles, such as software, with an initial individual cost of \$100,000 or are considered a capital asset.

Capital assets are recorded at historical cost and depreciated over their estimated useful lives. Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management’s best estimate of how long the asset is expected to meet service demands. Capital assets have not been assigned a salvage value because management feels that the salvage value is immaterial.

Straight-line depreciation is used based on the following estimated useful lives:

Buildings and improvements	10 - 50 years
Furniture and equipment	3 - 10 years
Intangibles (software)	3 – 10 years

Public domain (infrastructure) capital assets (e.g. parking lots, sidewalks, and other assets that are immovable and of value only to the government) were capitalized as part of the construction cost of the buildings. Subsequent infrastructure improvements are capitalized as land improvements.

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**I. Unearned Revenue**

The School Board reports unearned revenue on its Statement of Net Position and on the Fund Financial Statements' balance sheet. Unearned revenue will arise when the School Board receives resources before qualifying events have occurred to allow it to be recognized as revenue at the end of the current period, as when grant monies are received and available to spend in the current period but cannot be recognized as revenue until the qualifying expenditures are incurred in accordance with GAAP. In subsequent periods, when the qualifying expenditures are incurred, the liability for unearned revenue is removed from the Governmental Fund's Fund Financial Statements' balance sheet and the revenue is recognized as earned.

**J. Interfund Transactions**

Interfund activity is reported as loans, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation to the Government-wide Financial Statements. Reimbursements occur between funds when one fund incurs a cost that benefits another fund, and the benefiting fund reimburses the fund incurring the cost for the benefit received.

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.

**K. Compensated Absences**

Twelve-month full-time employees earn ten days or more of cumulative vacation leave each year, based upon years of service. For the purpose of calculating and apportioning annual leave, the "leave year" shall run from July 1<sup>st</sup> to June 30<sup>th</sup>. No more than 15 days of vacation leave may be accumulated as of June 30<sup>th</sup>. Upon termination, resignation, or retirement, any unused annual leave shall be paid at the employee's rate of pay. The maximum number of days the system shall pay an employee for is 25 days.

All 12 month employees earn from 12 to 18 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 25 days is paid to the employee or 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 leave is used in the retirement benefit computation as earned service.

The School Board's recognition and measurement criterion 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 the following conditions are met:

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- 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 payments at termination or retirement.

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 or 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. The School Board makes the assumption that employees who have a minimum experience of 10 years will become eligible in the future to receive their accrued sick leave.

Sick and annual leave are reported in the Statement of Net Position as a long-term liability and expensed in the Statement of Activities. Sick and vacation leave accrued in the Statement of Net Position as of the end of the fiscal year are valued at employees' current rates of pay. Neither the School Board nor the employees are required to contribute to the retirement system for sick and annual leave payments. Accrued sick and vacation leave will be paid from future years' resources. No allowance is made for the immaterial amounts of sick leave forfeited when employees resign or retire. A current liability for sick and annual leave is reported in the Governmental Funds only if it is due and payable as of year-end as the result of an employee's retirement during the fiscal year.

#### **L. Long-Term Liabilities**

Bond premiums and discounts, as well as issuance costs, are recognized in the fund financial statements in the period the bonds are issued. Bond proceeds are reported as an Other Financing Source. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. Deferred gains on refunding are capitalized and amortized over the life of the refunding in the Government-Wide Financial Statements.

In the Government-wide Financial Statements bond premiums are reported on the balance sheet net of amortization and amortized over the life of the bonds. Bond proceeds have been reported in the Government-wide Financial Statements as a long-term liability.

The School Board provides certain continuing medical, dental, vision and life insurance benefits for its retired employees. The other post-employment (OPEB) benefits plan is a single-employer defined benefit

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“substantive plan” as understood by past practices of the School Board. The current cost of other post-employment benefits is recognized in the fund financial statements in the year earned.

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. Deferred resources for investments are reported at their fair value.

**M. Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. *Deferred Outflows* 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) until then. These have a positive effect on net position and are similar to assets. The School Board has two items that qualify for reporting in this category; the *deferred charge on refunding* and the *deferred charge on pensions* and are reported in the government-wide Statement of Net Position. The deferred charge on refunding is the result of the difference in the carrying value of refunded debt and its reacquisition price for bonds issues that were refunded in previous fiscal periods. This amount is deferred and amortized over the shorter of the life of the refunded or refunding bond issues.

In addition to liabilities, a separate section for deferred inflows of resources is reported in the Statement of Net Position. *Deferred Inflows* represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. These have a negative effect on net position and fund balance, and are similar to liabilities.

The School Board has deferred inflows reported on the government-wide Statement of Net Position as *unavailable revenue* from the deferred changes on pensions. These amounts are reported as deferred and recognized as an inflow of resources in the period the amounts become available.

**N. Equity Classifications**

***Government-wide Financial Statements***

Equity is classified as “net position” in the Government-wide Financial Statements. Net position is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net position is shown in three classifications in the Statement of Net Position:

- Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced generally by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

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- Restricted Net Position – Consists of net position with constraints placed on the use whether by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

The following net positions are considered restricted:

- Debt service resources from sales and use taxes and ad valorem taxes levied specifically to meet the principal and interest payments of various general obligation and revenue bond issues via an approved public referendum in accordance with state law and bond covenants with investors.
  - Available resources from sales taxes specifically dedicated by taxing propositions approved by voters.
- Unrestricted Net Position – All other net positions that do not meet the definition of “restricted” or “net investments in capital assets”.

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

***Fund Financial Statements***

In the fund financial statements, equity is classified as “fund balance”. Fund balance is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Fund balance is classified according to its useful purpose or function of restriction at year-end in one or more of the following categories:

- Nonspendable fund balance represents resources that cannot be physically used to settle obligations of the school system, such as food inventory.
- Restricted fund balance represent resources restricted by enabling legislation, state or federal laws, tax ordinances or by local, state or Federal grant regulations for future use and are, therefore, not available for future appropriation or expenditure.
- Committed fund balance indicates the School Board’s plans for the use of financial resources in a future period for specific purposes determined by the School Board, the highest level of the government’s decision-making authority. Fund balance commitments are made by formal actions of the School Board in the form of a resolution, ordinance, or action approved by the majority vote of the School Board in an open meeting prior to the end of the fiscal year. Once adopted, the

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limitation imposed by the instrument remains in place until a similar action is taken to remove or revise the limitation.

- Assigned fund balances are those determined by the Board of the Finance Committee, under authority given under a resolution of the Board, as needed for the payment of future commitments.
- Unassigned fund balance is the remaining fund balance in the General Fund after all classifications have been made in the previously described fund balance categories. Unassigned fund balance is only reported in the General Fund. However, a negative unassigned fund balance may be reported in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

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

The School Board has not established through board resolution unassigned fund balance requirements.

**O. Sales and Use Taxes**

On May 19, 1979, the voters of Union Parish approved a one percent sales and use tax to be collected within Union Parish. The sales and use tax is collected by the Union Parish Sales Tax Commission and remitted to the Union Parish School Board. The funds are then deposited in the sales tax special revenue fund.

On January 20, 2001, the voters of Union Parish approved a one percent sales and use tax to be collected within Union Parish. The tax is for an indefinite period of time. Eighty-five percent of the proceeds from the tax are dedicated for salaries and benefits of teachers and other school employees. The remaining fifteen percent is dedicated for constructing, improving, maintaining, and operating public schools. The School Board has the authority to fund a portion of the sales tax into bonds.

The voters of Union Parish approved on May 3, 2014, a one percent sales tax to be collected within Union Parish. The tax is for an indefinite period of time. The proceeds from the tax are to be used for the purpose of operating and maintaining schools and school related facilities, including paying salaries and benefits of teachers and other school personnel.

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**P. Encumbrances**

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

**Q. Levied Taxes**

The School Board levies taxes on real and business personal property located within Union Parish. Property taxes are levied by the School Board on property values assessed by the Union Parish Tax Assessor and approved by the State of Louisiana Tax Commission.

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

**Property Tax Calendar:**

Millage rates adopted	05-17-2017
Levy date	10-03-2017
Tax bills mailed	10-05-2017
Due date	12-31-2017
Lien date	01-01-2018
Tax Sale – 2017 delinquent property	06-05-2018

Assessed values are established by the Union 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. Total assessed value was \$192,569,037 in calendar year 2017. Louisiana state law exempts the first \$75,000 of assessed value of a taxpayer's primary residence from parish property taxes. The homestead exemption was \$35,730,104 of the assessed value in calendar year 2017.

State law requires the sheriff to collect property taxes in the calendar year in which the assessment is made. Property taxes become delinquent on 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



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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 fund and the debt service fund. Revenues in such funds are recognized in the accounting period in which an enforceable legal claim arises. Estimated uncollectible taxes are those taxes based on past experience which will not be collected in the subsequent year are primarily due to the subsequent adjustments to the tax roll. The School Board uses the lien date to establish the enforceable legal claim date.

The tax roll is prepared by the parish tax assessor in November of each year. The collection of the property taxes occurs in December, and January and February of the following year. As a result, substantially no property taxes are reflected as receivable for 2018 on the accompanying balance sheet because most are not available within 60 days of the School Board's year-end.

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:

	Adjusted Maximum Millage	Levied Millage	Expiration Date
Parish-wide taxes:			
Constitutional	3.55	3.55	Statutory
Operations and maintenance	15.00	15.00	2022
Operations	4.00	4.00	2033

**R. Use of Estimates**

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

**S. Budget and Budgetary Accounting**

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

In September, the Business Manager submits to the School Board proposed annual appropriated budgets for the General Fund, Special Revenue Funds, and Debt Service Funds for the fiscal year commencing the

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prior July 1. A public hearing is conducted to obtain taxpayer comments. Prior to September 15, the School Board legally enacts the budget through adoption. The only legal requirement is that the School Board adopt a balanced budget; that is total budgeted expenditures and other financing sources (including fund balance) must equal or exceed total budgeted expenditures and other financing uses. The budget is revised periodically throughout the school year, when deemed appropriate, but a balanced budget is always approved.

The General Fund budget is adopted on a basis consistent with GAAP. Unencumbered appropriations in the General Fund lapse at the end of the fiscal year, whereas, encumbered appropriations are carried forward to the following year. Budgeted amounts are as originally adopted or as amended by the School Board.

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

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

**T. New Accounting Pronouncements**

*Statement No. 75-Accounting and Financial Reporting for Postemployment Benefits other than Pensions* issued by the Government Accounting Standards Board. GASB Statement No. 75 replaces the requirements of Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. GASB Statement No. 75 improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions. The provisions of GASB Statement No. 75 have been implemented by the School Board for the year ending June 30, 2018.

*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

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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.

**2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Excess of Actual Expenditures over Budget Expenditures**

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund	\$23,768,429	\$24,427,924	\$659,495

**B. Deficit Fund Balance**

<u>Fund</u>	<u>Fund Deficit</u>
Major Fund	
General Fund	\$(227,345)
Nonmajor – Capital Project Fund	
Safe Room Project	\$(189,780)

The General Fund reported a fund deficit of \$227,345 for the year ended June 30, 2018. This deficit is due to unexpected expenditures in fiscal year 2018 and will be eliminated or reduced during fiscal years 2019 and 2020 by a reduction of expenditures.

The deficit in the Safe Room Project was created due to an overspending of the grant. The \$189,779 balance is being requested from Homeland Security but additional funding is not specifically known. Should part or all this remaining balance be uncollected, the General Fund will cover the remaining unfunded amount.

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**3. CASH AND CASH EQUIVALENTS**

*Custodial credit risk - deposits.* The School Board's cash and cash equivalents consist of deposits with financial institutions. The following is a schedule of the School Board's cash and cash equivalents at June 30, 2018. Differences between School Board balances and the bank balances arise because of the net effect of deposits-in-transit and outstanding checks.

	<u>Book Balance</u>	<u>Bank Balance</u>
Cash		
Governmental Funds		
Demand deposits-checking	\$ 2,551,365	\$ 3,368,749
Agency Funds		
Demand deposits-checking	<u>214,724</u>	<u>221,614</u>
Total cash	2,766,089	3,590,363
Cash Equivalents		
Agency Funds		
Certificates of Deposit	<u>22,511</u>	<u>22,511</u>
Total cash equivalents	<u>22,511</u>	<u>22,511</u>
Total cash and cash equivalent	\$ <u>2,788,600</u>	\$ <u>3,612,874</u>

Louisiana Revised Statute 39:1225 requires the School Board to insure its bank balances from loss against custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the School Board's deposits may not be returned. The School Board had bank balances of \$3,612,874, of which \$272,511 were insured by federal depository insurance (FDIC) and \$3,340,363 were covered by securities held as collateral by the trust department of agents of custodial banks in the name of the School Board at year-end.

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

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

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

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**4. Receivables**

The receivables of \$2,190,988 at June 30, 2018, as reported in the Fund Financial Statements are as follows:

	<u>Sales and Use Taxes</u>	<u>Grantor Agencies</u>	<u>Other</u>	<u>Total</u>
<b>Major Funds</b>				
General Fund	\$ 248,728	\$ -	\$ 28,500	\$ 277,228
Total major funds	<u>248,728</u>	<u>-</u>	<u>28,500</u>	<u>277,228</u>
<b>Non-Major Funds</b>				
Special Revenue Funds				
1979 Sales Tax	248,728	-	-	248,728
2001 Sales Tax	248,728	-	-	248,728
Special Education	-	251,586	-	251,586
School Food Service	-	32,068	-	32,068
Title I	-	437,606	-	437,606
TANF	-	176,132	-	176,132
Carl Perkins	-	16,228	-	16,228
21 <sup>st</sup> Century	-	82,165	-	82,165
Other Miscellaneous	-	351,158	-	351,158
Total special revenue funds	497,456	1,346,943	-	1,844,399
Capital Projects Fund				
Safe Room Project	-	69,361	-	69,361
Total non-major funds	-	69,361	-	1,913,760
 Total governmental funds	 <u>\$ 746,184</u>	 <u>\$ 1,416,304</u>	 <u>\$ 28,500</u>	 <u>\$ 2,190,988</u>

All governmental receivables are expected to be collected within the next fiscal year and therefore, no allowance for doubtful accounts is recorded.

The School Board also has a \$161,850 receivable from an outside entity for a loss recovery that is reflected on the government-wide financial statements only due to being received after 60 days past year-end.

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**5. Capital Assets**

The changes in capital assets during the fiscal year were as follows:

	<u>07/01/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>06/30/2018</u>
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 378,351	\$ -	\$ -	\$ 378,351
Construction in progress	29,488,947	9,235,963	7,566,522	31,158,388
Total capital assets, not being depreciated	29,867,298	9,235,963	7,566,522	31,536,739
Capital assets being depreciated				
Buildings	14,450,566	7,566,522	-	22,017,088
Furniture and equipment	6,159,644	441,800	-	6,601,444
Total capital assets being depreciated	20,610,210	8,008,322	-	28,618,532
Less accumulated depreciation				
Buildings	5,461,229	332,287	-	5,793,516
Furniture and equipment	4,239,607	281,008	-	4,520,615
Total accumulated depreciation	9,700,836	613,295	-	10,314,131
Total capital assets being depreciated, net	10,909,374	7,395,027	-	18,304,401
Capital assets, net	<u>\$40,776,672</u>	<u>\$ 16,630,990</u>	<u>\$7,566,522</u>	<u>\$49,841,140</u>

Depreciation expense was charged to governmental activities as follows:

	<u>Depreciation</u>
Instructional services:	
Regular programs	\$ 332,385
Vocational programs	998
Support services:	
Plant services	12,746
Student transportation services	263,336
Non-instructional services:	
Food service operations	<u>3,830</u>
Total depreciation expense	<u>\$ 613,295</u>

**Union Parish School Board  
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**6. Pension Plans**

*General Information about the Pension Plans*

**Plan Descriptions**

Substantially all employees of the School Board are provided with pensions through cost-sharing multiple-employer defined benefit pension plans administered by the Teachers' Retirement System Louisiana ("TRSL") or the Louisiana School Employees' Retirement System ("LSERS"), both of which are administered on a statewide basis. The authority to establish and amend the benefit terms of TRSL and LSERS was granted to the respective Board of Trustees and the Louisiana Legislature by Title 11 of the Louisiana Revised Statutes. TRSL and LSERS each issue publicly available financial reports that can be obtained at [www.trsl.org](http://www.trsl.org) and [www.lservers.net](http://www.lservers.net), respectively.

**Benefits Provided**

TRSL

TRSL provides retirement, deferred retirement option (DROP), disability, and survivor's benefits. Participants should refer to the appropriate statutes for more complete information. Regular Plan - Members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after January 1, 2011 may retire with a 2.5% accrual rate after attaining age sixty with at least 5 years of service credit and are eligible for an actuarially reduced benefit with 20 years of service at any age. All other members, if initially hired on or after July 1, 1999, are eligible for a 2.5% accrual rate at the earliest of age 60 with 5 years of service, age 55 with 25 years of service, or at any age with 30 years of service. Members may retire with an actuarially reduced benefit with 20 years of service at any age. If hired before July 1, 1999, members are eligible for a 2% accrual rate at the earliest of age 60 with 5 years of service, or at any age with 20 years of service and are eligible for a 2.5% accrual rate at the earliest of age 65 with 20 years of service, age 55 with 25 years of service, or at any age with 30 years of service. Plan A - Members may retire with a 3.0% annual accrual rate at age 55 with 25 years of service, age 60 with 5 years of service or 30 years of service, regardless of age. Plan A is closed to new entrants. Plan B - Members may retire with a 2.0% annual accrual rate at age 55 with 30 years of service, or age 60 with 5 years of service.

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

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

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

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

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

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

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

The Optional Retirement Plan (ORP) was established for academic employees of public institutions of higher education who are eligible for membership in TRSL. This plan was designed to provide certain



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

**LSERS**

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

Benefit provisions are authorized and amended under Louisiana Revised Statutes. Benefit provisions are dictated by LA R.S. 11:1141 - 11:1153. A member who joined the system on or before June 30, 2010 is eligible for normal retirement if he has at least 30 years of creditable service regardless of age, 25 years of creditable service and is at least age 55, 20 years of creditable service regardless of age with an actuarially reduced benefit, or 10 years of creditable service and is at least age 60. A member who joined the system on or after July 1, 2010 is eligible for normal retirement if he has at least 5 years of creditable service and is at least age 60, or 20 years of creditable service regardless of age with an actuarially reduced benefit. For members who joined the system prior to July 1, 2006, the maximum retirement benefit is an amount equal to 3 1/3% of the average compensation for the three highest consecutive years of membership service, subject to the 10% salary limitation, multiplied by the number of years of service limited to 100% of final average compensation plus a supplementary allowance of \$2.00 per month for each year of service. For members who joined the system on or after July 1, 2006 through June 30, 2010, 3 1/3% of the average compensation is used to calculate benefits; however, the calculation consists of the five highest consecutive years of membership service, subject to the 10% salary limitation. For members who join the system on or after July 1, 2010, 2 1/2% of the average compensation is used to calculate benefits and consists of the five highest consecutive years' average salary, subject to the 15% salary limitation. The supplemental allowance was eliminated for members entering the Plan on or after July 1, 1986. Effective January 1, 1992, the supplemental allowance was reinstated to all members whose service retirement became effective after July 1, 1971.

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

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

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

**Contributions**

TRSL

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

TRSL Sub Plan	Contribution Rates	
	School Board	Employees
K-12 Regular Plan	26.6%	8.0%
Lunch Plan A	26.6%	9.1%
Lunch Plan B	26.6%	5.0%

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**Notes to the Basic Financial Statements  
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The School Board's contractually required composite contribution rate for the year ended June 30, 2018 was 26.4% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the School Board were \$2,600,954 for the year ended June 30, 2018.

**LSERS**

Contributions for members are established by state statute at 7.5% of their annual covered salary for members employed prior to July 1, 2010 and 8.0% for members employed subsequent to July 1, 2010. Contributions for all participating school boards are actuarially determined as required by Act 81 of 1988 but cannot be less than the rate required by the Constitution. The actuarial required contribution rate for June 30, 2018 was 27.6%. The actual employer rate for the year ended June 30, 2018 was 27.6%. A difference may exist due to the State Statute that requires the rate to be calculated in advance. Contributions to the pension plan from the School Board were \$392,872 for the year ended June 30, 2018.

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

The net pension liabilities were measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School Board's proportion of the net pension liability for TRSL was based on a projection of the School Board's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Schools Board's proportion of the net pension liability of LSERS was based on the School Board's historical contributions.

The following table reflects the School Board's proportionate share of the Net Pension Liability for each of the pension plans, the proportion at June 30, 2017 and the change compared to the June 30, 2016 proportion.

	Net Pension Liability at June 30, 2018	Proportion at June 30, 2017	Increase (Decrease) to June 30, 2016 Proportion
TRSL	\$ 21,801,129	0.212655%	0.002685%
LSERS	3,419,021	0.534283%	-0.016435%
	<u>\$ 25,220,150</u>		

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The following table reflects the School Board's recognized pension expense plus the School Board's amortization of change in proportionate share and difference between employer contributions and proportionate share of contributions for each of the pension plans for the year ended June 30, 2018.

	Pension Expense	Amortization	Total
TRSL	\$ 1,684,892	\$ (300,368)	\$ 1,384,524
LSERS	313,097	(10,772)	302,325
	<u>\$ 1,997,989</u>	<u>\$ (311,140)</u>	<u>\$ 1,686,849</u>

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

<u>TRSL</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (716,638)
Changes in assumptions	229,893	-
Net difference between projected and actual earnings on pension plan investments	-	(563,084)
Changes in proportion and differences between employer contributions and proportionate share of contributions	644,164	(693,848)
Employer contributions subsequent to the measurement date	2,600,954	-
Total TRSL	<u>\$ 3,475,011</u>	<u>\$ (1,973,570)</u>

<u>LSERS</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (79,728)
Changes in assumptions	71,690	(53,263)
Net difference between projected and actual earnings on pension plan investments	-	(53,462)
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	(189,404)
Employer contributions subsequent to the measurement date	392,872	-
Total LSERS	<u>\$ 464,562</u>	<u>\$ (375,857)</u>

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
TRSL	\$ 3,475,011	\$ (1,973,570)
LSERS	464,462	(375,857)
	<u>\$ 3,939,573</u>	<u>\$ (2,349,427)</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 net pension liability in the year ending June 30, 2019. The following table lists the pension contributions made subsequent to the measurement period for each pension plan:

	Subsequent Contributions
TRSL	\$ 2,600,954
LSERS	392,872
	<u>\$ 2,993,826</u>

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

Year ending June 30:	TRSL	LSERS	Total
2019	\$ (831,165)	\$ (266,544)	\$ (1,097,709)
2020	258,318	64,239	322,557
2021	(60,231)	22,536	(37,695)
2022	(466,435)	(124,398)	(590,833)
	<u>\$ (1,099,513)</u>	<u>\$ (304,167)</u>	<u>\$ (1,403,680)</u>

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**Notes to the Basic Financial Statements  
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*Actuarial Assumptions*

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2017 are as follows:

	TRSL	LSERS
Valuation Date	June 30, 2017	June 30, 2017
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Approach	Closed	
Actuarial Assumptions:		
Expected Remaining Service Lives	5 years	3 years
Investment Rate of Return	7.70% net of investment expenses	7.125% net of investment expenses
Inflation Rate	2.50% per annum.	2.625%
Salary Increases	3.5% - 10.0% varies depending on duration of service.	3.075% - 5.375%
Cost of Living Adjustments	None	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.
Mortality	Mortality rates based on the RP-2000 Mortality Table with projection to 2025 using Scale AA.	Mortality rates based on the RP-2000 Sex Distinct Morality Table.
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a five-year (2008-2012) experience study of the System's members.	Termination, disability, and retirement assumptions were projected based on a five-year (2008-2012) experience study of the System's members.

\* The investment rate of return used in the actuarial valuation for funding purposes was 8.20%, recognizing an additional 40 basis points for gain sharing and 15 basis points to offset administrative expenses.

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

TRSL	LSERS
The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.	The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The following table provides a summary of the best estimates of arithmetic real rates of return for each major asset class included in each of the pension plans' target asset allocation as of June 30, 2017:

Asset Class	Target Allocation		Long-Term Expected Portfolio Real Rate of Return	
	TRSL	LSERS	TRSL	LSERS
Cash	-	-	-	-
Domestic equity	27.0%	51.0%	4.28%	7.26%
International equity	19.0%	-	4.96%	-
Domestic fixed income	13.0%	30.0%	1.98%	3.14%
International fixed income	5.5%	-	2.75%	-
Alternative investments	35.5%	13.0%	8.47%	6.41%
Global asset allocation	-	-	-	-
Real assets	-	6.0%	-	7.50%
Total	100.0%	100.0%	n/a	6.10%
Expected inflation				2.00%
Expected Arithmetic Nominal Return				8.10%

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**Discount Rate**

The discount rates used to measure the total pension liability for TRSL and LSERS were 7.70% and 7.125%, respectively, for the year ended June 30, 2017.

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

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

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

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
<b>TRSL</b>			
Discount rate	6.70%	7.70%	8.70%
Share of NPL	\$ 28,091,253	\$ 21,801,129	\$ 16,450,273
<b>LSERS</b>			
Discount rate	6.125%	7.125%	8.125%
Share of NPL	\$ 4,687,076	\$ 3,419,021	\$ 2,330,059

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

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The School Board recognizes revenue in an amount equal to their proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended June 30, 2018, the School Board recognized revenue as a result of support received from non-employer contributing entities of \$82,431 for its participation in TRSL. LSERS does not receive support from non-employer contributing entities and, as a result, no revenue was recorded for LSERS for the year ended June 30, 2018.



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*Pension Plans Fiduciary Net Position*

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

*Payables to the Pension Plan*

As of June 30, 2018, the School Board had payables due to the pension plans totaling \$835,301. Payables are the School Board's legally required contributions to the pension plans. Outstanding balances will be applied the School Board's required monthly contributions. The balance due to each of the pension plans is as follows:

	<u>Payables</u>
TRSL	\$ 719,173
LSERS	116,128
Total	<u>\$ 835,301</u>

**7. Postemployment Health Care and Life Insurance Benefits**

**General Information about the OPEB Plan**

*Plan description* – The School Board participates in a fully insured health insurance and life insurance program administered by the Louisiana Office of Group Benefits (OGB) and provides certain continuing health care and life insurance benefits for its retired employees. The Union Parish School Board's OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the School Board. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the School Board. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 *Postemployment Benefits Other Than Pensions—Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit*.

*Benefits Provided* – Medical and life insurance benefits are provided to employees upon actual retirement. The Plan provides medical benefits through the OGB, which involves several statewide networks and one HMO with a premium structure by region. The plan provisions are contained in the official plan documents of the OGB, available at [www.groupbenefits.org](http://www.groupbenefits.org) - "Quick Links" - "Health Plans". The OGB plan is a fully insured, multiple-employer arrangement. Medical benefits are provided to employees upon actual retirement. The retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age; age 55 and 25 years of service; or, age 60 and 5 years of service. Employees who became members of the system on or after January 1, 2011 must be at least age 60 to be eligible for retirement (D.R.O.P. entry) with an unreduced benefit.

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Life insurance coverage under the OGB program is available to retirees by election and the employer pays 50% of the cost of the retiree life insurance based on the blended active/retired OGB rates.

*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	234
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>202</u>
Covered employees	<u><u>436</u></u>

**Total OPEB Liability**

The School Board's total OPEB liability of \$34,533,331 was measured as of June 30, 2018 and was determined by an actuarial valuation dated June 30, 2018 and rolled back to July 1, 2017.

*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:

Inflation	3.0%
Salary increases	3.5%, including inflation
Discount rate	3.88%
Healthcare cost trend rates	level 5.50%

The discount rate was based on the Bond Buyers' 20 Year General Obligation municipal bond index.

Mortality rates were based on the following: RPH-2014 Total Table with Projection MP-2018.

The plan has not had a formal actuarial experience study performed.

**Changes in the Total OPEB Liability**

Balance at July 1, 2017	<u>\$ 33,607,595</u>
Changes for the year:	
Service cost	1,095,780
Interest	1,317,630
Benefit payments	<u>(1,487,674)</u>
Net changes	<u>925,736</u>
Balance at June 30, 2018	<u><u>\$ 34,533,331</u></u>

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The School Board did not report any changes in assumptions since the prior measurement date in the fiscal year ended 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 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1.0% Decrease (2.88%)	Current Discount Rate (3.88%)	1.0% Increase (4.88%)
Total OPEB liability	\$ 40,073,672	\$ 34,533,331	\$ 30,136,756

*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 1-percentage-point lower or 1-percentage-point higher than the current healthcare trend rates:

	1.0% Decrease	Current Trend	1.0% Increase
Total OPEB liability	\$ 30,291,576	\$ 34,533,331	\$ 39,903,112

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2018, the School Board recognized OPEB expense of \$2,413,410. The School Board did not report any deferred outflows of resources or deferred inflows of resources related to the OPEB plan as of June 30, 2018.

**8. Agency Fund Deposits Due Others (FFS level only)**

The following is a summary of changes in agency fund deposits due others:

	07/01/2017	Additions	Deletions	06/30/2018
Agency Funds:				
School Activity Funds	\$ 208,630	\$ 585,313	\$ 556,708	\$ 237,235

**Union Parish School Board  
Farmerville, Louisiana**

**Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2018**

**9. General Long-Term Obligations**

The following table presents a summary of bonded indebtedness during the fiscal year:

Original Issue	Issue Date	Original Borrowing	Interest Rates to Maturity	Maturity Date	Interest to Maturity	Outstanding June 30, 2018
<b>Governmental Activities</b>						
General obligation						
Series 2014	07-24-2014	\$ 9,800,000	2.00% - 4.00%	03-01-2034	\$ 2,495,406	\$ 8,445,000
Series 2015	03-26-2015	\$15,000,000	2.25% - 5.00%	03-01-2035	4,404,214	14,005,000
Series 2016	03-22-2016	\$17,700,000	3.00% - 4.00%	03-01-2036	6,275,919	17,700,000
Limited Tax						
Series 2017	01-11-2017	\$ 3,600,000	3.00% - 4.25%	03-01-2036	1,368,327	3,455,000
<b>Total</b>					<b>\$14,543,866</b>	<b>\$44,005,000</b>

Bond principal and interest are due in total, to maturity, as follows:

Year Ended June 30,	Principal Payments	Interest Payments	Total
2019	\$ 1,350,000	\$ 1,427,013	\$ 2,777,013
2020	1,445,000	1,377,563	2,822,563
2021	1,485,000	1,323,412	2,808,412
2022	1,585,000	1,266,712	2,851,712
2023	1,680,000	1,206,060	2,886,060
2024-2028	12,020,000	5,144,282	17,164,282
2029-2033	15,945,000	2,997,789	18,942,789
2034-2036	8,495,000	515,539	9,010,539
<b>Total</b>	<b>\$44,005,000</b>	<b>\$14,543,866</b>	<b>\$58,548,866</b>

All principal and interest requirements are funded in accordance with Louisiana law by the annual ad valorem tax levy on taxable property within the parish. At June 30, 2018, the School Board has accumulated \$867,968 in the Debt Service Fund for future debt service requirements.

**General Obligation Bonds**

The School Board issued \$9,800,000 of General Obligation bonds, Series 2014 on July 24, 2014, which was the first part of a \$42,500,000 bond issue. The principal and interest are to be paid March 1, 2015 through March 1, 2034. The School Board issued a second portion of the \$42,500,000 bond issue in the amount of \$15,000,000 on March 26, 2015. The interest is to be paid September 1, 2015 through March 1, 2035. Principal is to be paid March 1, 2018 through March 1, 2035. The School Board issued the third and

**Union Parish School Board  
Farmerville, Louisiana**

**Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2018**

last portion of the \$42,500,000 bond issue in the amount of \$17,700,000 on March 22, 2016. The interest is to be paid September 1, 2016 through March 1, 2036. Principal is to be paid March 1, 2019 through March 1, 2036. The proceeds, as stated in the official bond issue, are to be used by the School Board "for the purpose of (i) acquiring and/or improving lands for building sites and playgrounds, including construction of necessary sidewalks and streets adjacent within and for the District, and acquiring the necessary equipment and furnishings therefor, and specifically for those facilities, technology and security initiatives set forth in the Capital Improvement Plan approved by the School Board on January 13, 2014, and (ii) paying the costs of issuance of the bonds". All principal and interest requirements are funded in accordance with Louisiana law by the annual ad valorem tax levy on taxable property within the parish.

**Pledged Revenue**

In January 2017 the School Board issued \$3,600,000 in Limited Tax Revenue Bonds for the purpose of acquiring, constructing, improving, equipping and furnishing school buildings and other school related facilities, including school buses and vehicles, and paying the costs incurred in connection with the issuance, thereof. The School Board has pledged, as security for both bonds, a portion of the 3.55 mills Constitutional ad valorem tax. The bonds are payable solely from the constitutional tax collected and are payable through fiscal year end 2036. Total principal and interest to be paid on the bond is \$3,600,000 and \$1,569,950, respectively. For the year ended June 30, 2017 the School Board received \$540,043 from the collection of the tax and paid \$18,872 in debt service interest. The annual required principal and interest payments are estimated to be 48% of the tax revenue over the next 19 years.

The following is a summary of governmental activities long-term obligation transactions for the year ending June 30, 2018:

Long-term Obligations	Balance			Amounts	
	June 30, 2017	Additions	Deductions	June 30, 2018	Due Within One Year
General Obligation bonds	\$41,515,000	\$ -	\$965,000	\$40,550,000	\$ 1,200,000
Limited revenue tax	3,600,000		145,000	3,455,000	150,000
Net pension liability	28,798,947	-	3,578,797	25,220,150	-
Bond premium	363,976	-	19,302	344,674	19,302
OPEB liability	33,607,595	925,736	-	34,533,331	-
Compensated absences	844,435	-	119,208	725,227	119,208
Total	<u>\$ 108,729,953</u>	<u>\$925,736</u>	<u>\$4,827,307</u>	<u>\$104,828,382</u>	<u>\$1,488,510</u>

Compensated absences, capital lease, workers' compensation claims, OPEB and net pension liabilities attributable to the governmental activities will be liquidated mainly by the General Fund.

**Union Parish School Board  
Farmerville, Louisiana**

**Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2018**

**10. Interfund Assets / Liabilities (FFS level only)**

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

	<u>Due To Other Funds</u>	<u>Due From Other Funds</u>
<i>Major Fund</i>		
General Fund-Variou	\$ 1,432,060	\$ -
<i>Nonmajor Funds</i>		
<b>Special Revenue Funds</b>		
Special Education-		
Deficit cash balance/indirect costs	2,856	-
School Food Service-Temporary transfer	79,636	-
1979 Sales Tax-Deficit cash balance	-	247,482
2001 Sales Tax-Deficit cash balance	-	136,122
Special Education		
Deficit cash balance/indirect costs	-	236,232
Title I-Deficit cash balance/indirect costs	-	238,373
TANF-Deficit cash balance	-	109,792
Carl Perkins- Deficit cash balance/indirect costs	-	12,585
21 <sup>st</sup> Century- Deficit cash balances/indirect costs	-	81,435
Other Miscellaneous		
Deficit cash balance/indirect costs	34	193,425
Total Nonmajor Special Revenue Funds	82,526	1,255,446
 <b>Capital Projects Fund</b>		
Safe Room Project-other	-	259,141
Total Nonmajor Funds	82,526	1,514,586
Total interfund assets / liabilities	<u>\$ 1,514,586</u>	<u>\$ 1,514,586</u>

The balances due for cash deficits are due to timing differences in receiving reimbursements from grantors for expenditure reimbursement grants after the fiscal year ended and a limited number of temporary transfers during the year. The General Fund pays the obligations of expenditure reimbursement grants until a claim is filed and payment is received. Indirect cost balances represent the outstanding indirect cost payments due to the General Fund for the expenditures on outstanding grant reimbursement claims filed but not yet received from grantors by year end. The cash deficits in the two sales tax receivable accounts will be covered by receivables due to those funds. All interfund transactions will be completed during the 2018-19 fiscal year. The cash deficit in the Safe Room Project was created due to an overspending of the grant. A \$69,361 receivable is outstanding as of June 30, 2018 and the remaining \$189,779 balance is being requested but additional funding is not specifically known. Should part or all this remaining balance be uncollected, the General Fund will cover the remaining unfunded amount.

**Union Parish School Board  
Farmerville, Louisiana**

**Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2018**

**11. Nonspendable, Restricted, Committed, and Assigned Fund Balances (FFS level only)**

The following Governmental Funds' fund balances are nonspendable, legally restricted, committed, or assigned for the following purposes:

<u>NONSPENDABLE</u>	<u>PURPOSE</u>	<u>JUNE 30, 2018</u>
Nonmajor Funds:		
Special Revenue Funds:		
School Food Service	Food inventory	\$ 33,534
<b>Total Nonspendable Fund Balance</b>		<b>\$ 33,534</b>

<u>RESTRICTED</u>	<u>PURPOSE</u>	<u>JUNE 30, 2018</u>
Major Funds:		
General Fund	Scholarship	\$ 9,000
Debt Service Fund	Bonded debt principle/interest	867,968
Construction Fund #3	School construction	196,120
Construction Fund #4	School construction	449,407
Total Major Funds		<u>1,522,495</u>

Nonmajor Funds:		
Special Revenue Funds:		
2001 Sales Tax	Salaries and related benefits	5,809
21 <sup>st</sup> Century	Miscellaneous	34
Other Miscellaneous Funds	Various	8,797
Total Nonmajor Special Revenue		<u>14,640</u>
<b>Total Restricted Fund Balance</b>		<b><u>\$1,537,135</u></b>

<u>COMMITTED</u>	<u>PURPOSE</u>	<u>JUNE 30, 2018</u>
Major Funds:		
General Fund	Building and equipment repair	\$ 75,100
General Fund	School buses and equipment	28,820
<b>Total Committed Fund Balance</b>		<b><u>\$ 103,920</u></b>

**Union Parish School Board  
Farmerville, Louisiana**

**Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2018**

**12. Litigation and Contingencies**

The School Board is a defendant in certain litigation. It is the opinion of legal counsel for the School Board that ultimate resolution of these lawsuits would not materially affect the financial statements.

The School Board participates in a number of state and federal 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 the terms of the grants. Management of the School Board believes that the amount of disallowances, if any, which may arise from such audits would not be material to the financial statements.

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

**13. Risk Management**

The School Board is at risk for property damage, liability, and theft which are covered by commercial insurance policies. Settled claims resulting from those risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**14. On-Behalf Payments**

On-behalf payments for fringe benefits and salaries are direct payments 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 that employer governments recognize revenue and expenditures or expenses for these on-behalf payments.

The State of Louisiana made pension contributions in relation to the Professional Improvement Program directly to the Teachers' Retirement System of Louisiana on behalf of the School Board in the amount of \$607. The amount was recognized as state revenue and a corresponding expenditure in the applicable fund from which the salary was paid.

The Parish Tax Collector makes pension contributions to the Teachers' Retirement System of Louisiana on behalf of the School Board. 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 revenues and expenditures is the actual contributions made by the Tax Collector's office. For the 2018 fiscal year, the Tax Collector paid the Teachers' Retirement System of Louisiana \$101,500 on behalf of the School Board. This amount was recognized as ad valorem revenue and a reduction in the School Board's required contributions.



**Union Parish School Board  
Farmerville, Louisiana**

**Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2018**

**15. Economic Dependency**

The Minimum Foundation Funding provided by the state to all public school systems in Louisiana is primarily based on October 1 student count. The state provided \$13,372,129 to the School Board, which represents approximately 44% of the School Board's total revenue for the year. Federal revenues accounts for another \$5,080,486 (17%) of total revenues.

**16. Interfund Transfers (FFS level only)**

Transfers to/from other Governmental Funds for the year ending June 30, 2018 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<b>Major Funds:</b>		
General Fund	\$ 2,930,692	\$ 77,098
Nonmajor Special Revenue Funds		
1979 Sales Tax	77,098	1,465,346
2001 Sales Tax	-	1,465,346
Nonmajor Special Revenue Funds	<u>77,098</u>	<u>2,930,692</u>
Total	<u>\$ 3,007,790</u>	<u>\$ 3,007,790</u>

The \$1,465,346 transfer from the Nonmajor Special Revenue Fund – 1979 Sales Tax to the General Fund was to transfer \$1,100,552 for the local effort that went to the charter school from the MFP and a \$364,794 transfer for administrative costs.

The \$1,465,346 transfer from the Nonmajor Special Revenue Fund – 2001 Sales Tax to the General Fund was to transfer \$1,100,552 for the local effort that went to the charter school from the MFP and a \$364,794 transfer for administrative costs.

The \$77,098 transfer from the General Fund's 2014 Sales Tax (which is included as part of the General Fund) to the Nonmajor Special Revenue Fund's 1979 Sales Tax was to average out the salaries and benefits disbursed between these two sales taxes. Both taxes are for salaries and benefits.

**Union Parish School Board  
Farmerville, Louisiana**

**Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2018**

**17. Prior Period Adjustment**

The School Board adopted Government Accounting Standards Board (GASB) Statement Number 75 - *Accounting and Financial Reporting/or Postemployment Benefits Other Than Pensions*. The net effect to the School Board's Statement of Net Position for the prior year that resulted from the adoption of GASB 75 is as follows:

	Governmental Activities
Total net position, June 30, 2017, as previously reported	\$ (26,735,284)
Reverse post-employment benefit obligation, June 30, 2017	10,062,831
Record total post-employment benefit liability, June 30, 2017	<u>(33,607,595)</u>
Net effect	<u>(23,544,764)</u>
Total net position, June 30, 2017, restated	\$ <u>(50,280,048)</u>

**18. Subsequent Events**

The School Board has evaluated subsequent events through April 30, 2019, the date which the financial statements were available for issue and noted no events occurring subsequent to the reporting period requiring disclosure except as previously disclosed.

**19. Current Accounting Standards Scheduled to be Implemented**

Following is a summary of accounting standards adopted by the Governmental Accounting Standards Board (GASB) that are scheduled to be implemented in the future that may affect the School Board's financial report:

GASB Statement 83, *Certain Asset Retirement Obligations (ARO)*. This standard establishes criteria for determining the timing and pattern of recognition of an ARO liability and a corresponding deferred outflow of resources. An ARO is a legally enforceable liability associated with the sale, recycling, retirement, abandonment or disposal in some other manner of a tangible capital asset permanently removed from service. The standard is effective for annual reporting periods beginning after June 15, 2018. The School Board will include the requirements of this standard, as applicable, in its June 30, 2019 financial statement. The effect of this standard or its applicability to the School Board are unknown at this time.

GASB Statement 84, *Fiduciary Activities*. This standard defines and establishes criteria for identifying and reporting fiduciary activities. The focus of the criteria is on (1) whether the School Board controls the assets in a fiduciary activity and (2) there are separate identifiable beneficiaries with whom a fiduciary relationship

**Union Parish School Board  
Farmerville, Louisiana**

**Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2018**

exists. The standard is effective for annual reporting periods beginning after December 15, 2018. The School Board will include the requirements of this standard, as applicable, in its June 30, 2020 financial statement. The effect of this standard or its applicability to the School Board are unknown at this time.

GASB Statement 87, *Leases*. This standard will require all leases to be reported on the statement of net position under a single accounting model for both lessors and lessees. The statement will require the recognition of leased assets or liabilities for leases previously reported as operating leases. Both operating and capital leases will be reported under this single accounting method and reported by lessees as an intangible right to use asset and by lessors as a receivable with both reporting a deferred inflow of resources. This standard is effective for annual reporting periods beginning after December 15, 2019. The School Board will include the requirements of this standard, as applicable, in its June 30, 2021 financial statement. All of the School Board lease agreements will need to be evaluated to determine the impact of implementing this standard, however, the effect of this standard or its applicability to the School Board are unknown at this time.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**(Part B)**

## UNION PARISH SCHOOL BOARD

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

(Unaudited)

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
BUDGETARY FUND BALANCES, BEGINNING	\$ -	\$ 1,451,447	\$ 1,652,174	\$ 200,727
Resources (inflows)				
Local sources:				
Ad valorem taxes	3,386,000	2,877,265	2,782,463	(94,802)
Sales and use tax	2,505,000	2,457,719	2,457,719	-
Interest earnings	25,934	14,198	18,700	4,502
Other	1,169,470	884,408	884,307	(101)
State sources:				
Equalization	13,700,000	13,348,653	13,347,129	(1,524)
Other	150,236	111,821	111,821	-
Federal sources	-	15,574	15,574	-
Transfers from other funds	3,865,000	2,565,900	2,930,692	364,792
Amounts available for appropriations	24,801,640	23,726,985	24,200,579	473,594
Charges to appropriations (outflows)				
Instruction:				
Regular programs	13,559,067	14,306,404	14,083,467	222,937
Special education programs	1,281,583	1,279,286	1,256,223	23,063
Vocational programs	422,638	376,058	374,806	1,252
Other instructional programs	293,787	211,346	210,643	703
Special programs	30,809	17,776	17,718	58
Adult/continuing programs	63,644	187,760	187,335	425
Support services:				
Pupil support services	838,579	940,314	937,184	3,130
Instructional staff support	988,688	930,033	914,682	15,351
General administration	747,754	715,554	700,022	15,532
School administration	1,116,850	984,161	968,654	15,507
Business services	323,260	337,778	332,021	5,757
Plant services	258,711	305,188	1,219,274	(914,086)
Student transportation services	2,741,820	2,545,617	2,527,214	18,403
Central services	94,082	108,969	108,606	363
Non-instructional services				
Food services	166,385	161,412	132,777	28,635
Community service programs	-	-	16,500	(16,500)
Capital Outlay	109,851	2,800	82,825	(80,025)
Debt service:				
Principal retirement	-	145,000	145,000	-
Interest	-	135,875	135,875	-
Transfers out	1,373,000	77,098	77,098	-
Total charges to appropriations	24,410,508	23,768,429	24,427,924	(659,495)
BUDGETARY FUND BALANCES, ENDING	\$ 391,132	\$ (41,444)	\$ (227,345)	\$ (185,901)

UNION PARISH SCHOOL BOARD  
NOTES TO BUDGETARY COMPARISON SCHEDULES  
FOR THE YEAR ENDED JUNE 30, 2018

A. BUDGETS

General Budget Practices

The School Board follows these procedures in establishing the budgetary data reflected in the financial statements:

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

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

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

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

Encumbrances

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

Budget Basis of Accounting

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

**Union Parish School Board**  
**Schedule of Changes in Total OPEB Liability and Related Ratios for the**  
**For the Year Ended June 30, 2018**

(Unaudited)

<b>Total OPEB Liability</b>	
Service cost	\$ 1,095,780
Interest	1,317,630
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other inputs	-
Benefit payments	(1,487,674)
<b>Net change in total OPEB liability</b>	<u>925,736</u>
<b>Total OPEB liability - beginning</b>	<u>33,607,595</u>
<b>Total OPEB liability - ending (a)</b>	<u><u>\$ 34,533,331</u></u>
Covered-employee payroll	\$ 7,758,327
Total OPEB liability as a percentage of covered-employee payroll	445.11%

**Notes to Schedule:**

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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

*Changes of assumptions.* There were no changes of assumptions for the year ended June 30, 2018.

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

## UNION PARISH SCHOOL BOARD

## Schedule of Employer's Proportionate Share of the Net Pension Liability

June 30, 2018

(Unaudited)

Fiscal Year*	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Teachers' Retirement System of Louisiana					
2018	0.21266%	\$ 21,801,129	\$ 9,971,918	219%	65.6%
2017	0.20997%	\$ 24,644,621	\$ 9,822,997	251%	59.9%
2016	0.21349%	\$ 22,954,568	\$ 9,618,647	239%	62.5%
2015	0.21472%	\$ 21,947,396	\$ 9,431,930	233%	63.7%
Louisiana School Employees' Retirement System					
2018	0.53428%	\$ 3,419,021	\$ 1,527,078	224%	75.03%
2017	0.55072%	\$ 4,154,326	\$ 1,556,008	267%	70.09%
2016	0.59990%	\$ 3,804,115	\$ 1,631,239	233%	74.49%
2015	0.53912%	\$ 3,130,378	\$ 1,512,152	207%	76.18%

## Notes:

\*Amounts presented have a measurement date of the previous fiscal year end.

This schedule is intended 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.



## UNION PARISH SCHOOL BOARD

**Schedule of Employer Contributions to Pension Plans  
For the Year Ended June 30, 2018**

(Unaudited)

<u>Fiscal Year*</u>	<u>(a) Contractually Required Contribution</u>	<u>(b) Contributions in Relation to Contractually Required Contribution</u>	<u>(a-b) Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions of a Percentage of Covered Employee Payroll</u>
Teachers' Retirement System of Louisiana					
2018	\$ 2,600,954	\$ 2,600,954	\$ -	\$ 9,783,582	26.6%
2017	\$ 2,661,271	\$ 2,661,271	\$ -	\$ 9,971,918	26.7%
2016	\$ 2,711,221	\$ 2,711,221	\$ -	\$ 9,822,997	27.6%
2015	\$ 2,498,570	\$ 2,498,570	\$ -	\$ 9,618,647	26.0%
Louisiana School Employees' Retirement System					
2018	\$ 392,872	\$ 392,872	\$ -	\$ 1,423,448	27.6%
2017	\$ 417,602	\$ 417,602	\$ -	\$ 1,527,078	27.3%
2016	\$ 469,914	\$ 469,914	\$ -	\$ 1,556,008	30.2%
2015	\$ 531,017	\$ 531,017	\$ -	\$ 1,631,239	32.6%

**Notes:**

\*Amounts presented were determined as of the end of the fiscal year.

This schedule is intended 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.

**Union Parish School Board  
Columbia, Louisiana**

**Notes to the Required Supplemental Information for Pensions**

**Fiscal Year Ended June 30, 2018**

**(Unaudited)**

**(1) Change in Benefit Terms**

Teachers Retirement System of Louisiana

For the year ended June 30, 2016, members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after 07-01-2015 may retire with a 2.5% benefit factor after attaining age 62 with least five years of service credit and are eligible for an actually reduced benefit with 20 years of service at any age.

Louisiana School Employees' Retirement System

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.

**(2) Change in Assumptions**

Louisiana School Employees' Retirement System

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

**(3) Change in Discount Rate**

Louisiana School Employees' Retirement System

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.

Teachers Retirement System of Louisiana

For the actuarial valuation for the year ended June 30, 2017, the investment rate of return decreased from 7.75% to 7.70%.

**Union Parish School Board  
Farmerville, Louisiana**

**Fiscal Year Ended June 30, 2018**

**OTHER SUPPLEMENTARY INFORMATION**

## UNION PARISH SCHOOL BOARD

## NONMAJOR GOVERNMENTAL FUNDS

## Combining Balance Sheet - By Fund Type

June 30, 2018

(Unaudited)

		Fund 168	
		CAPITAL	
		PROJECTS	
		FUND	
	SPECIAL	SAFE ROOM	TOTAL
	REVENUE	PROJECT	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 73,915	\$ -	\$ 73,915
Receivables	1,844,399	69,361	1,913,760
Interfund receivables	82,526	-	82,526
Inventory	33,534	-	33,534
Total Assets	<u>\$ 2,034,374</u>	<u>\$ 69,361</u>	<u>\$ 2,103,735</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts, salaries, and other payables	\$ 635,266	\$ -	\$ 635,266
Interfund payables	1,255,445	259,141	1,514,586
Unearned revenues	14,300	-	14,300
Total liabilities	<u>1,905,011</u>	<u>259,141</u>	<u>2,164,152</u>
Fund Balances:			
Nonspendable	33,534	-	33,534
Restricted	14,640	-	14,640
Committed	-	-	-
Unassigned	81,189	(189,780)	(108,591)
Total Fund Balances	<u>129,363</u>	<u>(189,780)</u>	<u>(60,417)</u>
Total Liabilities and Fund Balances	<u>\$ 2,034,374</u>	<u>\$ 69,361</u>	<u>\$ 2,103,735</u>

## UNION 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

		Fund 168	
		CAPITAL	
		PROJECTS	
	SPECIAL	FUND	
	REVENUE	SAFE ROOM	
	FUNDS	PROJECT	TOTAL
<b>REVENUES</b>			
Local sources:			
Taxes:			
Ad valorem	\$ -	\$ -	\$ -
Sales and use	4,915,438	-	4,915,438
Interest earnings	8,828	-	8,828
Food services	17,027	-	17,027
Other	-	-	-
State sources:			
Equalization	25,000	-	25,000
Other	273,696	-	273,696
Federal sources	5,064,912	-	5,064,912
Total revenues	<u>10,304,901</u>	<u>-</u>	<u>10,304,901</u>
<b>EXPENDITURES</b>			
Current:			
Instruction:			
Regular programs	934,936	-	934,936
Special education programs	493,849	-	493,849
Vocational programs	71,466	-	71,466
Special programs	116,913	-	116,913
Other instructional programs	2,311,518	-	2,311,518
Adult / continuing education	19,343	-	19,343
Support services:			
Student services	586,675	-	586,675
Instructional staff support	622,312	-	622,312
General administration	292,910	-	292,910
School administration	123,649	-	123,649
Business services	70,219	-	70,219
Plant services	197,774	-	197,774
Student transportation services	277,661	-	277,661
Central services	6,492	-	6,492
Food services	1,334,564	-	1,334,564
Capital outlay	-	-	-
Total expenditures	<u>7,460,281</u>	<u>-</u>	<u>7,460,281</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	<u>2,844,620</u>	<u>-</u>	<u>2,844,620</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	77,098	-	77,098
Transfers out	(2,930,692)	-	(2,930,692)
Total other financing sources (uses)	<u>(2,853,594)</u>	<u>-</u>	<u>(2,853,594)</u>
<b>Net Change in Fund Balances</b>	(8,974)	-	(8,974)
<b>FUND BALANCES - BEGINNING</b>	<u>138,337</u>	<u>(189,780)</u>	<u>(51,443)</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 129,363</u>	<u>\$ (189,780)</u>	<u>\$ (60,417)</u>

## UNION PARISH SCHOOL BOARD

## NONMAJOR SPECIAL REVENUE FUNDS

## Combining Balance Sheet

June 30, 2018

	SALES TAX	SALES TAX	DISTRICT A	SPECIAL EDUCATION	FOOD SERVICE	Title I	TANF	CARL PERKINS	21ST CENTURY	OTHER MISCELLANEOUS	TOTAL
<b>ASSETS</b>											
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 61,129	\$ -	\$ -	\$ -	\$ 34	\$ 12,752	\$ 73,915
Receivables	248,728	248,728	-	251,586	32,068	437,606	176,132	16,228	82,165	351,158	1,844,399
Interfund receivables	-	-	-	2,856	79,636	-	-	-	-	34	82,526
Inventory	-	-	-	-	33,534	-	-	-	-	-	33,534
Total Assets	<u>\$ 248,728</u>	<u>\$ 248,728</u>	<u>\$ -</u>	<u>\$ 254,442</u>	<u>\$ 206,367</u>	<u>\$ 437,606</u>	<u>\$ 176,132</u>	<u>\$ 16,228</u>	<u>\$ 82,199</u>	<u>\$ 363,944</u>	<u>\$ 2,034,374</u>
<b>LIABILITIES AND FUND BALANCES</b>											
<b>Liabilities:</b>											
Accounts, salaries, and other payables	\$ 1,246	\$ 106,797	\$ -	\$ 18,210	\$ 77,344	\$ 199,233	\$ 66,340	\$ 3,643	\$ 730	\$ 161,723	\$ 635,266
Interfund payables	247,482	136,122	-	236,232	-	238,373	109,792	12,585	81,435	193,424	1,255,445
Unearned revenue	-	-	-	-	14,300	-	-	-	-	-	14,300
Total Liabilities	<u>248,728</u>	<u>242,919</u>	<u>-</u>	<u>254,442</u>	<u>91,644</u>	<u>437,606</u>	<u>176,132</u>	<u>16,228</u>	<u>82,165</u>	<u>355,147</u>	<u>1,905,011</u>
<b>Fund Balances:</b>											
Nonspendable	-	-	-	-	33,534	-	-	-	-	-	33,534
Restricted	-	5,809	-	-	-	-	-	-	34	8,797	14,640
Committed	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	81,189	-	-	-	-	-	81,189
Total Fund Balances	<u>-</u>	<u>5,809</u>	<u>-</u>	<u>-</u>	<u>114,723</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34</u>	<u>8,797</u>	<u>129,363</u>
Total Liabilities and Fund Balances	<u>\$ 248,728</u>	<u>\$ 248,728</u>	<u>\$ -</u>	<u>\$ 254,442</u>	<u>\$ 206,367</u>	<u>\$ 437,606</u>	<u>\$ 176,132</u>	<u>\$ 16,228</u>	<u>\$ 82,199</u>	<u>\$ 363,944</u>	<u>\$ 2,034,374</u>

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

	1979 SALES TAX	2001 SALES TAX	DISTRICT A	SPECIAL EDUCATION	SCHOOL FOOD SERVICE	TITLE I	TANF	CARL PERKINS	21ST CENTURY	OTHER MISCELLANEOUS	TOTAL
REVENUES											
Local sources:											
Taxes											
Ad valorem	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and use	2,457,719	2,457,719	-	-	-	-	-	-	-	-	4,915,438
Interest earnings	2,706	3,023	-	-	3,099	-	-	-	-	-	8,828
Food services	-	-	-	-	17,027	-	-	-	-	-	17,027
Other	-	-	-	-	-	-	-	-	-	-	-
State sources:											
Equalization	-	-	-	-	25,000	-	-	-	-	-	25,000
Other	-	-	-	-	3,000	-	147,547	-	-	123,149	273,696
Federal sources	-	-	-	678,564	1,329,529	1,844,258	179,735	31,432	362,471	638,923	5,064,912
Total revenues	<u>2,460,425</u>	<u>2,460,742</u>	<u>-</u>	<u>678,564</u>	<u>1,377,655</u>	<u>1,844,258</u>	<u>327,282</u>	<u>31,432</u>	<u>362,471</u>	<u>762,072</u>	<u>10,304,901</u>
EXPENDITURES											
Current:											
Instruction:											
Regular programs	453,481	472,653	-	-	-	-	-	-	-	8,802	934,936
Special education programs	108,784	120,521	-	264,544	-	-	-	-	-	-	493,849
Vocational programs	20,066	21,329	-	-	-	-	-	30,071	-	-	71,466
Other instructional programs	5,007	5,319	-	-	-	106,587	-	-	-	-	116,913
Special programs	-	-	-	896	-	1,375,775	327,282	-	-	607,565	2,311,518
Adult / continuing education	8,320	11,023	-	-	-	-	-	-	-	-	19,343
Support services:											
Pupil support services	68,414	72,183	-	94,680	-	38,903	-	-	312,495	-	586,675
Instructional staff support	41,506	47,288	-	266,412	-	133,974	-	1,361	-	131,771	622,312
General administration	28,514	28,501	-	52,032	-	141,611	-	-	28,001	14,251	292,910
School administration	61,223	62,426	-	-	-	-	-	-	-	-	123,649
Business services	10,887	11,924	-	-	-	47,408	-	-	-	-	70,219
Plant services	36,008	36,336	119,577	-	-	-	-	-	5,853	-	197,774
Student transportation services	128,829	132,710	-	-	-	-	-	-	16,122	-	277,661
Central services	5,007	1,485	-	-	-	-	-	-	-	-	6,492
Noninstructional services											
Food services	62,656	66,907	-	-	1,205,001	-	-	-	-	-	1,334,564
Capital outlay	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>1,038,702</u>	<u>1,090,605</u>	<u>119,577</u>	<u>678,564</u>	<u>1,205,001</u>	<u>1,844,258</u>	<u>327,282</u>	<u>31,432</u>	<u>362,471</u>	<u>762,389</u>	<u>7,460,281</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>1,421,723</u>	<u>1,370,137</u>	<u>(119,577)</u>	<u>-</u>	<u>172,654</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(317)</u>	<u>2,844,620</u>
OTHER FINANCING SOURCES (USES)											
Transfers in	77,098	-	-	-	-	-	-	-	-	-	77,098
Transfers out	(1,465,346)	(1,465,346)	-	-	-	-	-	-	-	-	(2,930,692)
Total other financing sources (uses)	<u>(1,388,248)</u>	<u>(1,465,346)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,853,594)</u>
Net Change in Fund Balances	33,475	(95,209)	(119,577)	-	172,654	-	-	-	-	(317)	(8,974)
FUND BALANCES - BEGINNING	<u>(33,475)</u>	<u>101,018</u>	<u>119,577</u>	<u>-</u>	<u>(57,931)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34</u>	<u>9,114</u>	<u>138,337</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ 5,809</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114,723</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34</u>	<u>\$ 8,797</u>	<u>\$ 129,363</u>

## UNION PARISH SCHOOL BOARD

## SCHOOL ACTIVITIES AGENCY FUND

## Schedule of Changes in Assets and Liabilities

For the Year Ended June 30, 2018

	Beginning Balance	Additions	Deductions	Ending Balance
ASSETS				
Cash and cash equivalents	\$ 208,630	\$ 585,313	\$ 556,708	\$ 237,235
LIABILITIES				
Deposits due others	\$ 208,630	\$ 585,313	\$ 556,708	\$ 237,235



## UNION PARISH SCHOOL BOARD

**SCHOOL ACTIVITIES AGENCY FUND**  
**Schedule of Changes in Deposits Due Others**  
**For the Year Ended June 30, 2018**

<u>SCHOOL</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Union Elementary	\$ 54,242	\$ 129,402	\$ 134,208	\$ 49,436
Union Parish 6th Grade Center	8,940	44	8,984	-
Union Parish Junior High	32,147	70,345	55,860	46,632
Union Parish High	113,301	385,522	357,656	141,167
	<u>\$ 208,630</u>	<u>\$ 585,313</u>	<u>\$ 556,708</u>	<u>\$ 237,235</u>

## UNION PARISH SCHOOL BOARD

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

The schedule of compensation paid to the School Board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the School Board members is included in the general administrative expenditures of the General Fund. In accordance with Louisiana Revised Statute 17:56, the School Board members have elected the monthly payment method of compensation. Under this method, each member of the School Board receives \$550 per month and the president receives an additional \$50 per month for performing the duties of this office.

Shannon Barkley, President	\$7,200
Clyde Hays, Vice President	6,600
Tommy Bennett	6,600
Challana Ray Dean	6,600
John Ellis	6,600
Robert C. James, Jr.	6,600
Judy Mabry	6,600
Danny Smith	6,600
Sharon Stewart	<u>6,600</u>
Total	<u><u>\$60,000</u></u>

## UNION PARISH SCHOOL BOARD

## SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD

For the Year Ended June 30, 2018

Agency Head Name: Dr. George Cannon, Superintendent

<u>Purpose</u>	
Salary	\$ 130,490
Vacation Severance	14,466
Benefits - Medicare	2,102
Benefits - Retirement	34,710
Travel	1,093
Total Compensation	<u>\$ 182,861</u>

**REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS  
AND BY UNIFORM GUIDANCE**

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

School Board  
Union Parish School Board  
Farmerville, Louisiana

We have audited, in accordance with the 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 Union 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 April 30, 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 to those in charge of 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 were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses (Findings 2018-001 and 2018-002).

School Board  
Union Parish School Board  
Farmerville, Louisiana

### *Compliance and Other Matters*

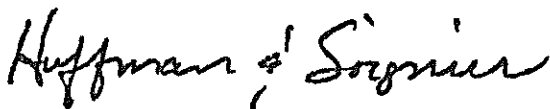
As part of obtaining reasonable assurance about whether the School Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standard* and which is described in the accompanying schedule of findings and responses as items 2018-003 and 2018-004.

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

The School Board's response to the finding identified in our audit is described in the accompanying schedule of finding and questioned costs. The School Board's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### *Purpose of this Report*

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



(A Professional Accounting Corporation)

April 30, 2019



## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

School Board  
Union Parish School Board  
Farmerville, Louisiana

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

We have audited Union Parish School Board's (the School Board) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School Board's major federal programs for the year ended June 30, 2018. The School Board's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### *Management's Responsibility*

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

### *Auditors' Responsibility*

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

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

School Board  
Union Parish School Board  
Farmerville, Louisiana

*Opinion on Each Major Federal Program*

In our opinion, the School Board, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

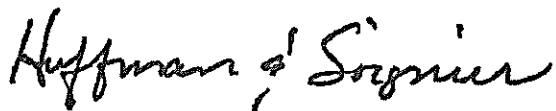
*Report on Internal Control Over Compliance*

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with the 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



(A Professional Accounting Corporation)

April 30, 2019



## UNION PARISH SCHOOL BOARD

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2018

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor No.</u>	<u>Expenditures</u>
United State Department of Agriculture:			
Passed Through Louisiana Department of Education:			
Child Nutrition Cluster:			
Non Cash Assistance (Commodities):			
National School Lunch Program	10.555	NONE	\$72,895
Cash Assistance:			
National School Lunch Program	10.555	NONE	869,831
School Breakfast Program	10.553	NONE	308,846
Summer Food Program	10.559	NONE	27,422
Total Child Nutrition Cluster			\$1,278,994
Child and Adult Care Food Program			
Non Cash Assistance	10.558	NONE	3,393
Cash Assistance	10.558	NONE	47,142
Total United States Department of Agriculture			1,329,529
United States Department of Education:			
Passed Through Louisiana Department of Education:			
Title I Part A	84.010A	28-18-T1-56	1,672,166
Migrant Education	84.011A	28-18-M1-56	172,092
Twenty-First Century Community Learning Centers	84.287C	28-18-2C-56	362,471
Title II (Teacher and Principal Training and Recruiting)	84.367A	28-18-50-56	167,691
Title III (English Language Acquisition Grants)	84.365A	28-18-S3-56	19,868
Title IVA SSAE	84.424A	28-18-71-56	30,958
Title V-B RLIS	84.358B	28-18-RE-56	36,998
Early Childhood Improvement	84.419B	28-17-RL-56	32,357
Early Childhood Expansion	84.419B	28-17-RM-56	103,700
TAP Expansion 1003A	84.010A	28-17-TA-56	41,481
Special Education Cluster:			
IDEA Part B 611	84.027A	28-18-B1-56	434,063
Assistive Technology	84.027A	28-18-B6-56	227,221
IDEA Preschool 619	84.173A	28-18-P1-56	16,384
EC Network Lead Agency Consolidated-IDEA 619	84.173A	28-18-CY-56	896
Total Special Education Cluster			678,564
Vocational Education: Basic Grants to States	84.048A	28-18-02-56	31,432
School Improvement Fund 1003(g)	84.377A	28-17-TC07-56	202,448
Total United States Department of Education			3,552,226
United States Department of Health and Human Services:			
Passed through the Louisiana Department of Education:			
TANF - Cecil J. Picard LA 4 Early Childhood Program	93.558	28-18-36-56	179,735
Early Childhood Community Network Lead Agency	93.575	28-17-CO-56	3,422
Total United States Department of Health and Human Services			183,157
United States Department of the Interior			
National Wildlife Refuge Fund			15,574
Total United States Department of Interior			
TOTAL FEDERAL AWARDS			\$5,080,486

**UNION PARISH SCHOOL BOARD**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2018**

**Note 1 - General**

The accompanying Schedule of Expenditures of Federal Awards includes all Federal grant activity of the Union Parish School Board (the School Board) for the year ended June 30, 2018. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because of the Schedule presents only a selected portion of the operations of the School Board, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School Board.

**Note 2 - Basis of Accounting**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. 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. Amounts reported in the Schedule agree with the amounts reported in the related federal financial reports, except for the amounts in reported submitted as of a date subsequent to June 30, 2018.

**Note 3 - Relationship to the Financial Statements**

Federal revenues are reported in the School Board's financial statements as follows:

	<u>Federal Programs</u>
Major Funds	
General Fund	<u>15,574</u>
Nonmajor Funds	
Special Education	678,564
School Food Service	1,329,529
Title I	1,844,258
TANF	179,735
Vocational Ed - Basic Grant	31,432
21st Century	362,471
Other Non Major Funds	<u>638,923</u>
Total Nonmajor Funds	<u>5,064,912</u>
Total Governmental Funds Revenues	<u><u>\$ 5,080,486</u></u>

**Note 4 - Indirect Cost Rate**

The School Board did not elect to use the 10% de minimis indirect cost rate.

UNION PARISH SCHOOL BOARD  
FARMERVILLE, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

We have audited the financial statements of the governmental activities and each major fund of the Union Parish School Board, as of and for the year ended June 30, 2018, and the related notes to the financial statement, which collectively comprise the basic financial statements and have issued our report thereon dated April 30, 2019. 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. Our audit of the financial statements as of June 30, 2018 resulted in an unmodified opinion.

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

**Financial Statements**

Type of auditors' report issued: Unmodified

Internal Control over financial reporting

Material Weaknesses: X yes    no      Significant Deficiency    yes X none reported

Noncompliance material to financial statements    yes X no

**Federal Awards**

Internal Control

Material Weaknesses    yes X no      Significant Deficiency    yes X none reported

Type of Opinion on Compliance      Unmodified X Modified     
For Major Programs      Disclaimer    Adverse   

Are there findings required to be reported in accordance with the Uniform Guidance?  
No

Identification of Major Programs:

CFDA #10.553, 10.555 Child Nutrition Cluster

CFDA #84.010 Title I

Dollar threshold used to distinguish between Type A and Type B Programs \$750,000.

Is the auditee a "low-risk" auditee    yes X no

UNION PARISH SCHOOL BOARD  
FARMERVILLE, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

**Section II – Findings related to the financial statements that are required to be reported under Government Auditing Standards.**

**2018-001 Internal Controls over Payroll Disbursement**

**Entity-wide or program/department specific: This finding is entity-wide.**

**Criteria or Specific Requirement**

Proper internal controls over payroll disbursements require that employees are paid in accordance with the Board approved salary schedule and that proper supporting documentation is retained for any additional pay during the year.

Louisiana Revised Statute 14:67 defines theft as the misappropriation or taking anything of economic value which belongs to another, either without the consent of the other to the misappropriation or taking, or by means of fraudulent conduct, practices, or representations. An intent to deprive the other permanently of whatever may be the subject of the misappropriation or taking is essential.

Related to potential for wire fraud, an established procedure should be in place that is specific to the procedures and requirements of processing a wire transaction. Security awareness and training programs should exist to ensure that all employees are educated in their roles to detecting and responding to cyber incidents and fraud. Additionally, certain Information Technology (IT) features should be present to heighten employee skepticism and awareness when potential phishing and spoofing scams present themselves.

**Conditions Found**

The payroll and personnel functions are not separated to ensure adequate separation of duties. The payroll clerk's work, including audit trail and change logs, are not reviewed. Additionally, the payroll clerk has complete control over the payroll module as well as the personnel module.

In a test of ten stipends, five were found to be coded to an incorrect account. In other payroll testwork, we noted where one employee was paid an additional \$300 and another employee was paid correctly but the salary schedule was incorrect. The salary schedule was \$3,305 under what it should have been.

We also noted where an employee was not paid \$500 in the correct year (fiscal year 2018) but was caught up in the following year (fiscal year 2019).

The School Board was unable to locate timesheets for five employees and nine employees did not have their timesheets approved by a supervisor

Finally, subsequent to June 30, 2018, the School Board received an e-mail in February 2019 that was a phishing attempt requesting the wire transfer of a payroll check. The School System fell victim to the attempt and transferred funds of \$8,014 to an unknown bank account at Green Dot, Inc. The School Board lacked clearly documented procedures over wire transfers. Also, security awareness and training

UNION PARISH SCHOOL BOARD  
FARMERVILLE, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

programs were not in place to educate employees in their roles in detecting and responding to cyber incidents.

**Possible Asserted Effect (Cause and Effect)**

***Cause:***

The lack of proper segregation of duties appears to be the leading contributing factor in several of the items cited above.

Due to the infrequency of certain transactions, the School Board's management did not feel the need to have a separate established procedure specific to wire transfers. The internal procedures applied to this situation for "non-purchase order payments" did require two supervisory level signatures for authorization and that all appropriate documentation be obtained prior to payment. The supporting documentation was not obtained prior to the approval of the wire transfer that was completed.

***Effect:***

The School Board's internal control environment is weakened which increases the risk of a material misstatement in the financial statements, as well as the susceptibility to potential fraud. An employee could be absent from work and not have that absence charged to his leave balance, especially if a supervisor is not approving time and attendance records.

**Recommendations to Prevent Future Occurrences**

The School Board should ensure that an adequate separation of duties are in place where one employee does not have substantial control over both the payroll module and the personnel module. A supervisor should review audit trails and change logs prior to payroll disbursement to ensure a level of control over the payroll function.

Coding of stipends, as well as all other disbursements, should be charged to the correct account for accurate accounting records. Salary schedules should be reviewed periodically to ensure that the amounts reflected are accurate and salaries paid should be, assuming the salary schedule is correct, based on the amounts reflected in those salary schedules.

Time sheets should be filed and able to be provided upon request. All time sheets should be approved by a supervisor. Procedures pertaining to wire transfers should be developed. Management should review and approve these procedures and oversee compliance with them. Additionally, management should contact the bank to ensure that its records of which individuals are authorized to approve wire transfers are consistent with the School Board's policy. Management should continue to work with the respective law enforcement agencies as deemed necessary.

Management should implement a security awareness and training policy and require mandatory IT security training for all levels of the organization on an ongoing or periodic basis. Additionally, IT features, such as additional system rules for email can help raise awareness of potential risks that may be present. The School Board may also consider conducting periodic social engineering tests designed to identify instances of non-compliance with established policies and procedures.

**UNION PARISH SCHOOL BOARD  
FARMERVILLE, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

**Origination date and prior year reference (if applicable):** This finding originated in June 30, 2014. See prior year finding 2017-002.

**Response**

Wire transfer procedures were developed and implemented by the Finance Department. The fiscal agent bank was contacted to ensure individuals authorized to approve wire transfers are consistent with the School Board's established procedures.

Human Resource Department will again provide all employees the existing internet usage, email usage, and network usage policies to heighten security awareness.

The Information Technology Department in coordination with the Professional Development Department will implement a districtwide training plan for cyber security awareness. Security will continue to be updated by use of internet filter. Additional system rules for email appropriateness will be reviewed and implemented as necessary.

**2018-002 Theft of Funds**

**Entity-wide or program/department specific:** This finding is entity-wide.

**Criteria or Specific Requirement**

Proper internal controls over financial reporting require that accounting records contain up-to-date, accurate, and complete information to ensure that the financial data can be relied upon to monitor the financial condition of the entity. Financial information should be reviewed for reasonableness based on expectations.

Louisiana Revised Statute 24:523 requires notification to the Louisiana Legislative Auditor and the local District Attorney when misappropriation occurs.

**Conditions Found**

A theft of fuel and other related maintenance shop items was allegedly perpetrated by a former bus mechanic who was terminated in January 2018. The alleged theft occurred by the mechanic meeting log truck drivers at a gas pump and using the School Board's fuel card to fill up the trucks. Fuel costs related to the bus mechanic's position increased from approximately \$1,000 per month to as high as \$6,000 to \$8,000 per month from September of 2013 to December of 2017. The total loss was approximately \$200,000 (net loss of approximately \$38,000 after insurance claim reimbursement)

The alleged theft was discovered in January of 2018 by the new Transportation and Maintenance Director. The former superintendent informed the Union Parish Sheriff's Office who conducted an investigation and turned over his report to the 3<sup>rd</sup> Judicial District Attorney's Office. The Office of the Louisiana Legislative Auditor was notified on May 17, 2018.

**UNION PARISH SCHOOL BOARD  
FARMERVILLE, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

**Possible Asserted Effect (Cause and Effect)**

*Cause:* Although the School Board had a control for an independent review, that review did not occur.

*Effect:* The School Board was left in a position that allowed for the theft to occur.

**Recommendations to Prevent Future Occurrences**

The School Board has already implemented the control of the review of monthly fuel invoices.

Future thefts should be reported at the time of the discovery to the Office of the Louisiana Legislative Auditor as required by state statute.

**Origination date and prior year reference (if applicable):** This finding originated in June 30, 2018.

**Response**

The Transportation Director performs a review of monthly fuel invoices and immediately investigates any excessively large usages of fuel.

**2018-003 Louisiana Budget Law**

**Entity-wide or program/department specific:** This finding is entity-wide.

**Criteria or Specific Requirement**

A budget should be prepared annually in accordance with the applicable Louisiana Revised Statutes whereby the entity is in compliance with 39:1305 regarding budget preparation which states, "the total of proposed expenditures shall not exceed the total of estimated funds available for the ensuing fiscal year."

**Conditions Found**

The School Board budgeted a negative fund balance in the General Fund of \$41,444. However, it should also be noted that the final actual fund balance in the General Fund was a negative \$227,345.

**Possible Asserted Effect (Cause and Effect)**

*Cause:* The School Board suffered the loss of two property tax millage renewals and is continuing to lose students to charter school which decreases funding from the State. The School Board was not proactive in responding to these items and budgeted revenues and expenditures at expected and ongoing levels without adjusting the more controllable expenditures to eliminate deficit spending. This lack of a response resulted in the General Fund's actual fund balance being a negative \$227,345.

*Effect:* The School Board was out of compliance with Louisiana Revised Statute 39:1305 of the Louisiana Budget Act.

**UNION PARISH SCHOOL BOARD  
FARMERVILLE, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

**Recommendations to Prevent Future Occurrences**

The School Board should closely monitor its expected revenues and expenditures throughout the year and adjust the budget as necessary whereby the School Board it does not budget a fund deficit. The School Board should also be vigilant and not incur an actual deficit in the General Fund or any other fund.

**Origination date and prior year reference (if applicable):** This finding originated in June 30, 2017. See prior year finding 2017-005.

**Response**

The School Board is closely monitoring the budget and is implementing budget cuts to eliminate the deficit.

**2018-004 Late Submission of Audit Report to the Louisiana Legislative Auditor**

**Entity-wide or program/department specific:** This finding is entity-wide.

**Criteria or Specific Requirement**

Louisiana Revised Statute 24:513A (a)(5)(i) that "...audits shall be completed within six months of the close of the entity's fiscal year." The School Board's audit report should be submitted to the Louisiana Legislative Auditor by December 31<sup>st</sup> of each year.

**Conditions Found**

The School Board's audit report for the fiscal year ended June 30, 2018 was not completed within the six month deadline as required by Louisiana Revised Statute 24:513A (a)(5)(i).

**Possible Asserted Effect (Cause and Effect)**

**Cause:** The School Board was unable to submit the audit within the required timeline due to several unexpected situations that required extensive time to investigate and resolve these situations.

**Effect:** Management did not comply with the requirements of Louisiana Revised Statute 24:513A(a)(5)(i).

**Recommendations to Prevent Future Occurrences**

The School Board should ensure that its financial information is prepared in a timely manner for audit.

**Origination date and prior year reference (if applicable):** This finding originated in June 30, 2015. See prior year finding 2017-005.

**Response**

The School Board will provide all financial information, on a timely basis, required for an audit.



UNION PARISH SCHOOL BOARD  
FARMERVILLE, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

Section III - Findings and questioned costs for Federal awards which are required to be reported under the Uniform Guidance.

None

UNION PARISH SCHOOL BOARD  
FARMERVILLE, LOUISIANA  
CORRECTIVE ACTION PLAN  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

<u>Reference No. and Title</u>	<u>2018-001</u>	<u>Internal Controls over Payroll Disbursements</u>
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**Conditions Found:** The payroll and personnel functions are not separated to ensure adequate separation of duties. The payroll clerk's work, including audit trail and change logs, are not reviewed. Additionally, the payroll clerk has complete control over the payroll module as well as the personnel module.

In a test of ten stipends, five were found to be coded to an incorrect account. In other payroll testwork, we noted where one employee was paid an additional \$300 and another employee was paid correctly but the salary schedule was incorrect. The salary schedule was \$3,305 under what it should have been.

We also noted where an employee was not paid \$500 in the correct year (fiscal year 2018) but was caught up in the following year (fiscal year 2019).

The School Board was unable to locate timesheets for five employees and nine employees did not have their timesheets approved by a supervisor.

Finally, subsequent to June 30, 2018, the School Board received an e-mail in February 2019 that was a phishing attempt requesting the wire transfer of a payroll check. The School System fell victim to the attempt and transferred funds of \$8,014 to an unknown bank account at Green Dot, Inc. The School Board lacked clearly documented procedures over wire transfers. Also, security awareness and training programs were not in place to educate employees in their roles in detecting and responding to cyber incidents. The theft was reported to the local law enforcement agency, the insurance carrier, and the Legislative Auditor in accordance with Louisiana Revised Statute 24:523.

**Corrective action planned:** Wire transfer procedures were developed and implemented by the Finance Department. The fiscal agent bank was contacted to ensure individuals authorized to approve wire transfers are consistent with the School Board's established procedures.

Human Resource Department will again provide all employees the existing internet usage, email usage, and network usage policies to heighten security awareness.

The Information Technology Department in coordination with the Professional Development Department will implement a districtwide training plan for cyber security awareness. Security will continue to be updated by use of internet filter. Additional system rules for email appropriateness will be reviewed and implemented as necessary.

**UNION PARISH SCHOOL BOARD  
FARMERVILLE, LOUISIANA  
CORRECTIVE ACTION PLAN  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

**Contact person responsible for corrective action:**

Emmett Gibbs, CFO/Business Manager  
Union Parish School Board  
P. O. Box 308  
Farmerville, LA 71241-0308

Telephone: (318) 368-9715  
Fax: (318) 368-3311

**Anticipated completion date:** June 30, 2019

<b><u>Reference No. and Title</u></b>	<b><u>2018-002</u></b>	<b><u>2018-002 Theft of Funds</u></b>
---------------------------------------	------------------------	---------------------------------------

**Entity-wide or program/department specific:** This finding is entity-wide.

**Conditions Found:** A theft of fuel and other related maintenance shop items was allegedly perpetrated by a former bus mechanic who was terminated in January 2018. The alleged theft occurred by the mechanic meeting log truck drivers at a gas pump and using the School Board's fuel card to fill up the trucks. Fuel costs related to the bus mechanic's position increased from approximately \$1,000 per month to as high as \$6,000 to \$8,000 per month from approximately September of 2013 to December of 2017. The loss was approximately \$200,000 for an approximate average of \$3,900 per month. Bus drivers typically fill their own buses so a mechanic's use of a fuel card would be very limited and typically only for a maintenance vehicle. The alleged theft was discovered in January of 2018 by the Transportation and Maintenance Director who started in July 2017 and had noted fuel card use during the Christmas break. At that time, the new director informed the superintendent at the time (retired on June 30, 2018). The superintendent informed the Union Parish Sheriff's Office who conducted an investigation and turned over his report to the 3<sup>rd</sup> Judicial District Attorney's Office. The Office of the Louisiana Legislative Auditor was notified on May 17, 2018.

The School Board was reimbursed \$161,850 by the insurance carrier.

**Corrective action planned:** The Transportation Director performs a review of monthly fuel invoices and immediately investigates any excessively large usages of fuel.

**Contact person responsible for corrective action:**

Emmett Gibbs, CFO/Business Manager  
Union Parish School Board  
P. O. Box 308  
Farmerville, LA 71241-0308

Telephone: (318) 368-9715  
Fax: (318) 368-3311

**Anticipated completion date:** June 30, 2019

UNION PARISH SCHOOL BOARD  
FARMERVILLE, LOUISIANA  
CORRECTIVE ACTION PLAN  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

**Reference No. and Title**      **2018-003**      **Louisiana Budget Law**

**Conditions Found:** The School Board budgeted a negative fund balance in the General Fund of \$41,444. However, it should also be noted that the final negative fund balance in the General Fund was \$227,345.

**Corrective action planned:** The School Board is closely monitoring the budget and is implementing budget cuts to eliminate the deficit.

**Contact person responsible for corrective action:**

Emmett Gibbs, CFO/Business Manager	Telephone: (318) 368-9715
Union Parish School Board	Fax: (318) 368-3311
P. O. Box 308	
Farmerville, LA 71241-0308	

**Anticipated completion date:** June 30, 2020

**Reference No. and Title**      **2018-004**      **Late Submission of Audit Report to the**  
**Louisiana Legislative Auditor**

**Conditions Found:** The School Board's audit report for the fiscal year ended June 30, 2018 was not completed within the six month deadline as required by Louisiana Revised Statute 24:513A (a)(5)(i).

**Corrective action planned:** The School Board will provide all financial information, on a timely basis, required for an audit.

**Contact person responsible for corrective action:**

Emmett Gibbs, CFO/Business Manager	Telephone: (318) 368-9715
Union Parish School Board	Fax: (318) 368-3311
P. O. Box 308	
Farmerville, LA 71241-0308	

**Anticipated completion date:** No longer relevant

**Union Parish School Board  
Summary Status of Prior Year Findings  
For the Year Ended June 30, 2018**

The following is a summary of the status of the prior year findings included in Allen, Green & Williamson, LLP's audit report dated March 22, 2018, covering the audit of the financial statements of Union Parish School Board (School Board) as of and for the year ended June 30, 2017.

**2017-001 Internal Controls over Financial Reporting (First Reported 2015)**

**Conditions Found**

When reviewing a sample of 8 bank reconciliations completed as of June 30, 2017, there were four exceptions noted where the bank reconciliation reviewed included outstanding checks or deposits from July 2017 in error.

- When reviewing the accounts receivable listing provided at year-end, it was noted that interfund receivables totaling \$245,419 were included in the listing in error. An adjusting journal entry was proposed to correct this error.
- When reviewing the accounts payable listing provided at year-end, it was noted that interfund payables totaling \$245,392 were included in the listing in error. Also, it was noted that one check totaling \$217,000 was included on the listing in error, and should not have been recorded as a payable at year-end. Adjusting journal entries were proposed to correct these errors.
- When tracing the purchase price for a sample of 5 capital asset additions from the capital asset addition listing provided by the School Board to invoices for the purchase, there was one exception noted where the purchase price per the listing did not agree to the invoices.
- When testing the construction in progress listing provided by the School Board, there was a total of \$60,078 in expenses that should have been included in the listing and was excluded in error and there was a total of \$33,516 in expenses included in one project that related to a separate project.
- Adjusting journal entries were also proposed to correct balances at year-end related to revenues, receivables, interfunds, as well as to record the 1% credit used with TRSL during the year.

**Status**

Procedures have been established to ensure that the financial records are complete and accurate. However, this finding is substantially being repeated as 2018-001.

**2017-002 Controls over Payroll Disbursements (First Reported 2014)**

**Conditions Found**

- When reviewing a sample of 42 payroll disbursements, there was one exception noted where an employee was paid coaches' pay in error.
- When reviewing salary information for a sample of 6 administrative employees, there was one exception noted where the administrative employee reviewed received an advance on their salary during the year. Furthermore, it was noted that employee benefits were not properly withheld from this salary advance.

**Union Parish School Board  
Summary Status of Prior Year Findings  
For the Year Ended June 30, 2018**

- When testing a sample of 11 payments made and recorded as stipends to 6 employees during the year, there were 7 exceptions noted where the amount paid was incorrectly calculated and paid. There were 6 exceptions noted where the payment was incorrectly coded as a stipend.

**Status**

Controls have been instituted that will ensure that salaries are not advanced to employees, amounts are properly coded in the general ledger history, and proper amounts are paid to the employees.

However, also see current year finding 2018-001.

**2017-003 Controls over Payroll Tax Filings (First Reported 2017)**

**Conditions found**

In June 2017, the auditor was provided copies of notifications from the Internal Revenue Service related to penalties and interest accrued on payroll taxes for a total of 9 quarters ranging from December 2012 through June 2017. Following further investigation, it was determined that as of June 30, 2017, there were penalties and interests amounts owed for these quarters that estimated to be \$39,560. Also, when reviewing payroll taxes, withholdings and retirement payments during the period April 2016 through March 2017 there were three exceptions noted where the payroll taxes and withholdings were not properly calculated and remitted, there were 12 exceptions noted where the payment was not remitted by the required timeline and there were 6 exceptions noted where the tax forms were not remitted by the required deadline.

**Status**

Controls have been established to ensure that the proper payroll tax forms and amounts are timely filed and notifications from the Internal Revenue Service are answered on a timely basis.

This finding has been resolved.

**2017-004 Bid Law (First Reported 2017)**

**Condition found**

When testing a sample of three purchases that required the use of sealed bids and two purchases that required the use of quotes, the following was noted:

**General**

- There was one exception noted where quotes should have been obtained and were not properly obtained prior to the purchase.

**Status**

All applicable School Board personnel are aware of the purchasing policies and the State procurement requirements. Also, procedures have been put in place to ensure that School Board personnel are following the public bid and quote requirements.

This finding has been resolved.

**Union Parish School Board  
Summary Status of Prior Year Findings  
For the Year Ended June 30, 2018**

**2017-005 Five Percent Unfavorable Budget Variance (First Reported 2017)**

**Condition found**

The actual revenues collected for the year for the General Fund were less than the budgeted revenues by approximately 6.3%.

**Status**

Procedures have been established to ensure that budgets are reviewed and amended, as needed.

Although the School Board did not have a five percent unfavorable budget variance in fiscal year 2018, it did have a finding related to budgeting practices as reflected in current year finding 2018-003.

**2017-006 Late Submission of Audit Report to Legislative Auditor (First Reported 2015)**

**Condition found**

The School Board did not have the audited financial submitted to the LLA in the required timeline.

**Status**

Although issues have arisen that have caused the current audit to be submitted late, procedures have been established to ensure that the future audits are completed on a timely basis.

See current year finding 2018-004.

**2017-007 Income and Expense Report of School Food Service (First Reported 2015)**

**Condition found**

When testing the income and expense report for the year ended June 30, 2017, there were several exceptions noted where the amounts reported did not agree to proper underlying supporting documentation.

**Status**

Procedures have been established to ensure that the income and expense report is reviewed for accuracy with the accounting records of the School Food Service Fund and supporting documentation is retained for audit testing.

This finding has been resolved.

**2017-008 Bid Law (First Reported 2015)**

**Condition found**

When testing a sample of three purchases that required the use of sealed bids and two purchases that required the use of quotes, the following was noted:

**School Food Service**

- There was one exception noted where the sealed bid process was not followed prior to the purchase.

**Union Parish School Board  
Summary Status of Prior Year Findings  
For the Year Ended June 30, 2018**

**Status**

All applicable School Board personnel are aware of the purchasing policies and the State procurement requirements. Also, procedures have been put in place to ensure that School Board personnel are following the public bid and quote requirements.

This finding has been resolved.



# HUFFMAN & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)  
CERTIFIED PUBLIC ACCOUNTANTS

David Ray Soignier, CPA, MBA, CGMA  
Lori Woodard, MBA, CPA, CGMA, CITP  
Ronnie Jacola, CPA

Francis I. Huffman, CPA  
John Herman, CPA  
Lynn Andries, CPA, CGMA  
Esther Atteberry, CPA  
Katie Jacola, CPA

## MANAGEMENT LETTER

**To the School Board  
Union Parish School Board  
Farmerville, Louisiana**

In planning and performing our audit of the financial statements of the Union Parish School Board (the School Board) for the year ended June 30, 2018, we considered its internal control structure in order to determine our auditing procedures for purposes of expressing our opinion on the financial statements and not to provide assurance on the internal control structure or overall compliance with laws and regulations.

However, during our audit we became aware of a certain matter that is an opportunity for strengthening internal controls and the overall environment for compliance with laws and regulations. This letter will summarize our comments and suggestions regarding those matters. This letter does not affect our report dated April 30, 2019 on the financial statements of the School Board.

### **ML 2018-001 School Activity Funds**

**(First reported-2018)**

#### ***Finding***

During the review of one of the school activity funds, we observed the October 2017 and the February 2018 bank reconciliations. We noted that a September 8, 2017 check for \$1,325.10 that was still outstanding on the October 2017 bank reconciliation. This check was later voided on February 28, 2018. A replacement check was issued on March 1, 2018 which also did not clear and was voided on the June 30, 2018 bank reconciliation.

We also noted a September 14, 2017 check for \$13.84 that was still outstanding on the October 2017 bank reconciliation. This check was later voided on December 29, 2017 but not reissued.

Finally, the February 2018 bank reconciliation was out of balance by \$1,325.10 which is directly related to the \$1,325.10 check noted above. This difference was later corrected.

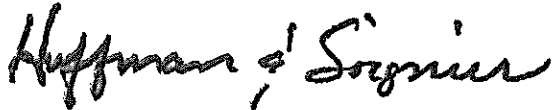
The school secretary stated that she will void checks after ninety days and adds them back to the accounting records.

***Recommendation***

The School Board should ensure that all school employees that have an accounting function should be adequately trained for their job function.

***Management's Corrective Action Plan***

We agree with the recommendation and will take appropriate action to ensure that this situation will not occur again.

A handwritten signature in black ink that reads "Huffman & Signer". The script is cursive and fluid, with the ampersand clearly visible between the two names.

(A Professional Accounting Corporation)

April 30, 2019

**OTHER REPORTS**

**AGREED-UPON PROCEDURES REPORT**

**SCHEDULES REQUIRED BY STATE LAW**

# HUFFMAN & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)  
CERTIFIED PUBLIC ACCOUNTANTS

David Ray Soignier, CPA, MBA, CGMA  
Lori Woodard, MBA, CPA, CGMA, CITP  
Ronnie Jacola, CPA

Francis I. Huffman, CPA  
John Herman, CPA  
Lynn Andries, CPA, CGMA  
Esther Atteberry, CPA  
Katie Jacola, CPA

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES FOR THE YEAR ENDED JUNE 30, 2018

### Union Parish School Board Farmerville, Louisiana

We have performed the procedures enumerated below, which were agreed to by the Union 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 the 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. 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. Management of the 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

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

### Class Size Characteristics (Schedule 2)

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

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

### Education Levels/Experience of Public School Staff (NO SCHEDULE)

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

**Comment:** One employee was included as having a bachelor's degree, but according to the personnel file the employee has a master's +30. Another employee was included as having a bachelor's degree; however, the employee has a master's degree.

**Management's Response:** The discrepancies between UPSB's records and PEP data were detected and corrected in the PEP data. In both instances, the employee was paid correctly.

### Public School Staff Data: Average Salaries (NO SCHEDULE)

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

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

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 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.

*Huffman & Signier*

(A Professional Accounting Corporation)

Monroe, LA

April 30, 2019



**UNION PARISH SCHOOL BOARD**  
**Farmerville, Louisiana**

**Schedules Required by 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 (Formerly Schedule 6) 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.

Union Parish School Board  
Farmerville, Louisiana

General Fund Instructional and Support Expenditures  
and Certain Local Revenue Sources  
June 30, 2018

**General Fund Instructional and Equipment Expenditures**

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$ 5,258,355	
Other Instructional Staff Activities	676,906	
Instructional Staff Employee Benefits	3,389,222	
Purchased Professional and Technical Services	46,511	
Instructional Materials and Supplies	205,713	
Instructional Equipment	-	
Total Teacher and Student Interaction Activities		\$ 9,576,707

Other Instructional Activities 8,209

Pupil Support Services 1,080,911

Less: Equipment for Pupil Support Services -

Net Pupil Support Services 1,080,911

Instructional Staff Services 1,020,068

Less: Equipment for Instructional Staff Services -

Net Instructional Staff Services 1,020,068

School Administration 1,107,809

Less: Equipment for School Administration -

Net School Administration 1,107,809

Total General Fund Instructional Expenditures \$ 12,793,704

Total General Fund Equipment Expenditures \$ -

**Certain Local Revenue Sources**

Local Taxation Revenue:

Ad valorem Taxes

Constitutional Ad Valorem Taxes	\$ 531,160
Renewable Ad Valorem Tax	2,244,605
Debt Service Ad Valorem Tax	598,273
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	101,500

Sales Taxes

Sales and Use Taxes - Gross	7,355,523
Total Local Taxation Revenue	\$ 10,831,061

Local Earnings on Investment in Real Property:

Earnings from 16th Section Property	\$ 368
Earnings from Other Real Property	26,082
Total Local Earnings on Investment in Real Property	\$ 26,450

State Revenue in Lieu of Taxes:

Revenue Sharing - Constitutional Tax	\$ 70,995
Revenue Sharing - Other Taxes	-
Revenue Sharing - Excess Portion	-
Other Revenue in Lieu of Taxes	-
Total State Revenue in Lieu of Taxes	\$ 70,995

Nonpublic Textbook Revenue \$ -



Union Parish School Board  
Farmerville, Louisiana

Class Size Characteristics  
As of October 1, 2017

School Type	Class Size Range							
	1-20		21-26		27-33		34+	
	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number
Elementary	57.31%	98	42.69%	73	0.00%	-	-	-
Elementary Activity Classes	60.71%	17	39.29%	11	0.00%	-	-	-
Middle/Jr. High	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Middle/Jr. High Activity Classes	0.00%	-	0.00%	-	0.00%	-	0.00%	-
High	0.00%	288	0.00%	106	0.00%	31	0.00%	4
High Activity Classes	0.00%	81	0.00%	4	0.00%	-	0.00%	1
Combination	91.47%	193	7.58%	16	0.95%	2	0.00%	-
Combination Activity Classes	88.89%	16	11.11%	2	0.00%	-	0.00%	-
Total		693		212		33		5

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

## **OTHER REPORTS**

### **LOUISIANA LEGISLATIVE AUDITOR'S STATEWIDE AGREED-UPON PROCEDURES**

(A PROFESSIONAL ACCOUNTING CORPORATION)  
CERTIFIED PUBLIC ACCOUNTANTS

Francis I. Huffman, CPA  
John Herman, CPA  
Lynn Andries, CPA, CGMA  
Esther Atteberry, CPA  
Katie Jacola, CPA

INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES  
FOR THE YEAR ENDED JUNE 30, 2018

To the Union Parish School Board  
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Union 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 July 1, 2017, through June 30, 2018. The School Board's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

## *Written Policies and Procedures*

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
  - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
  - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) **Disbursements**, including processing, reviewing, and approving
  - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) *Payroll/Personnel*, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) *Contracting*, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) *Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)*, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) *Debt Service*, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

**Results:** The following exceptions were noted during the review of policies and procedures:

- Budgeting-No procedures were noted.
- Purchasing-No procedures were noted. The policy did not contain the required elements of (1) how purchases are initiated, (2) how vendors are added to the vendor list, and (3) the preparation and approval process of purchase requisitions and purchase orders.
- Disbursements-No procedures were noted. The policy did not contain the required elements.
- Receipts-No procedures were noted. The policy did not contain the required elements.
- Payroll/Personnel-No procedures were noted. The policy did not contain the required elements of (1) payroll processing, and (2) reviewing and approving time and attendance records.
- Contracting-No procedures were noted. The policy did not contain the required elements of (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- Travel and expense reimbursement-No procedures were noted.
- Ethics-No procedures were noted. The policy did not contain the required element of (1) requirement that all employees annually attest through signature verification that they have read the entity's ethics policy.
- Debt Service- No procedures were noted. The policy did not contain the required elements of (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

**Management's Response:** The Union Parish School Board will formally approve written policies and procedures for its financial/business functions that will address all required elements of each policy and procedure.

#### ***Board or Finance Committee***

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2. 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.

**Results:** This section is exempt in the current year due to no exceptions in the prior year.

#### ***Bank Reconciliations***

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3. 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 selected each 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:** There were two exceptions noted with respect to procedure 3.c) due to two bank accounts having outstanding checks for more than 12 months without documentation of research on the checks.

**Management's Response:** For all checks outstanding six months or more, research will be performed that will result in either the reissuance of the outstanding check or voiding of the check and the unclaimed property sent to the State.

### Collections

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4. 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).
5. 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.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 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). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* 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:** There were 2 exceptions noted with respect to procedure 5.b) as the employee that collects cash also prepares and makes the deposit. With respect to procedure 5.d), there was 1 exception noted as the employee that collects cash also reconciles cash collections. There were 2 exceptions noted with respect to procedure 7.d) as it was not possible to determine if the deposit was made within one business day due to not having the receipt date.

**Management's Response:** In the future, cash will be collected by someone not involved in any other process related to depositing cash, recording transactions, and bank account reconciliations. Deposits will be made on the day of collection or the next business day. Written procedures will be formalized to assure that cash collections are reconciled to the accounting records by someone who is not responsible for collections.

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

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- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.
- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

**Results:** There was 1 exception noted with respect to procedure 9.c) as the employee responsible for processing payments has the ability to add vendors. With respect to procedure 9.d), there were 3 exceptions noted as the employees responsible for processing payments also mail the payments.

**Management's Response:** In the future, persons responsible for processing payments will be prohibited from adding vendors to the purchasing system and will not mail the payments.

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

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11. 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.

12. Using the listing prepared by management, randomly select 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.

13. Using the monthly statements or combined statements selected under #12 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:** No exceptions were noted as a result of applying agreed-upon procedures.



Travel and Travel-Related Expense Reimbursements (excluding card transactions)

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14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
  - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: This section is exempt in the current year due to no exceptions in the prior year.

Contracts

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15. 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:** This section is exempt in the current year due to no exceptions in the prior year.

### ***Payroll and Personnel***

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16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
  - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
  - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

**Results:** Of the employees tested, we noted 5 employees who did not properly document their daily attendance. This was primarily the result of the School Board's switch to automated time-tracking software, as employees were not consistently clocking-out when leaving for the day. With respect to approvals for attendance and leave, we noted 5 exceptions where there was no evidence that a supervisor had approved the attendance of the employees tested. Regarding terminations, we noted one instance where support for the termination payment for one employee was not available.

**Management's Response:** In the future, daily attendance will be documented and approved for all employees and all termination payments will be approved by the appropriate management.

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### *Ethics*

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20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
  - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

**Results:** This section is exempt in the current year due to no exceptions in the prior year.

### *Debt Service*

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21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

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

### *Other*

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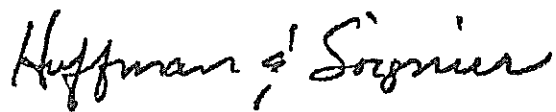
23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

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

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 handwritten signature in cursive script, reading "Huffman & Sorcier".

(A Professional Accounting Corporation)  
Monroe, Louisiana

April 30, 2019