

UNION PARISH SCHOOL BOARD
Farmerville, Louisiana

ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2021

UNION PARISH SCHOOL BOARD

Farmerville, Louisiana

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UNION PARISH SCHOOL BOARD

Farmerville, Louisiana

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**REQUIRED SUPPLEMENTARY INFORMATION
(PART A)**



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INDEPENDENT AUDITORS' REPORT

Board Members
Union Parish School Board
Farmerville, Louisiana

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the **Union Parish School Board** (the School Board) as of and for the year ended June 30, 2021, 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 of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on 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. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

We did not audit the financial statements of Downsville Community Charter, Inc., which represent 4 percent, 4 percent, and 12 percent, respectively, of the assets, net position (deficit), and revenues of the School Board. Those statements were audited by other auditors 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 auditors.

**Board Members
Union Parish School Board
Farmville, Louisiana**

Basis for Disclaimed Opinion on the Financial Statements as a Whole

Accounting records for the year ending June 30, 2021 were incomplete. We were unable to satisfy ourselves by other auditing procedures because the records provided by the School Board were not reconciled with the general ledger and contained errors and omissions of a material and pervasive nature.

Disclaimer of Opinions

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements referred to in the first paragraph.

Other Matters

Required Supplementary Information

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

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

**Board Members
Union Parish School Board
Farmville, Louisiana**

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Board's basic financial statements. The combining and individual nonmajor fund financial statements, the schedule of compensation paid to board members, the schedule of compensation, benefits and other payments to agency head are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the schedule of compensation paid to board members, the schedule of compensation, benefits and other payments to agency head, and the schedule of expenditures of federal awards, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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. Because of the significance of the matter described above, it is inappropriate to and we do not express an opinion on the other information listed above.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2022, on our consideration of the School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Board's internal control over financial reporting and compliance.

Woodard & Associates

(A Professional Accounting Corporation)
Monroe, Louisiana

October 25, 2022

BASIC FINANCIAL STATEMENTS

UNION PARISH SCHOOL BOARD

Farmerville, Louisiana

Statement of Net Position

June 30, 2021

	<u>Primary Government</u>		<u>Component Unit</u>
	<u>Governmental Activities</u>		<u>Downsville Community Charter, Inc.</u>
Assets			
Cash and cash equivalents	\$ 3,161,132	\$	780,762
Restricted cash	-		99,080
Receivables	2,877,013		493,706
Prepaid expenses and other assets	-		4,573
Inventory	17,858		-
Due from primary government	-		374,684
Capital assets, net of depreciation	45,824,649		608,208
Total assets	<u>51,880,652</u>		<u>2,361,013</u>
Deferred outflows of resources			
Deferred charges on pensions	6,322,659		-
Deferred charges on OPEB	2,840,567		-
Total deferred outflows of resources	<u>9,163,226</u>		<u>-</u>
Liabilities			
Accounts payable	1,234,048		18,523
Salaries payable	1,460,528		542,587
Interest payable	422,405		-
Long-term liabilities			
Due within one year	2,031,821		3,932
Due in more than one year	88,907,334		58,267
Total liabilities	<u>94,056,136</u>		<u>623,309</u>
Deferred inflows of resources			
Deferred inflows on pensions	3,906,250		-
Deferred inflows on OPEB	6,582,662		-
Total deferred inflows of resources	<u>10,488,912</u>		<u>-</u>
Net position (deficit)			
Net investment in capital assets	5,812,881		608,208
Restricted for			
School food service	17,858		-
Debt service	1,022,675		-
Salaries and related benefits	375,220		-
School activity funds	245,420		99,080
Unrestricted	(50,975,224)		1,030,416
Total net position (deficit)	<u>\$ (43,501,170)</u>	\$	<u>1,737,704</u>

See accompanying notes to the basic financial statements.

UNION PARISH SCHOOL BOARD
Farmerville, Louisiana

Statement of Activities
For the year ending June 30, 2021

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Primary Government</u>	<u>Component Unit</u>
Functions/programs					
Instructional services					
Regular programs	\$ 15,317,381	\$ -	\$ 621,275	\$ (14,696,106)	\$ -
Special education programs	1,500,281	-	365,160	(1,135,121)	-
Vocational programs	524,445	-	45,488	(478,957)	-
Other instructional programs	687,987	-	88,700	(599,287)	-
Special programs	1,451,566	-	2,092,839	641,273	-
Support services					
Adult / continuing education	144,588	-	-	(144,588)	-
Pupil support services	1,297,775	-	480,209	(817,566)	-
Instructional staff support services	1,164,036	-	634,915	(529,121)	-
General administration	974,292	-	179,035	(795,257)	-
School administration	769,646	-	33,509	(736,137)	-
Business services	380,026	-	80,264	(299,762)	-
Plant services	1,123,672	-	144,568	(979,104)	-
Student transportation services	2,453,064	-	7,631	(2,445,433)	-
Central services	177,305	-	177,305	-	-
Noninstructional services					
Food service operations	1,144,218	30,112	1,096,669	(17,437)	-
Long-term obligations					
Interest and other charges	1,247,945	-	-	(1,247,945)	-
Total Primary Government	<u>\$ 30,358,227</u>	<u>\$ 30,112</u>	<u>\$ 6,047,567</u>	<u>(24,280,548)</u>	<u>-</u>
Component Unit					
Downsville Community Charter, Inc.	<u>\$ 4,436,639</u>	<u>\$ 7,800</u>	<u>\$ 560,105</u>	<u>-</u>	<u>(3,868,734)</u>
General revenues					
Taxes					
Ad valorem taxes levied for					
General purposes				3,008,006	-
Debt service purposes				2,864,111	-
Sales taxes levied for					
General purposes				8,697,750	-
Grants and contributions not restricted to specific programs					
Minimum Foundation Program				13,515,572	4,049,024
State revenue sharing				69,825	-
Interest and investment earnings				65,803	579
Gain(loss) on disposal of assets-net				(16,855)	-
Other				1,219,821	23,309
Total general revenues				<u>29,424,033</u>	<u>4,072,912</u>
Change in net position					
				<u>5,143,485</u>	<u>204,178</u>
Net position (deficit) at beginning of year, as originally stated				<u>(46,223,628)</u>	<u>1,533,526</u>
Prior period adjustment				<u>(2,421,030)</u>	<u>-</u>
Net position (deficit) at beginning of year, as restated				<u>(48,644,658)</u>	<u>1,533,526</u>
Net position (deficit) at end of year				<u>\$ (43,501,170)</u>	<u>\$ 1,737,704</u>

See accompanying notes to the basic financial statements.

UNION PARISH SCHOOL BOARD
Farmerville, Louisiana

Balance Sheet
Governmental Funds
June 30, 2021

	<u>Major Funds</u>				<u>Nonmajor Funds</u>	<u>Total</u>
	<u>GENERAL FUND</u>	<u>TITLE I FUND</u>	<u>EDUCATION STABILIZATION FUND</u>	<u>DEBT SERVICE FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	
Assets						
Cash and cash equivalents	\$ 1,450,349	\$ -	\$ -	\$ 1,022,675	\$ 688,108	\$ 3,161,132
Receivables	828,944	494,848	1,031,105	-	522,116	2,877,013
Interfund receivables	1,728,606	-	-	-	-	1,728,606
Inventory	-	-	-	-	17,858	17,858
Total assets	<u>\$ 4,007,899</u>	<u>\$ 494,848</u>	<u>\$ 1,031,105</u>	<u>\$ 1,022,675</u>	<u>\$ 1,228,082</u>	<u>\$ 7,784,609</u>
Liabilities and fund balances						
Liabilities						
Accounts payable	\$ 1,040,375	\$ 124,498	\$ 65,501	\$ -	\$ 3,674	\$ 1,234,048
Salaries payable	1,319,737	64,131	4,798	-	71,862	1,460,528
Interfund payables	-	306,219	960,806	-	461,580	1,728,606
Total liabilities	<u>2,360,112</u>	<u>494,848</u>	<u>1,031,105</u>	<u>-</u>	<u>537,115</u>	<u>4,423,180</u>
Fund balances						
Nonspendable	-	-	-	-	17,858	17,858
Restricted	375,220	-	-	1,022,675	673,109	2,071,004
Committed	-	-	-	-	-	-
Unassigned	1,272,567	-	-	-	-	1,272,567
Total fund balances	<u>1,647,787</u>	<u>-</u>	<u>-</u>	<u>1,022,675</u>	<u>690,967</u>	<u>3,361,429</u>
Total liabilities and fund balances	<u>\$ 4,007,899</u>	<u>\$ 494,848</u>	<u>\$ 1,031,105</u>	<u>\$ 1,022,675</u>	<u>\$ 1,228,082</u>	<u>\$ 7,784,609</u>

See accompanying notes to the basic financial statements.

UNION PARISH SCHOOL BOARD

Farmerville, Louisiana

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

For the Year Ended June 30, 2021

Total fund balances – governmental funds \$ 3,361,429

The cost of capital assets (land, buildings, furniture and equipment) and intangible assets (software) purchased or constructed is reported as an expenditure in Governmental Funds. The Statement of Net Position includes those capital assets and intangible assets among the assets of the School Board as a whole. The cost of those capital and intangible assets is allocated over their estimated useful lives (as depreciation expense for capital assets and amortization expense for intangible assets) to the various programs reported as Governmental Activities in the Statement of Activities. Because neither depreciation nor amortization expenses affect financial resources, they are not reported in the Governmental Funds.

Cost of capital assets	\$ 55,252,438	
Accumulated depreciation	<u>(9,427,789)</u>	45,824,649

Deferred outflows for pension and other post- employment benefits are not reported in the governmental funds but are reported in the government-wide financial statements.

Pensions	6,322,659	
Other post-employment benefits	<u>2,840,567</u>	9,163,226

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. Post-employment benefits in the Governmental Funds are recorded as expenditures when paid. The unfunded annual required contribution in the Statement of Net Position is recognized as a liability as it accrues. Balances at the end of the year are as follows:

Bonds payable	(39,725,000)	
Other post-employment benefits	(28,608,424)	
Net pension liability	(21,437,459)	
Bond premium	(286,768)	
Compensated absences payable	<u>(881,504)</u>	(90,939,155)

Accrued interest on outstanding bonds		(422,405)
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Deferred inflows are not reported in the governmental funds but are reported in the government-wide financial statements.

Pensions	(3,906,250)	
Other post-employment benefits	<u>(6,582,662)</u>	<u>(10,488,912)</u>

Total Governmental Activities-Net Position \$ (43,501,170)

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

UNION PARISH SCHOOL BOARD
Farmerville, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Fiscal Year Ended June 30, 2021

	Major Funds				Nonmajor Funds	Total
	GENERAL FUND	TITLE I FUND	EDUCATION STABILIZATION FUND	DEBT SERVICE FUND	OTHER GOVERNMENTAL FUNDS	
REVENUES						
Local sources						
Taxes						
Ad valorem taxes	\$ 3,008,006	\$ -	\$ -	\$ 2,864,111	\$ -	\$ 5,872,117
Sales and use taxes	8,195,260	-	-	280,262	222,228	8,697,750
Interest earnings	60,408	-	-	1,107	4,288	65,803
Food services	-	-	-	-	30,112	30,112
Other	1,087,921	-	-	-	340,599	1,428,520
State sources						
Equalization	13,500,218	-	-	-	15,354	13,515,572
Other	488,222	-	-	-	-	488,222
Federal sources	14,616	1,531,387	1,593,901	-	2,419,441	5,559,345
Total revenues	<u>26,354,651</u>	<u>1,531,387</u>	<u>1,593,901</u>	<u>3,145,480</u>	<u>3,032,022</u>	<u>35,657,441</u>
EXPENDITURES						
Current						
Instructional services						
Regular programs	13,793,586	2,545	770,026	-	-	14,566,157
Special education programs	1,309,594	-	72,607	-	351,058	1,733,259
Vocational programs	594,809	-	11,299	-	45,488	651,596
Other instructional programs	248,848	52,479	71,485	-	388,734	761,546
Special programs	432,125	888,287	30,668	-	230,293	1,581,373
Support services						
Adult / continuing education	174,067	-	3,562	-	-	177,629
Pupil support services	1,163,123	48,285	29,423	-	394,862	1,635,693
Instructional staff support services	826,506	351,621	56,934	-	185,967	1,421,028
General administration	937,926	-	3,796	91,650	2,289	1,035,661
School administration	888,140	31,372	22,278	-	-	941,790
Business services	390,660	40,965	18,264	1,200	-	451,089
Plant services	1,067,976	-	116,207	-	1,776	1,185,959
Student transportation services	2,207,959	-	85,492	-	7,030	2,300,481
Central services	208,385	-	3,818	-	-	212,203
Noninstructional services						
Food service operations	-	-	67,986	-	1,224,599	1,292,585
Debt service						
Principal	-	-	-	1,485,000	-	1,485,000
Interest	-	-	-	1,323,413	-	1,323,413
Total expenditures	<u>24,243,704</u>	<u>1,415,552</u>	<u>1,363,843</u>	<u>2,901,262</u>	<u>2,832,113</u>	<u>32,756,461</u>
Excess (deficiency) of revenues over expenditures	2,110,947	115,835	230,058	244,218	199,909	2,900,980
Other financing sources (uses)						
Transfers in	5,354,652	-	-	-	9,646	5,364,298
Transfers out	(4,943,510)	(115,835)	(230,058)	-	(74,894)	(5,364,298)
Total other financing sources (uses)	<u>411,142</u>	<u>(115,835)</u>	<u>(230,058)</u>	<u>-</u>	<u>(65,248)</u>	<u>-</u>
Net change in fund balances	2,522,089	-	-	244,218	134,661	2,900,980
Fund balance at beginning of year, as originally stated						
	2,026,313	-	-	639,780	263,493	2,929,586
Prior period adjustment	(2,900,627)	-	-	138,677	292,813	(2,469,137)
Fund balances at beginning of year, as restated	<u>(874,314)</u>	<u>-</u>	<u>-</u>	<u>778,457</u>	<u>556,306</u>	<u>460,449</u>
Fund balances at end of year	<u>\$ 1,647,775</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,022,675</u>	<u>\$ 690,967</u>	<u>\$ 3,361,429</u>

See accompanying notes to the basic financial statements.

UNION PARISH SCHOOL BOARD
Farmerville, Louisiana

**Reconciliation of the Governmental Funds'
Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities**
Fiscal Year Ended June 30, 2021

Total net change in fund balances – Governmental Funds \$ 2,900,980

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 for the capital assets and amortization expense for the intangible assets. This is the amount by which capital outlays exceed depreciation and amortization in the period:

Depreciation	\$ <u>(2,225,187)</u>	(2,225,187)
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Capital assets nor depreciation are reported in the Governmental Funds. In the Statement of Net Position, capital assets and accumulated depreciation are reported. When an asset is disposed of, it results in a gain or loss on disposal of the asset in the Statement of Activities.

Loss on sale of asset	16,855	
Proceed from sale of asset	<u>(138,874)</u>	(155,729)

Repayment of debt is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Bonds		1,485,000
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Interest on long-term debt in the Statement of Activities differs from the amount reported in the Governmental Funds because accrued interest received from bond sales is recognized as Other Financing Sources when received and interest on outstanding bonds is recognized as an expenditure in the Governmental Funds when it is due, which requires the use of current financial resources. In the Statement of Activities, however, interest expenses are recognized as the interest accrues, regardless of when it is due. Interest expense payable at year end decreased from the previous year as follows:

Interest expense payable at June 30, 2020	478,571	
Interest expense payable at June 30, 2021	<u>(422,405)</u>	56,166

The deferred amount on refunding of bonded debt is shown as a reduction of long-term debt; however, the amount is amortized over the lesser of the life of the original bonds or the life of the refunding bonds.

Current year amortization		19,302
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In the Statement of Activities, certain operating expenses (compensated absences for accrued vacation and sick leave, claims) are measured by the amounts earned during the year. However, in the Governmental Funds expenditures for these items are measured by the amount of financial resources used (what was actually paid during the year). This year, vacation and sick leave earned exceeded the amount used.

Compensated absences		20,693
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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.

		1,097,782
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Other post-employment benefits are reported in the Governmental Funds as expenditures when paid. The unfunded annual contribution is reported in the Statement of Activities as it accrues.

		1,944,479
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Change in net position of governmental activities	\$	<u><u>5,143,485</u></u>
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The accompanying notes are an integral part of the financial statements.

UNION PARISH SCHOOL BOARD

Farmerville, Louisiana

Notes to the Basic Financial Statements

For the Year Ended June 30, 2021

Note 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 seven members who are elected from seven wards for a period of four years.

The School Board operates five schools within the parish with a total enrollment of approximately 2,000 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. The School Board is not aware of any other entities that should be included within the financial statements.

Downsville Community Charter, Inc. is included in the reporting entity, because it is fiscally dependent on the school system for the majority of its revenue. The School Board has the authority to revoke the charter and 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 corporation to operate Downsville Community 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.

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.

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Below is a summary of amounts reimbursed to the Union Parish School Board from the discretely presented component unit for the 2020-2021 school year:

	Downsville Community Charter, Inc.
JPAMS	\$ 11,640
Internet / Telephone	4,800
Special Education oversight	65,940
Erate consultant	1,500
Lease of property	1,200
Technology services	43,068
	<u>\$ 128,148</u>

\$4,718,029 of MFP monies were passed through to Downsville Community Charter, Inc. during the year ended June 30, 2021. 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 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.

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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

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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.

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.

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 two major special revenue funds.

Education Stabilization - accounts for the federal grants the School Board had received under the CARES Act, Coronavirus Responses and Relief Supplemental Appropriations Act (CRRSA) and the American Rescue Plan (ARP) to assist the School Board in meeting the challenges in providing education services as a result of the COVID-19 pandemic.

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Title 1 - accounts for Title 1 of the Elementary and Secondary Education Act (ESEA) is a federally financed program which provides for the needs of children who are at risk of not meeting challenging academic standards and who reside in areas of high concentrations of children from low-income families.

The School Board has seven 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 one major Debt Service Fund.

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 organizations, or other governments. The School Board has 4 nonmajor Capital Projects Funds.

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 entities or other funds. The School Board does not have any fiduciary funds as of year-end.

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

D. Cash and Cash Equivalentents

Cash and cash equivalentents 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 equivalentents 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*

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For the Year Ended June 30, 2021

other funds or *due to* other funds on the fund financial statements. Short-term interfund loans are classified as interfund receivables/payables.

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 more and an estimated useful life of 1 year or more 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.

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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	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.

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 Activity

Interfund activity is reported as loans, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation 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 leave each year, based upon years of service. For the purpose of calculating and apportioning annual leave, the "leave year" shall run from July 1st to June 30th. No more than 15 days of vacation leave may be accumulated as of June 30th. 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,

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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:

- 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

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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 current cost of other post-employment benefits is recognized in the fund financial statements in the year earned. However due to the implementation of Governmental Accounting Standards Board Statement No. 75 - *Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions*, the School Board has recognized the full liability in the Government-wide Financial Statements.

The School Board's proportionate share of state multi-employer, defined-benefit retirement plan net pension liabilities is included in reported long-term liabilities. The reported net pension liability is determined on the accrual basis which is the same as reported by the state retirement plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position 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 three items that qualify for reporting in this category; the *deferred charge on refunding*, the *deferred outflows on pensions* and the *deferred outflows on OPEB* 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 inflows on pensions* and the *deferred inflows on OPEB*. These amounts are reported as deferred and recognized as an inflow of resources in the period the amounts become available.

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For the Year Ended June 30, 2021

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.
- **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 for the payment of supplemental salaries and benefits to employees.
- **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.

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For the Year Ended June 30, 2021

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 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.

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Notes to the Basic Financial Statements

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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 Lincoln 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.

On May 3, 2014, the voters of Union Parish approved 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.

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.

Assessed values 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

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

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taxes are not paid by the due date, taxes bear interest at the rate of 1.25% per month until the taxes are paid. After notice is given to the delinquent taxpayers, the sheriff is required by the Constitution of the State of Louisiana to sell the least quantity of property necessary to settle the taxes and interest owed.

All property taxes are recorded in the general, special revenue maintenance fund and the sinking fund. Revenues in such funds are recognized in the accounting period in which an enforceable legal claim arises. Estimated uncollectible taxes are those taxes based on 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.

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. New Accounting Pronouncements

The 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 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 June 15, 2021. The School Board will include the requirements of this standard, as applicable, in its June 30, 2022 financial statements. The effect of this standard or its applicability to the School Board are unknown at this time.

Note 2- 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, 2021. Differences between School Board balances and the bank balances arise because of the net effect of deposits-in-transit and outstanding checks.

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Notes to the Basic Financial Statements

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	<u>School Board Balance</u>	<u>Bank Balance</u>
Cash		
Demand deposits - checking	\$ 2,915,712	\$ 5,547,127
Total cash	<u>\$ 2,915,712</u>	<u>\$ 5,547,127</u>

The School Board's deposits are collateralized as follows:

Federal depository insurance	\$ 250,000
Pledged securities	<u>5,297,127</u>
Total collateralized deposits	<u>\$ 5,547,127</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 total cash bank balances of \$5,547,127, of which \$250,000 were insured by Federal Depository Insurance (FDIC) and the remaining \$5,297,127 was 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 may invest in certificates of deposit which do not have credit ratings. The School Board's policy does not address credit rate risk.

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

Note 3-Receivables

The receivables of \$2,877,013 at June 30, 2021, as reported in the Fund Financial Statements, are as follows:

	General	Education Stabilization	Title I	Debt Service	Nonmajor Governmental	Total
Intergovernmental						
Federal	\$ 3,980	\$ 1,031,105	\$ 494,884	\$ -	\$ 522,116	\$ 2,052,049
Local sources						
Sales and use taxes	824,964	-	-	-	-	824,964
Total	<u>\$ 828,944</u>	<u>\$ 1,031,105</u>	<u>\$ 494,884</u>	<u>\$ -</u>	<u>\$ 522,116</u>	<u>\$ 2,877,013</u>

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

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Notes to the Basic Financial Statements

For the Year Ended June 30, 2021

Note 4-Capital Assets

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

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 377,071	\$ -	\$ (4,547)	\$ 372,524
Total capital assets, not being depreciated	<u>377,071</u>	<u>-</u>	<u>(4,547)</u>	<u>372,524</u>
Capital assets being depreciated				
Buildings	53,037,943	-	(3,555,612)	49,482,331
Furniture and equipment	<u>6,298,001</u>	<u>-</u>	<u>(900,418)</u>	<u>5,397,583</u>
Total capital assets being depreciated	<u>59,335,944</u>	<u>-</u>	<u>(4,456,030)</u>	<u>54,879,914</u>
Less accumulated depreciation				
Buildings	6,908,767	1,860,960	(2,832,397)	5,937,330
Furniture and equipment	<u>4,598,684</u>	<u>364,227</u>	<u>(1,472,452)</u>	<u>3,490,459</u>
Total accumulated depreciation	<u>11,507,451</u>	<u>2,225,187</u>	<u>(4,304,849)</u>	<u>9,427,789</u>
Total capital assets being depreciated, net	<u>47,828,493</u>	<u>(2,225,187)</u>	<u>(151,181)</u>	<u>45,452,125</u>
Capital assets, net	<u>\$48,205,564</u>	<u>\$(2,225,187)</u>	<u>\$ (155,728)</u>	<u>\$45,824,649</u>

Depreciation expense was charged to governmental activities as follows:

Instructional services:	
Regular programs	\$ 1,702,648
Special education programs	2,079
Special programs	7,062
Support services:	
Plant services	23,302
Student transportation services	482,800
Non-instructional services:	
Food service operations	<u>7,296</u>
Total depreciation expense	<u>\$ 2,225,187</u>

UNION PARISH SCHOOL BOARD

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Note 5- Pension Plans

General Information about the Pension Plan

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 and www.lasers.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.

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

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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 3 years. A member has a 60 day window from his first eligible date to participate in the program in order to participate for the maximum number of years. Delayed participation reduces the three year maximum participation period. During participation, benefits otherwise payable are fixed, and deposited in an individual DROP account. Upon termination of DROP, 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.

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

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 as a school bus operator, school janitor, school custodian, school maintenance employee, school bus aide, a monitor or attendant, or any other regular school employee who actually works on a school bus helping with the transportation of schoolchildren. 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 five 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 who have less than 10 years of creditable service are not eligible for membership in the System. Any employee whose employment falls below 4.1 hours per day or 20.1 hours per week and who is not vested will be eligible to receive a refund of 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

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Notes to the Basic Financial Statements

For the Year Ended June 30, 2021

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

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

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).

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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, 2021 are as follows:

TRSL Sub Plan	Contribution Rates	
	School Board	Employees
K-12 Regular Plan	25.8%	8.0%
Lunch Plan A	25.8%	9.1%
Lunch Plan B	25.8%	5.0%

The School Board's contractually required composite contribution rate for the year ended June 30, 2021 was 25.8% 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 \$2,087,620 for the year ended June 30, 2021.

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, 2021 was 28.5%. The actual employer rate for the year ended June 30, 2021 was 28.7%. 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 \$370,539 for the year ended June 30, 2021.

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, 2020 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

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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, 2020 and the change compared to the June 30, 2019 proportion (plan fiscal year ends not fiscal year ends).

	Net Pension Liability at June 30, 2020	Proportion at June 30, 2020	Decrease from June 30, 2019 Proportion
TRSL	\$ 17,899,493	0.16092%	(0.020998)%
LSERS	3,537,966	0.44034%	(0.083833)%
	<u>\$ 21,723,784</u>		

The following table reflects the School Board's recognized pension expense plus the School Board's amortization of change in proportionate share and difference between employer contributions and proportionate share of contributions for each of the pension plans for the year ended June 30, 2020.

	Pension Expense	Amortization	Total
TRSL	\$ 1,852,318	\$ (741,583)	\$ 1,110,735
LSERS	292,120	26,958	319,078
	<u>\$ 2,144,438</u>	<u>\$ (714,625)</u>	<u>\$ 1,429,813</u>

UNION PARISH SCHOOL BOARD

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At June 30, 2021, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TRSL

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (287,327)
Changes in assumptions	1,064,842	-
Net difference between projected and actual earnings on pension plan investments	1,381,734	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	762,911	(3,156,637)
Employer contributions subsequent to the measurement date	<u>2,087,620</u>	<u>-</u>
Total TRSL	<u>\$ 5,297,107</u>	<u>\$ (3,443,964)</u>

LSERS

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (87,092)
Changes in assumptions	21,819	-
Net difference between projected and actual earnings on pension plan investments	538,686	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	95,243	(375,194)
Employer contributions subsequent to the measurement date	<u>370,539</u>	<u>-</u>
Total TRSL	<u>\$ 1,025,552</u>	<u>\$ (462,286)</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	\$ 5,297,107	\$ (3,443,964)
LSERS	1,025,552	(462,286)
	<u>\$ 6,322,659</u>	<u>\$ (3,906,250)</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, 2022. The following table lists the pension contributions made subsequent to the measurement period for each pension plan:

	Subsequent Contributions
TRSL	\$ 2,087,620
LSERS	370,539
	<u>\$ 2,458,159</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:

<u>Year Ending June 30,</u>	<u>TRSL</u>	<u>LSERS</u>	<u>Total</u>
2022	\$ (482,148)	\$ (53,237)	\$ (535,385)
2023	(157,067)	(40,771)	(197,838)
2024	269,634	163,555	433,189
2025	135,104	123,180	258,284
	<u>\$ (234,477)</u>	<u>\$ 192,727</u>	<u>\$ (41,750)</u>

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2020 are as follows:

	<u>TRSL</u>	<u>LSERS</u>
Valuation Date	June 30, 2020	June 30, 2020
Actuarial Cost Method	Entry Age Normal	Entry Age Normal

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Amortization Approach	Closed	
Actuarial Assumptions:		
Expected Remaining Service Lives	5 years	3 years
Investment Rate of Return	7.45% net of investment expenses*	7.00% net of investment expenses
Inflation Rate	2.30% per annum.	2.50% per annum.
Salary Increases	3.1% - 4.6% varies depending on duration of service.	3.25%
Cost of Living Adjustments	None	Cost-of-living raises may be granted from the Experience Account provided there are sufficient funds needed to offset the increase in the actuarial liability and the plan has met the criteria and eligibility requirements outline by ACT 399 of 2014.
Mortality	Active members - RP-2014 White Collar Employee tables, adjusted by 1.010 for males and by 0.997 for females. Non-Disabled retiree/inactive members – RP-2014 White Collar Healthy Annuitant tables, adjusted by 1.366 for males and by 1.189 for females. Disability retiree mortality – RP-2014 Disability tables, adjusted by 1.111 for males and by 1.134 for females. These base tables are adjusted from 2014 to 2018 using the MP-2017 generational improvement table, with continued future mortality improvement projected using the MP-	Mortality rates based on the RP-2014 Sex Distinct Employee Tables, Sex Distinct Disable Tables, and Healthy Annuitant Tables.

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2017 generational mortality improvement tables.

Termination, Disability, and Retirement

Termination, disability, and retirement assumptions were projected based on a 5-year (July 1, 2012 – June 30, 2017) experience study of the System's members.

Termination, disability, and retirement assumptions were projected based on a 2012-2017 experience study of the System's members.

*The investment rate of return used in the actuarial valuation for funding purposes was 7.95%, recognizing an additional 40 basis points for gain sharing. Per Act 94 of 2016, noninvestment-related administrative expenses are directly funded with employer contributions as a percentage of projected payroll.

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

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 Teachers' Retirement System of Louisiana (TRSL) - 35 plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.3% and an adjustment for the effect of rebalancing /diversification.

LSERS

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

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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, 2020:

Asset Class	Target Allocation		Long-Term Expected Portfolio Real Rate of Return	
	TRSL	LSERS	TRSL	LSERS
Cash	-	-	-	-
Domestic equity	27.0%	39.0%	4.60%	2.82%
International equity	19.0%	-	5.54%	-
Domestic fixed income	13.0%	26.0%	0.69%	0.92%
International fixed income	5.5%	-	1.50%	-
Alternative investments	25.5%	23.0%	8.62%	1.95%
Global asset allocation	-	-	-	-
Other private assets	10.0%	-	4.45%	-
Real estate	-	12.0%	-	0.69%
Real assets	-	-	-	-
Total	<u>100.0%</u>	<u>100.0%</u>	<u>N/A</u>	<u>6.38%</u>
Expected inflation				<u>2.00%</u>
Expected arithmetic nominal return				<u>8.38%</u>

Discount Rate

The discount rates used to measure the total pension liability for TRSL and LSERS were 7.45% and 7.00%, respectively, for the year ended June 30, 2020.

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:

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For the Year Ended June 30, 2021

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
TRSL			
Discount rate	6.45%	7.45%	8.45%
Share of NPL	\$ 23,366,276	\$ 17,899,493	\$ 13,297,526
LSERS			
Discount rate	6.00%	7.00%	8.00%
Share of NPL	\$ 4,634,212	\$ 3,537,966	\$ 2,600,392

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, 2021, the School Board recognized revenue as a result of support received from non-employer contributing entities of \$69,437 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, 2021.

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.la.gov.

Payables to the Pension Plan

As of June 30, 2021, the School Board had payables due to the pension plans totaling \$628,343. Payables are the School Board's legally required contributions to the pension plans. Outstanding balances will be applied to the School Board's monthly contributions. The balance due to each of the pension plans at June 30, 2021 is as follows:

	<u>Payables</u>
TRSL	\$ 520,599
LSERS	107,744
Total	<u>\$ 628,343</u>

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Note 6- Other Post-Employment Benefits

General Information about the OPEB Plan

Plan description – The School Board participates in 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 - "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.

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, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	150
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>116</u>
Total	<u>266</u>

Total OPEB Liability

The School Board’s total OPEB liability of \$28,608,424 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

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Inflation rate	2.50%
Salary increase	4.0%, including inflation.
Discount rate	2.21% (beginning of year to determine ADC) 2.16% (end of year measurement date)
Healthcare cost trend rates	Flat 5.50% annually.

The discount rate was based on the Bond Buyers' 20 Year General Obligation municipal bond index. The discount rate changed in 2021 from 2.21% to 2.16%.

Mortality rates were based on the RP-2000 Table without projection.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of ongoing evaluations as of the assumptions from July 1, 2010 to June 30, 2020.

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

Changes in the Total OPEB Liability:

Balance at June 30, 2020	\$ 27,105,640
<hr/>	
Changes for the year:	
Service cost	597,368
Interest cost at 2.21%	589,187
Difference between expected and actual experience	715,769
Effect of assumption changes or inputs	491,651
Benefit payments	(891,191)
Net changes	1,502,784
Balance at June 30, 2021	\$ 28,608,424
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Notes to the Basic Financial Statements

For the Year Ended June 30, 2021

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the School Board, as well as what the School Board’s total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.16%) and one percentage point higher (3.16%) than the current discount rate (2.16%).

	1% Decrease 1.16%	Discount Rate 2.16%	1% Increase 3.16%
Total OPEB liability	\$ 34,574,805	\$ 28,608,424	\$ 24,003,147

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the School Board, as well as what the School Board’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower and one percentage point higher than the current healthcare cost trend rates.

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	\$ 24,582,444	\$ 28,608,424	\$ 33,871,671

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

For the year ended June 30, 2021, the School Board recognized OPEB expense of \$(31,737). At June 30, 2021, the School Board reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Demographic	\$ 536,827	\$ (5,008,414)
Changes of assumptions	2,303,740	(1,574,248)
Total	\$ 2,840,567	\$ (6,582,662)

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

Year Ended June 30,	Amount
2022	\$ (1,218,292)
2023	\$ (1,218,292)
2024	\$ (501,825)
2025	\$ (803,680)
thereafter	-

UNION PARISH SCHOOL BOARD

Farmerville, Louisiana

Notes to the Basic Financial Statements

For the Year Ended June 30, 2021

Note 7- General Long-Term Obligations

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

Original Issue	Issue Date	Original Borrowing	Interest Rate to Maturity	Interest to Maturity	Final Maturity	Outstanding at 6/30/2021
General obligation bonds						
Series 2014	7/24/2014	\$ 9,800,000	2-4%	\$ 1,883,198	2034	\$ 7,245,000
Series 2015	3/26/2015	15,000,000	2.25-5%	3,254,931	2035	12,485,000
Series 2016	3/22/2016	17,700,000	3-4%	4,936,588	2036	17,000,000
Limited tax revenue bonds						
Series 2017	1/11/2017	\$ 3,600,000	3-4.25%	<u>1,053,150</u>	2036	<u>2,995,000</u>
Total bonded indebtedness				<u>\$ 11,127,867</u>		<u>\$ 39,725,000</u>

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

<u>Year Ended June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2022	\$ 1,585,000	\$ 1,267,213	\$ 2,852,213
2023	1,680,000	1,206,560	2,886,560
2024	1,785,000	1,160,723	2,945,723
2025	2,040,000	1,105,523	3,145,523
2026	2,625,000	1,038,043	3,663,043
2027-2031	14,765,000	3,947,219	18,712,219
2032-2036	<u>15,245,000</u>	<u>1,402,588</u>	<u>16,647,588</u>
Total	<u>\$ 39,725,000</u>	<u>\$ 11,127,87</u>	<u>\$ 50,852,867</u>

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, 2021, the School Board has accumulated \$1,022,675 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 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,

UNION PARISH SCHOOL BOARD

Farmerville, Louisiana

Notes to the Basic Financial Statements

For the Year Ended June 30, 2021

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 sales 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, 2021 the School Board received \$280,262 from the collection of the tax and paid \$155,000 and \$122,375 in debt service principal and interest, respectively. The annual required principal and interest payments are estimated to be 48% of the tax revenue over the next 15 years.

The following is a summary of governmental activities long-term obligation transactions for the year ended June 30, 2021:

Long-term Obligations	Balance June 30, 2020	Additions	Deductions	Balance June 30, 2021	Amounts Due Within One Year
G. O. Bonds	\$38,060,000	\$ -	\$(1,330,000)	\$36,730,000	\$1,425,000
Limited tax rev. bonds	3,150,000	-	(155,000)	2,995,000	160,000
Net pension liability	21,723,784	-	(286,325)	21,437,459	-
OPEB liability	27,105,640	1,502,784	-	28,608,424	-
Compensated absences	645,573	653,786	(417,855)	881,504	446,821
Bond premium	306,070	-	(19,302)	286,768	-
Total	\$90,991,067	\$2,156,570	\$(2,208,482)	\$90,939,155	\$2,031,821

UNION PARISH SCHOOL BOARD

Farmerville, Louisiana

Notes to the Basic Financial Statements

For the Year Ended June 30, 2021

Note 8-Deferred Outflows of Resources and Deferred Inflows of Resources

The balances of deferred outflows and inflows of resources as of June 30, 2021 consist of

	Deferred Outflows		Deferred Inflows
Net Pension Liability	\$ 6,322,659	\$	3,906,250
Other Post-Employment Benefits	2,840,567		6,582,662
Total	<u>\$ 9,163,226</u>	\$	<u>10,488,912</u>

Note 9-Interfund Transactions

Individual balances due to/from other funds at June 30, 2021 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Education Stabilization	\$ 960,806
General Fund	Nonmajor Governmental	767,800
Total		<u>\$ 1,728,606</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. Other amounts relate to temporary transfers between funds. All interfund transactions will be completed during the 2021-22 fiscal year.

Note 10-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>Balance at June 30, 2021</u>
Nonmajor Funds		
Special Revenue Funds		
School Food Service	Food inventory	\$ 17,858
Total Nonspendable Fund Balance		<u>\$ 17,858</u>

UNION PARISH SCHOOL BOARD

Farmerville, Louisiana

Notes to the Basic Financial Statements

For the Year Ended June 30, 2021

RESTRICTED	PURPOSE	Balance at June 30, 2021
Major Funds		
General Fund	Salaries and benefits	\$ 375,220
Debt Service	Bonded debt principal & interest	1,022,675
Nonmajor Funds		
School Food Service	School food service	427,689
School Activity	School activities	245,420
Total Restricted Fund Balance		\$ 2,071,004

Note 11-Litigation and Contingencies

The School Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the School Board purchases commercial insurance.

The legal counsel for the School Board has identified no lawsuits in which the School Board is a defendant and which would materially affect the financial statements.

As with the majority of all other school boards within the state, the Union Parish School Board is substantially dependent upon federal, state and local funding. The loss or reduction of these funding sources would have a significant impact on its operations.

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 rebated to the Internal Revenue Service. Management believes that there is no tax arbitrage rebate liability at year end.

Note 12-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.

Note 13-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 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

UNION PARISH SCHOOL BOARD

Farmerville, Louisiana

Notes to the Basic Financial Statements

For the Year Ended June 30, 2021

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 2021 fiscal year, the Tax Collector paid the Teachers' Retirement System of Louisiana \$175,425 on behalf of the School Board. This amount was recognized as ad valorem revenue and a reduction in the School Board's required contributions.

Note 14-Economic Dependency

Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 280-10-50-42 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenues. 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 \$13,515,572 to the school board, which represents approximately 38.1% of the School Board's total revenue for the year. Federal revenues also account for \$5,544,729 (15.6%) of total revenues.

Note 15-Concentrations and Uncertainties

In December 2019, COVID-19 emerged and has subsequently spread worldwide. The World Health Organization has declared COVID-19 a pandemic resulting in federal, state and local governments and private entities mandating various restrictions, including travel restrictions, restrictions on public gatherings, stay at home orders and advisories and quarantining of people who may have been exposed to the virus. Even though the outbreak occurred during the audit year, the effects of the virus are still taking place. On April 15, 2020, Governor John Bel Edwards signed a proclamation closing K-12 public schools in Louisiana for the school year due to the pandemic. The School Board was required to introduced remote learning for students from that point and into the next fiscal year. On March 25, 2020, Congress passed the CARES Act to help with the effects of the pandemic and allowing the School Board funding options in the next fiscal year. Management did not consider it necessary to make any adjustment to 2020 financial information and foresees no going concern issues relating to this event.

Note 16-Prior Period Adjustment

Prior period adjustments were made to net position and fund balances to align beginning balances with balances provided by the School Board. There was insufficient evidence for auditors to form an opinion on the financial statements for the fiscal years ended June 30, 2021 and 2020. Refer to Schedule of Audit Findings and Questioned Costs finding 2021-001. In the current fiscal year the School Board implemented GASB Statement No. 84 – Fiduciary Activities. The principal objective of this statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. It improves guidance regarding the identification of fiduciary activities for accounting and financial reporting and how those activities should be reported. This impacted the School Board in that certain activities previously reported as fiduciary are no longer considered fiduciary under

UNION PARISH SCHOOL BOARD

Farmerville, Louisiana

Notes to the Basic Financial Statements

For the Year Ended June 30, 2021

GASB 84. The Student Activity Funds, previously reported as agency funds, are now reported as special revenue funds. Due to the implementation of this standard, the Student Activity Fund beginning fund balance was restated to \$262,170. A reconciliation of the prior period ending fund balance to the current year beginning fund balance for various funds are as follows:

General Fund

Fund balance at beginning of year	\$	2,026,313
Adjustment to correct fund balance		<u>(2,900,627)</u>
Fund balance at beginning of year, as restated	\$	<u>(874,314)</u>

Debt Service Fund

Fund balance at beginning of year	\$	639,780
Adjustment to correct fund balance		<u>138,677</u>
Fund balance at beginning of year, as restated	\$	<u>778,457</u>

School Activity Fund

Fund balance at beginning of year	\$	-
Adjustment to correct fund balance		<u>262,170</u>
Fund balance at beginning of year, as restated	\$	<u>262,170</u>

School Food Service Fund

Fund balance at beginning of year	\$	222,678
Adjustment to correct fund balance		<u>71,458</u>
Fund balance at beginning of year, as restated	\$	<u>294,136</u>

TANF Fund

Fund balance at beginning of year	\$	15,196
Adjustment to correct fund balance		<u>(15,196)</u>
Fund balance at beginning of year, as restated	\$	<u>-</u>

21st Century Fund

Fund balance at beginning of year	\$	1,034
Adjustment to correct fund balance		<u>(1,034)</u>
Fund balance at beginning of year, as restated	\$	<u>-</u>

Other Miscellaneous Fund

Fund balance at beginning of year	\$	24,585
Adjustment to correct fund balance		<u>(24,585)</u>
Fund balance at beginning of year, as restated	\$	<u>-</u>

Total

Fund balance at beginning of year	\$	2,929,586
Adjustment to correct fund balance		<u>(2,469,137)</u>
Fund balance at beginning of year, as restated	\$	<u>460,449</u>

UNION PARISH SCHOOL BOARD

Farmerville, Louisiana

Notes to the Basic Financial Statements

For the Year Ended June 30, 2021

Note 17-Subsequent Events

Management has evaluated subsequent events through October 25, 2022, the date the financial statements were available to be issued and determined that the following events occurred subsequent to the reporting period that are required to be disclosed.

The 15 Mill Tax Renewal failed to pass on November 13, 2021 by 30 votes. The Union Parish School Board has voted to place this renewal back for November 8, 2022. The Board and our team, along with the administration from D'Arbonne Woods Community and Downsville Community Charter Schools are confident the outcome will be successful this time. This tax accounted for approximately \$2.8 million in revenue for the year ended June 30, 2020. The Union Parish School Board is actively making changes to disseminate factual information to the community to communicate the needs of the school system and how critical this renewal is for the students, the employees, and the parish. It should also be noted that Property Tax Revenues from this 15-Mill Renewable Property Tax will not be collected after 06-30-2023 unless this is approved by the voters.

REQUIRED SUPPLEMENTARY INFORMATION

UNION PARISH SCHOOL BOARD

Farmerville, Louisiana

General Fund

Budgetary Comparison Schedule (GAAP Basis) (Unaudited)

Fiscal Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance at beginning of year	\$ 1,259,081	\$ 1,259,081	\$ (874,314)	\$ (2,133,395)
Resources (inflows)				
Local sources				
Ad valorem taxes	2,720,100	2,995,350	3,008,006	12,656
Sales and use tax	7,212,500	8,359,500	8,195,260	(164,240)
Interest earnings	20,000	47,000	60,408	13,408
Other	957,572	872,320	1,087,921	215,601
State sources				
Equalization	13,434,090	13,480,372	13,500,218	19,846
Other	154,987	146,247	488,222	341,975
Federal sources	-	-	14,616	14,616
Transfers in	5,316,960	5,323,864	5,354,652	30,788
Amounts available for appropriations	31,075,290	32,483,734	30,834,989	(1,648,745)
Charges to appropriations (outflows)				
Instructional services				
Regular programs	5,456,959	5,490,658	13,793,586	(8,302,928)
Special education programs	1,282,124	1,354,722	1,309,594	45,128
Vocational programs	566,147	589,314	594,809	(5,495)
Other instructional programs	218,305	223,430	248,848	(25,418)
Special programs	105,351	31,506	432,125	(400,619)
Support services				
Adult / continuing education	188,573	180,526	174,067	6,459
Pupil support services	1,157,782	1,191,225	1,163,123	28,102
Instructional staff support services	885,311	880,030	826,506	53,524
General administration	1,032,497	1,032,153	937,926	94,227
School administration	906,188	923,747	888,140	35,607
Business services	410,475	413,256	390,660	22,596
Plant services	1,194,453	1,181,156	1,067,976	113,180
Student transportation services	2,389,283	2,425,038	2,207,959	217,079
Central services	220,134	225,235	208,385	16,850
Noninstructional services				
Food service operations	205,851	221,231	-	221,231
Capital Outlay	7,300	7,300	-	7,300
Debt service				
Principal	155,000	155,000	-	155,000
Interest	127,025	127,025	-	127,025
Other uses				
Transfers out	13,253,522	13,815,917	4,943,510	8,872,407
Total charges to appropriations	29,762,280	30,468,469	29,187,214	1,281,255
Budgetary fund balance at end of year	\$ 1,313,010	\$ 2,015,265	\$ 1,647,775	\$ (2,930,000)

See accompanying notes to the budgetary comparison schedules.

UNION PARISH SCHOOL BOARD

Farmerville, Louisiana

Title I Fund

Budgetary Comparison Schedule (GAAP Basis) (Unaudited)

Fiscal Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance at beginning of year	\$ -	\$ -	\$ -	\$ -
Resources (inflows)				
Federal sources	1,784,724	1,666,854	1,531,387	(135,467)
Amounts available for appropriations	1,784,724	1,666,854	1,531,387	(135,467)
Charges to appropriations (outflows)				
Instructional services				
Regular programs	-	-	2,545	(2,545)
Other instructional programs	-	-	52,479	(52,479)
Special programs	1,064,339	955,763	888,287	67,476
Support services				
Pupil support services	48,427	48,427	48,285	142
Instructional staff support services	446,536	446,536	351,621	94,915
School administration	34,605	34,605	31,372	3,233
Business services	50,099	50,099	40,965	9,134
Other				
Transfers out	140,718	131,424	115,835	15,589
Total charges to appropriations	1,784,724	1,666,854	1,531,387	135,467
Budgetary fund balance at end of year	\$ -	\$ -	\$ -	\$ -

See accompanying notes to the budgetary comparison schedules.

UNION PARISH SCHOOL BOARD
Farmerville, Louisiana

Education Stabilization Fund
Budgetary Comparison Schedule (GAAP Basis) (Unaudited)
Fiscal Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance at beginning of year	\$ -	\$ -	\$ -	\$ -
Resources (inflows)				
Federal sources	1,550,762	1,550,762	1,593,901	43,139
Amounts available for appropriations	<u>1,550,762</u>	<u>1,550,762</u>	<u>1,593,901</u>	<u>43,139</u>
Charges to appropriations (outflows)				
Instruction				
Instructional services				
Regular programs	929,855	978,008	770,026	207,982
Special education programs	56,500	56,500	72,607	(16,107)
Vocational programs	-	-	11,299	(11,299)
Other instructional programs	-	-	71,485	(71,485)
Special programs	-	-	30,668	(30,668)
Support services				
Adult / continuing education	-	-	3,562	(3,562)
Pupil support services	33,999	33,999	29,423	4,576
Instructional staff support services	38,325	-	56,934	(56,934)
General administration	-	-	3,796	(3,796)
School administration	-	-	22,278	(22,278)
Business services	9,190	22,190	18,264	3,926
Plant services	218,287	194,537	116,207	78,330
Student transportation services	6,240	12,039	85,492	(73,453)
Central services	-	2,922	3,818	(896)
Noninstructional services				
Food service operations	26,563	18,764	67,986	(49,222)
Other uses				
Transfers out	231,803	231,803	230,058	1,745
Total charges to appropriations	<u>1,550,762</u>	<u>1,550,762</u>	<u>1,593,901</u>	<u>(43,139)</u>
Budgetary fund balance at end of year	\$ -	\$ -	\$ -	\$ -

See accompanying notes to the budgetary comparison schedules.

UNION PARISH SCHOOL BOARD

Farmerville, Louisiana

Debt Service Fund

Budgetary Comparison Schedule (GAAP Basis) (Unaudited)

Fiscal Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance at beginning of year	\$ -	\$ -	\$ 778,457	\$ 778,457
Resources (inflows)				
Local sources				
Ad valorem taxes	-	-	2,864,111	2,864,111
Sales taxes	-	-	280,262	280,262
Interest earnings	-	-	1,107	1,107
Amounts available for appropriations	-	-	3,923,937	3,923,937
Charges to appropriations (outflows)				
Support services				
General administration	-	-	91,650	(91,650)
Business services	-	-	1,200	(1,200)
Debt service				
Principal retirement	-	-	1,485,000	(1,485,000)
Interest	-	-	1,323,413	(1,323,413)
Total charges to appropriations	-	-	2,901,262	(2,901,262)
Budgetary fund balance at end of year	\$ -	\$ -	\$ 1,022,675	\$ 1,022,675

See accompanying notes to the budgetary comparison schedules.

UNION PARISH SCHOOL BOARD

Farmerville, Louisiana

Notes to Budgetary Comparison Schedules (unaudited)

For the Year Ended June 30, 2021

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

Farmerville, Louisiana

Notes to Budgetary Comparison Schedules (unaudited)

For the Year Ended June 30, 2021

B. Budget to GAAP Reconciliation

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

	<u>General Fund</u>	
Sources/inflows of resources		
Actual amounts (budgetary basis) "available for appropriation" from the Budgetary Comparison Schedule	\$	30,834,989
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes		874,314
Other financing sources including proceeds from sale of assets, proceeds from issuance of debt and transfers in of indirect costs from other funds		<u>(5,354,652)</u>
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$	<u><u>26,354,651</u></u>
 Charges to appropriations		
Actual amounts (budgetary basis) "Total charges to appropriations" from the Budgetary Comparison Schedule	\$	29,187,214
Other financing uses including transfers out to other funds		<u>(4,943,510)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$	<u><u>24,243,704</u></u>
 Sources/inflows of resources		
Actual amounts (budgetary basis) "available for appropriation" from the Budgetary Comparison Schedule	\$	1,593,901
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes		<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$	<u><u>1,593,901</u></u>
 Charges to appropriations		
Actual amounts (budgetary basis) "Total charges to appropriations" from the Budgetary Comparison Schedule	\$	1,593,901
Other financing uses including transfers out to other funds		<u>(230,058)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$	<u><u>1,363,843</u></u>

UNION PARISH SCHOOL BOARD

Farmerville, Louisiana

Notes to Budgetary Comparison Schedules (unaudited)

For the Year Ended June 30, 2021

	<u>Title I Fund</u>
Sources/inflows of resources	
Actual amounts (budgetary basis) "available for appropriation" from the Budgetary Comparison Schedule	\$ 1,531,387
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 1,531,387</u>
Charges to appropriations	
Actual amounts (budgetary basis) "Total charges to appropriations" from the Budgetary Comparison Schedule	\$ 1,531,387
Other financing uses including transfers out to other funds	<u>-</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 1,531,387</u>
	<u>Debt Service Fund</u>
Sources/inflows of resources	
Actual amounts (budgetary basis) "available for appropriation" from the Budgetary Comparison Schedule	\$ 3,923,937
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	<u>(778,457)</u>
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 3,145,480</u>
Charges to appropriations	
Actual amounts (budgetary basis) "Total charges to appropriations" from the Budgetary Comparison Schedule	\$ 2,901,262
Other financing uses including transfers out to other funds	<u>-</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 2,901,262</u>

UNION PARISH SCHOOL BOARD

Farmerville, Louisiana

Schedule of Changes in Total OPEB Liability and Related Ratios (Unaudited)

For the Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service cost	\$ 597,368	488,352	\$ 568,857	\$ 1,095,780
Interest	589,187	1,014,288	1,311,336	1,317,630
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	715,769	(6,735,877)	(2,870,829)	-
Changes of assumptions or other inputs	491,651	3,870,006	(2,754,934)	-
Benefit payments	<u>(891,191)</u>	<u>(1,021,552)</u>	<u>(1,297,338)</u>	<u>(1,487,674)</u>
Net change in total OPEB liability	<u>1,502,784</u>	<u>(2,384,783)</u>	<u>(5,042,908)</u>	<u>925,736</u>
Total OPEB liability - beginning	<u>27,105,640</u>	<u>29,490,423</u>	<u>34,533,331</u>	<u>33,607,595</u>
Total OPEB liability - ending	<u>\$ 28,608,424</u>	<u>27,105,640</u>	<u>\$ 29,490,423</u>	<u>\$ 34,533,331</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 4,798,825	6,537,332	\$ 8,735,894	\$ 7,495,423
Total OPEB liability as a percentage of covered-employee payroll	596.15%	414.63%	337.58%	460.73%

Notes to Schedule:

Discount Rate: 2.16% 2.21% 3.50% 3.87%

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 benefits terms for the year ended June 30, 2021.

Changes of assumption. There were no changes of assumptions for the year ended June 30, 2021.

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

UNION PARISH SCHOOL BOARD

Farmerville, Louisiana

Schedule of Employer's Proportionate Share of Net Pension Liability (Unaudited)

For the Year Ended June 30, 2021

Fiscal Year*	Agency's proportion of the net pension liability (asset)	Agency's proportionate share of the net pension liability (asset)	Agency's covered-employee payroll	Agency's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
Teachers' Retirement System of Louisiana					
2021	0.160920%	\$ 17,899,493	\$ 7,868,476	227%	65.6%
2020	0.181913%	\$ 18,054,228	\$ 11,203,721	161%	68.6%
2019	0.191546%	\$ 18,825,179	\$ 9,783,582	192%	68.2%
2018	0.212655%	\$ 21,801,129	\$ 9,971,918	219%	65.6%
2017	0.209970%	\$ 24,644,621	\$ 9,822,997	251%	59.9%
2016	0.213490%	\$ 22,954,607	\$ 9,618,647	239%	62.5%
2015	0.214720%	\$ 21,947,361	\$ 9,431,930	233%	63.7%
Louisiana School Employees' Retirement System					
2021	0.440343%	\$ 3,537,966	\$ 1,322,390	268%	69.7%
2020	0.524176%	\$ 3,669,556	\$ 1,838,325	200%	73.5%
2019	0.492993%	\$ 3,293,870	\$ 1,423,448	231%	74.4%
2018	0.534283%	\$ 3,419,021	\$ 1,527,078	224%	75.0%
2017	0.550718%	\$ 4,154,326	\$ 1,556,008	267%	70.1%
2016	0.599898%	\$ 3,804,115	\$ 1,631,239	233%	74.5%
2015	0.539100%	\$ 3,125,205	\$ 1,512,152	207%	76.2%

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

This schedule is intended to show information for 10 years.

UNION PARISH SCHOOL BOARD

Farmerville, Louisiana

Schedule of Employer's Contributions to Pension Plans (Unaudited)

For the Year Ended June 30, 2021

Fiscal Year	(a)	(b)	(a-b) Contribution Deficiency (Excess)	Agency's covered-employee payroll	Contributions as a percentage of covered-employee payroll
	Statutorily Required Contribution	Contributions in relation to the statutorily required contribution			
Teachers' Retirement System of Louisiana					
2021	\$ 2,087,620	\$ 2,087,620	\$ -	\$ 8,023,041	26.0%
2020	\$ 2,045,804	\$ 2,045,804	\$ -	\$ 7,868,476	26.0%
2019	\$ 2,991,394	\$ 2,991,394	\$ -	\$ 11,203,721	26.7%
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%
2014	\$ 2,616,687	\$ 2,616,687	\$ -	\$ 9,431,930	27.7%
Louisiana School Employees' Retirement System					
2021	\$ 370,539	\$ 370,539	\$ -	\$ 1,260,337	29.4%
2020	\$ 388,783	\$ 388,783	\$ -	\$ 1,322,390	29.4%
2019	\$ 514,731	\$ 514,731	\$ -	\$ 1,838,325	28.0%
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%
2014	\$ 488,423	\$ 488,423	\$ -	\$ 1,512,152	32.3%

Notes:

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

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

UNION PARISH SCHOOL BOARD

Farmerville, Louisiana

Notes to Changes to Required Supplemental Information for Pensions (Unaudited)

For the Year Ended June 30, 2021

Changes of Benefit Terms

Teachers' Retirement System of Louisiana

There were no changes of benefit terms for the actuarial valuation for the year ended June 30, 2020 and 2019.

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 7/1/15 may retire with a 2.5% benefit factor after attaining age 62 with at least 5 years of service credit and are eligible for an actuarially reduced benefit with 20 years of service at any age.

Louisiana School Employees' Retirement System

There were no changes of benefit terms for the actuarial valuation for the year ended June 30, 2020 and 2019.

Members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after July 1, 2015 may retire with a 2.5% benefit factor after attaining the age of 62 with at least 5 years of service credit and are eligible for an actuarially reduced benefit with 20 years of service at any age. This benefit change raised the age requirement from 60 years of age for members hired after June 30, 2010.

Changes of Assumptions

Teachers' Retirement System of Louisiana

For the actuarial valuation for the year ended June 30, 2020, the investment rate of return increased from 7.55% to 7.80%.

For the actuarial valuation for the year ended June 30, 2019, the investment rate of return decreased from 7.65% to 7.55%.

For the actuarial valuation for the year ended June 30, 2018, the investment rate of return decreased from 7.70% to 7.65%, and projected salary increases decreased from 3.5% to 10.0% to 3.3% to 4.8%.

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

Louisiana School Employees' Retirement System

For the actuarial valuation for the year ended June 30, 2020, the discount rate remained at 7.0000%.

For the actuarial valuation for the year ended June 30, 2019, the discount rate was decreased from 7.0625% to 7.0000%.

For the actuarial valuation for the year ended June 30, 2018, the discount rate was decreased from 7.125% to 7.0625%, the inflation rate was decreased from 2.625% to 2.50% and salary increases were decreased from a range of 3.075% to 5.375% to 3.25%.

There were no changes of assumptions for the actuarial valuation for the year ended June 30, 2017.

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

UNION PARISH SCHOOL BOARD

Farmerville, Louisiana

**Combining Balance Sheet
NONMAJOR GOVERNMENTAL FUNDS**

Governmental Activities

For the Year Ended June 30, 2021

	<u>SPECIAL REVENUE FUNDS</u>	<u>CAPITAL PROJECTS FUNDS</u>	<u>TOTAL</u>
Assets			
Cash and cash equivalents	\$ 688,108	\$ -	\$ 688,108
Receivables	522,116	-	522,116
Inventory	17,858	-	17,858
Total assets	<u>\$ 1,228,082</u>	<u>\$ -</u>	<u>\$ 1,228,082</u>
Liabilities and fund balances			
Liabilities			
Accounts payable	\$ 3,674	\$ -	\$ 3,674
Salaries payable	71,862	-	71,862
Interfund payables	461,580	-	461,580
Total liabilities	<u>537,115</u>	<u>-</u>	<u>537,115</u>
Fund balances			
Nonspendable	17,858	-	17,858
Restricted	673,109	-	673,109
Total fund balances	<u>690,967</u>	<u>-</u>	<u>690,967</u>
Total liabilities and fund balances	<u>\$ 1,228,082</u>	<u>\$ -</u>	<u>\$ 1,228,082</u>

UNION PARISH SCHOOL BOARD

Farmerville, Louisiana

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2021

	<u>SPECIAL REVENUE FUNDS</u>	<u>CAPITAL PROJECTS FUNDS</u>	<u>TOTAL</u>
REVENUES			
Local sources			
Other	\$ 340,599	\$ -	\$ 340,599
Federal sources	2,419,441	-	2,419,441
Total revenues	<u>3,032,022</u>	<u>-</u>	<u>3,032,022</u>
EXPENDITURES			
Current			
Instructional services			
Regular programs	-	-	-
Special education programs	351,058	-	351,058
Vocational programs	45,488	-	45,488
Other instructional programs	388,734	-	388,734
Special programs	230,293	-	230,293
Support services			
Pupil support services	394,862	-	394,862
Instructional staff support services	185,967	-	185,967
School administration	-	-	-
Business services	-	-	-
Plant services	1,776	-	1,776
Student transportation services	7,030	-	7,030
Total expenditures	<u>2,832,113</u>	<u>-</u>	<u>2,832,113</u>
Excess (deficiency) of revenues over expenditures	<u>199,909</u>	<u>-</u>	<u>199,909</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	9,646	-	9,646
Transfers out	(74,894)	-	(74,894)
Total other financing sources (uses)	<u>(65,248)</u>	<u>-</u>	<u>(65,248)</u>
Net change in fund balances	134,661	-	134,661
Fund balances at beginning of year, as originally stated	263,493	-	263,493
Prior period adjustment	292,813	-	292,813
Fund balances at beginning of year, as restated	<u>556,306</u>	<u>-</u>	<u>556,306</u>
Fund balances at end of year	<u>\$ 690,967</u>	<u>\$ -</u>	<u>\$ 690,967</u>

UNION PARISH SCHOOL BOARD

Farmerville, Louisiana

**Combining Balance Sheet
SPECIAL REVENUE FUNDS (NONMAJOR)**

June 30, 2021

	<u>School Activity</u>	<u>School Food Service</u>	<u>Special Education</u>	<u>TANF</u>	<u>Carl Perkins</u>	<u>21st Century</u>	<u>Other Miscellaneous</u>	<u>Total</u>
Assets								
Cash and cash equivalents	\$ 245,420	\$ 442,688	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 688,108
Receivables	-	27,435	176,883	-	2,966	203,418	111,414	522,116
Inventory	-	17,858	-	-	-	-	-	17,858
Total assets	<u>\$ 245,420</u>	<u>\$ 487,981</u>	<u>\$ 176,883</u>	<u>\$ -</u>	<u>\$ 2,966</u>	<u>\$ 203,418</u>	<u>\$ 111,414</u>	<u>\$ 1,228,082</u>
Liabilities and fund balances								
Liabilities								
Accounts payable	\$ -	\$ (14,461)	\$ 7,920	\$ -	\$ -	\$ 10,215	\$ -	\$ 3,674
Salaries payable	-	56,895	-	-	-	-	14,967	71,862
Interfund payables	-	-	168,963	-	2,966	193,203	96,448	461,580
Total liabilities	<u>-</u>	<u>42,434</u>	<u>176,883</u>	<u>-</u>	<u>2,966</u>	<u>203,418</u>	<u>111,414</u>	<u>537,115</u>
Fund balances								
Nonspendable	-	17,858	-	-	-	-	-	17,858
Restricted	245,420	427,689	-	-	-	-	-	673,109
Total fund balances	<u>245,420</u>	<u>445,547</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>690,967</u>
Total liabilities and fund balances	<u>\$ 245,420</u>	<u>\$ 487,981</u>	<u>\$ 176,883</u>	<u>\$ -</u>	<u>\$ 2,966</u>	<u>\$ 203,418</u>	<u>\$ 111,414</u>	<u>\$ 1,228,082</u>

UNION PARISH SCHOOL BOARD
Farmerville, Louisiana

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
SPECIAL REVENUE FUNDS (NONMAJOR)
For the Year Ended June 30, 2021

	<u>School Activity</u>	<u>School Food Service</u>	<u>Special Education</u>	<u>TANF</u>	<u>Carl Perkins</u>	<u>21st Century</u>	<u>Other Miscellaneous</u>	<u>Total</u>
REVENUES								
Local sources								
Taxes								
Sales and use taxes	\$ -	\$ 222,228	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 222,228
Interest earnings	-	4,288	-	-	-	-	-	4,288
Food services	-	30,112	-	-	-	-	-	30,112
Other	340,599	-	-	-	-	-	-	340,599
Equalization	-	15,354	-	-	-	-	-	15,354
Federal sources	-	1,096,669	520,790	-	46,175	437,485	318,322	2,419,441
Total revenues	<u>340,599</u>	<u>1,368,651</u>	<u>520,790</u>	<u>-</u>	<u>46,175</u>	<u>437,485</u>	<u>318,322</u>	<u>3,032,022</u>
EXPENDITURES								
Current								
Instructional services								
Special education programs	-	-	351,058.00	-	-	-	-	351,058
Vocational programs	-	-	0.00	-	45,488	-	-	45,488
Other instructional programs	357,349	-	31,385	-	-	-	-	388,734
Special programs	-	-	-	-	-	-	230,293	230,293
Support services								
Pupil support services	-	-	-	-	-	394,862	-	394,862
Instructional staff support services	-	-	117,945	-	687	-	67,335	185,967
General administration	-	2,289	-	-	-	-	-	2,289
Plant services	-	-	-	-	-	1,125	651	1,776
Student transportation services	-	-	-	-	-	7,030	-	7,030
Noninstructional services								
Food service operations	-	1,224,599	-	-	-	-	-	1,224,599
Total expenditures	<u>357,349</u>	<u>1,226,886</u>	<u>500,388</u>	<u>-</u>	<u>46,175</u>	<u>403,015</u>	<u>298,300</u>	<u>2,832,113</u>
Other financing sources (uses)								
Transfers in	-	9,646	-	-	-	-	-	9,646
Transfers out	-	-	(20,402)	-	-	(34,470)	(20,022)	(74,894)
Total other financing sources (uses)	<u>-</u>	<u>9,646</u>	<u>(20,402)</u>	<u>-</u>	<u>-</u>	<u>(34,470)</u>	<u>(20,022)</u>	<u>(65,248)</u>
Net change in fund balance	(16,750)	151,411	-	-	-	-	-	134,661
Fund balances at beginning of year, as originally stated	-	222,678	-	15,196	-	1,034	24,585	263,493
Prior period adjustment	262,170	71,458	-	(15,196)	-	(1,034)	(24,585)	292,813
Fund balances at beginning of year, as restated	<u>262,170</u>	<u>294,136</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>556,306</u>
Fund balances at end of year	<u>\$ 245,420</u>	<u>\$ 445,547</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 690,967</u>

OTHER SUPPLEMENTARY INFORMATION

UNION PARISH SCHOOL BOARD

Farmerville, Louisiana

Schedule of Compensation Paid Board Members

For the year ended June 30, 2021

Board Member	District	Date	Compensation	Mileage Allowance	Total Paid
Sharon Dixson	1	7/1/2020-6/30/2021	\$ 6,600	\$ 33	\$ 6,633
Roger Reeves, Jr.	2	7/1/2020-6/30/2021	6,600	119	6,719
Tommy Bennett	3	7/1/2020-6/30/2021	6,600	275	6,875
Judy Mabry	4	7/1/2020-6/30/2021	6,600	126	6,726
Shannon Barkley, President	5	7/1/2020-6/30/2021	7,200	110	7,310
Donna Cranford	6	7/1/2020-6/30/2021	6,600	9	6,609
Sharon Stewart	7	7/1/2020-6/30/2021	6,600	72	6,672
Challana Ray Dean	8	7/1/2020-6/30/2021	6,600	247	6,847
Clyde Hays, Vice President	9	7/1/2020-6/30/2021	6,600	240	6,840
Total Compensation			\$ 60,000	\$ 1,231	\$ 61,231

UNION PARISH SCHOOL BOARD

Farmerville, Louisiana

**Schedule of Compensation, Benefits and Other Payments to
Agency Head or Chief Executive Officer**

For the year ended June 30, 2021

Chief Executive Officer: Kristy Fine

<u>Purpose</u>	<u>Kristy Fine</u>
Salary	\$ 102,860
Benefits-medicare	1,447
Benefits-retirement	26,538
Benefits-PIPS	6,561
Dues	-
Registration fees	-
Travel expenses	2,675
Total Compensation	\$ <u>140,081</u>

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



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

**Board Members
Union Parish School Board
Farmville, Louisiana**

We were engaged to audit, 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, the aggregate discretely presented component units, 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, 2021, 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 October 25, 2022. Our audit includes a reference to other auditors who audited the financial statements of the aggregate discretely presented component unit, as described in our report on the School Board's financial statements. The report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. Our report disclaims an opinion on such financial statements because of inaccurate records.

Internal Control over Financial Reporting

In connection with our audit of the financial statements, we considered the School Board's internal control over financial reporting (internal control) as a basis for designing 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.

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

Board Members
Union Parish School Board
Farmville, Louisiana

schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as findings 2021-001, 2021-002, 2021-003 and 2021-004 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standard* and which is described in the accompanying schedule of findings and questioned costs as items 2021-005, 2021-006, 2021-007 and 2021-008. However, if the scope of our work had been sufficient to enable us to express an opinion on the financial statements, instances of noncompliance or other matters may have been identified and reported therein.

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.

**Board Members
Union Parish School Board
Farmville, Louisiana**

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.

Woodard & Associates

(A Professional Accounting Corporation)
Monroe, Louisiana

October 25, 2022



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

**Board Members
Union Parish School Board
Farmerville, Louisiana**

Report on Compliance for Each Major Federal Program

We were engaged to audit **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, 2021. 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; 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. Because of the matters described in the basis for disclaimer opinion paragraphs, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the identified compliance requirements for the identified major federal programs.

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We believe that our audit provides a reasonable basis for our adverse and unmodified opinions with respect to the identified compliance requirements for the major federal programs identified. Our audit does not provide a legal determination of the School Board's compliance with those requirements.

Basis for Adverse Opinion on Child Nutrition Cluster

ALN #10.553, 10.555, 10.559

Compliance Requirement – Special Tests and Provisions

As described in the accompanying schedule of findings and questioned costs as finding 2021-009, the Union Parish School Board did not comply with requirements of ALN# 10.553, 10.555, 10.559 Child Nutrition Cluster compliance requirement special tests and provisions which requires the School Board to account for all program activities and costs in a complete and correct manner. The disclaimed opinion on the financial statement audit resulted from the School Board's failure to provide complete and accurate records as described in the schedule of findings and questioned costs as findings 2021-001 through 2021-004. The School Board's internal control failures further resulted in the inability to determine what activities and costs were of a federal nature, meaning that program activities were not accounted for as required in the special tests and provisions compliance requirement. Compliance with such requirements is necessary, in our opinion, for the Union Parish School Board to comply with the requirements applicable to that program.

Adverse Opinion on Child Nutrition Cluster

ALN #10.553, 10.555, 10.559

Compliance Requirement – Special Tests and Provisions

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on Child Nutrition Cluster paragraph, the Union Parish School Board did not comply, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on ALN #10.553, 10.555, 10.559 Child Nutrition Cluster for the year ended June 30, 2021.

Basis for Disclaimer Opinion on Child Nutrition Cluster

ALN #10.553, 10.555, 10.559

Compliance Requirements – Activities Allowed or Unallowed, Allowable Costs / Cost Principles, Cash Management

The disclaimed opinion on the financial statement audit resulted from the School Board's failure to provide complete and accurate records as described in the schedule of findings and questioned costs as findings 2021-001 through 2021-004. As described in the schedule of findings and questioned costs findings as finding 2021-009, the School Board's internal control failures resulted in the inability to determine what activities and costs were of a federal nature and, thus, we were unable to determine if the activities and costs were allowable. Further, we were unable to test the compliance requirements related to cash management because the records were not complete enough to determine if funds were recorded correctly for cash. This is further complicated by the

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financial statement issues identified with respect to cash (refer to Finding 2021-004). For ALN #10.553, 10.555, 10.559 Child Nutrition Cluster, this applies to Activities Allowed or Unallowed, Allowable Costs / Cost Principles, and Cash Management and is described in the schedule of findings and questioned costs finding 2021-009.

Disclaimer Opinion on Child Nutrition Cluster

ALN #10.553, 10.555, 10.559

Compliance Requirements – Activities Allowed or Unallowed, Allowable Costs / Cost Principles, Cash Management

Because of the items described in the Basis for Disclaimer Opinion on Child Nutrition Cluster, our auditing procedures were not sufficient to enable us to express, and we do not express, an opinion on whether the Union Parish School Board complied with the compliance requirements listed in the Basis for Disclaimer Opinion on the Child Nutrition Cluster paragraph for the Child Nutrition Cluster for the year ended June 30, 2021.

Opinion on Child Nutrition Cluster

ALN #10.553, 10.555, 10.559

Compliance Requirements – Procurement and Suspension and Debarment

In our opinion, the Union Parish School Board, complied, in all material respects, with the procurement and suspension and debarment requirements that could have a direct and material effect on ALN #10.553, 10.555, 10.559 Child Nutrition Cluster for the year ended June 30, 2021.

Basis for Adverse Opinion on Title I

ALN #84.010

Compliance Requirements – Activities Allowed or Unallowed, Allowable Costs / Cost Principles, Reporting

As described in the accompanying schedule of findings and questioned costs as finding 2021-010, the Union Parish School Board did not comply with requirements regarding ALN# 84.010 Title I for Activities Allowed or Unallowed, Allowable Costs / Cost Principles, and Reporting. Per confirmation with LDOE, the School Board received \$110,178 Title 4 SSAE funds that the School Board included in Title I funds. The salaries for two employees were not prorated between programs, as required, with all their time and associated pay and benefits being charged to Title I. These factors resulted in unallowed activities, unallowed costs and reports that were not accurate. Compliance with such requirements is necessary, in our opinion, for the Union Parish School Board to comply with the requirements applicable to that program.

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Adverse Opinion on Title I

ALN #84.010

Compliance Requirements – Activities Allowed or Unallowed, Allowable Costs / Cost Principles, Reporting

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on Title I paragraph, the Union Parish School Board did not comply, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on ALN #84.010 Title I for the year ended June 30, 2021.

Basis for Disclaimer Opinion on Title I

ALN #84.010

Compliance Requirements – Matching, Level of Effort, Earmarking, Special Tests and Provisions

The disclaimed opinion on the financial statement audit resulted from the School Board's failure to provide complete and accurate records as described in the Schedule of Findings and Questioned costs Findings 2021-001 through 2021-004. The School Board's internal control failures resulted in the inability to produce information necessary to test these compliance requirements. For ALN #84.010 Title I, this applies to Matching, Level of Effort, Earmarking, and Special Tests and Provisions and is described in the schedule of findings and questioned costs finding 2021-010.

Disclaimer Opinion on Title I

ALN #84.010

Compliance Requirements – Matching, Level of Effort, Earmarking, Special Tests and Provisions

Because of the items described in the Basis for Disclaimer Opinion on Title I, our auditing procedures were not sufficient to enable us to express, and we do not express, an opinion on whether the Union Parish School Board complied with the compliance requirements listed in the Basis for Disclaimer Opinion on Title I paragraph for the major programs for the year ended June 30, 2021.

Basis for Adverse Opinion on COVID-19 Education Stabilization Fund

ALN #84.425C, 84.425D, 84.425U

Compliance Requirements – Subrecipient Monitoring and Special Tests and Provisions

As described in the accompanying schedule of findings and questioned costs as finding 2021-011 the Union Parish School Board did not comply with requirements regarding ALN #84.425C, 84.425D, 84.425U COVID-19 Education Stabilization Fund for Subrecipient Monitoring and Special Tests and Provisions. The School Board did not identify subrecipients until auditors identified program reimbursement requests for expenditures of another organization. The failure to identify that there was a subrecipient fails the compliance requirements for subrecipient monitoring and special tests and provisions – private schools. Compliance with such requirements

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is necessary, in our opinion, for the Union Parish School Board to comply with the requirements applicable to that program.

Adverse Opinion on COVID-19 Education Stabilization Fund

ALN #84.425C, 84.425D, 84.425U

Compliance Requirements – Subrecipient Monitoring and Special Tests and Provisions

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on COVID-19 Education Stabilization Fund paragraph, the Union Parish School Board did not comply, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on ALN #84.425C, 84.425D, 84.425U COVID-19 Education Stabilization Fund for the year ended June 30, 2021.

Basis for Disclaimer Opinion on COVID-19 Education Stabilization Fund

ALN #84.425C, 84.425D, 84.425U

Compliance Requirements – Activities Allowed or Unallowed, Allowable Costs / Cost Principles, Cash Management

The disclaimed opinion on the financial statement audit resulted from the School Board's failure to provide complete and accurate records as described in the schedule of findings and questioned costs findings 2021-001 through 2021-004. The School Board's internal control failures resulted in the inability to produce information necessary to test these compliance requirements. The School Board records were not provided to review the amounts passed through to a subrecipient so that allowability could be tested. For ALN #84.425C, 84.425D, 84.425U COVID-19 Education Stabilization Fund, this applies to Activities Allowed or Unallowed, Allowable Costs / Cost Principles, and Cash Management and is described in the schedule of findings and questioned costs finding 2021-011.

Disclaimer Opinion on COVID-19 Education Stabilization Fund

ALN #84.425C, 84.425D, 84.425U

Compliance Requirements – Activities Allowed or Unallowed, Allowable Costs / Cost Principles, Cash Management

Because of the items described in the Basis for Disclaimer Opinion on COVID-19 Education Stabilization Fund, our auditing procedures were not sufficient to enable us to express, and we do not express, an opinion on whether the Union Parish School Board complied with the compliance requirements listed in the Basis for Disclaimer Opinion on COVID-19 Education Stabilization Fund paragraph for the major programs for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the

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accompanying schedule of findings and questioned costs as items 2021-009, 2021-010 and 2021-011. Our opinion on each major federal program is modified with respect to these matters.

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

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. Our audit identified deficiencies in internal control over compliance that we consider to be material weaknesses, described in the accompanying schedule of findings and questioned costs as items 2021-009, 2021-010 and 2021-011.

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

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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.

Woodard & Associates

(A Professional Accounting Corporation)
Monroe, Louisiana

October 25, 2022

UNION PARISH SCHOOL BOARD
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Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME	ALN Number	Pass-Through Grantor No.	2021 Expenditures	2021 Pass Through to Subrecipient
United States Department of Agriculture				
<i>Passed through Louisiana Department of Education</i>				
Child Nutrition Cluster				
Non Cash Assistance (Commodities)				
National School Lunch Program	10.555	N/A	\$ 36,227	-
Cash Assistance				
National Breakfast, Lunch, & Snack Program	10.555	N/A	1,033,008	-
Summer Food Program	10.559	N/A	27,435	-
Total Child Nutrition Cluster			<u>1,096,670</u>	<u>-</u>
Total United States Department of Agriculture			<u>1,096,670</u>	<u>-</u>
United States Department of Education				
<i>Passed Through Louisiana Department of Education:</i>				
Title I Grants to Local Educational Agencies (Part A)	84.010A	28-21-T1-56	1,203,096	-
Title I Grants to Local Educational Agencies (Direct Student Service)	84.010A	28-21-DSS-56	67,450	-
Title I Grants to Local Educational Agencies (Redesign 1003a)	84.010	28-20-RD19-56	260,841	-
Total Title I Grants to Local Educational Agencies			<u>1,531,387</u>	<u>-</u>
Migrant Education-State Grant Program	84.011A	28-21-M1-56	13,132	-
Special Education Cluster				
Special Education- Grants to State	84.027A	28-21-B1-56	497,464	-
Federal IDEA (Intragency Agreement) Special Education-Grants to States	84.027A	Contract	-	-
Special Education-Preschool Grants (IDEA Preschool)	84.173A	28-21-P1-56	23,326	-
Special Education-State Personnel Development Grant	84.323A	28-18-SPDU-56	-	-
Total Special Education Clusters			<u>520,790</u>	<u>-</u>
COVID-19 Education Stabilization Fund				
Governor's Emergency Education Relief (GEER) Fund	84.425C	28-20-GERF-56	212,134	-
Elementary and Secondary School Emergency Relief Fund (ESSER I - Formula)	84.425D	28-20-ESRF-56	663,679	-
Elementary and Secondary School Emergency Relief Fund (ESSER I - Incentive)	84.425D	28-20-ESRI-56	89,606	-
Elementary and Secondary School Emergency Relief Fund (ESSER II - Formula)	84.425D	28-21-ES2F-56	526,615	-
American Rescue Plan Elementary & Secondary School Emergency Relief (ESSER III EB Interventions)	84.425U	28-21-ESEB-56	101,868	-
Total COVID-19 Education Stabilization Fund			<u>1,593,902</u>	<u>-</u>
Career and Technical Education-Basic Grants to States (Perkins IV)	84.048A	28-21-02-56	46,175	-
Twenty-First Century Community Learning Centers	84.287C	28-20-2C-56	437,485	-
Small Rural Schools Achievement Alternative Uses of Funds	84.358B	28-21-RLIS-56	35,625	-
Title III (English Language Acquisition Grants)	84.365A	28-21-60-56	13,082	-
Supporting Effective Instruction State Grant	84.367A	28-21-50-56	99,730	-
School Improvement Grants	84.377A	28-17-TC07-56	95,610	-
Total United States Department of Education			<u>4,386,918</u>	<u>-</u>
United States Department of Health & Human Services				
<i>Passed through Louisiana Department of Education:</i>				
Early Childhood Community Network Lead Agency-CCDF	93.575	28-21-CCCR-56	50,000	-
Early Childhood Community Network Lead Agency-CCDF	93.575	28-21-CO-56	3,210	-
Early Childhood Community Network Lead Agency-CCDF	93.575	28-21-TPCO-56	2,908	-
Total United States Department of Health & Human Services			<u>56,118</u>	<u>-</u>
TOTAL FEDERAL AWARDS			<u>\$ 5,539,706</u>	<u>-</u>

UNION PARISH SCHOOL BOARD

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Notes to Schedule of Expenditures of Federal Awards

June 30, 2021

Note 1-Basis of Presentation

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, 2021. 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 the reports submitted as of a date subsequent to June 30, 2021.

Note 3-Relationship to the Financial Statements

	Federal Programs
General Fund	\$ 46,175
Major Funds	
Education Stabilization Fund	1,593,902
Nonmajor Funds	
School Food Services	1,096,670
Title I	1,531,387
Special Education	520,790
Title IIA	13,082
Teacher Incentive Fund	-
Head Start	
Vocational / JAG	437,485
Other Miscellaneous	1,894,117
Total Nonmajor Funds	<u>5,493,531</u>
Total Governmental Funds Revenues	<u>\$ 5,539,706</u>

Note 4-Noncash Program

Included in the Child Nutrition Cluster National School Lunch Program, CFDA 10.555, is \$36,227 of non-cash awards in the form of commodities provided by the United States Department of Agriculture. The commodities received, which are noncash revenues, are valued using prices provided by the Louisiana Department of Agriculture and Forestry.

Note 5-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 Audit Findings and Questioned Costs

For the Year Ended June 30, 2021

Section I – Summary of Auditors’ Results

Financial Statements

Type of audit report issued	Disclaimer
Internal control over financial reporting	
• Material weaknesses identified?	Yes
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	None Noted
• Noncompliance which is material to the financial statements noted?	Yes

Federal awards

Internal control over major federal programs	
• Material weakness(es) identified?	Yes
• Significant deficiency(ies) identified?	None Noted
Type of auditor’s report issued on compliance for major federal programs	Disclaimer
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Part 200.516(a)?	Yes

Identification of major programs

Name of Federal Program or Cluster	ALN Number
Child Nutrition Cluster	10.553, 10.555, 10.559
Title I	84.010
Education Stabilization Fund	84.425
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Does Auditee qualify as a low-risk auditee?	No

UNION PARISH SCHOOL BOARD

Farmerville, Louisiana

Schedule of Audit Findings and Questioned Costs

For the Year Ended June 30, 2021

Section II – Financial Statement Findings Reported in Accordance with *Government Auditing Standards*

2021-001 Internal Controls over Accounting Records First Reported 2019

Criteria

Internal controls over accounting records require records be kept in an accurate manner, provide an audit trail of all transactions, and allow production of accurate reports within a timely manner.

Condition

The problems that led to the disclaimed opinion in 2020 were not fully known or understood by the School Board until after the end of the 2021 fiscal year due to the lateness of the audit being conducted. The School Board retained consulting accountants shortly after the end of the 2021 fiscal year and they are making progress in addressing the issues. The consulting accountants did not become part of the internal control system until the 2023 fiscal year, so they did not correct problems that occurred during the 2021 fiscal year.

The CFO did not have the skills, education and/or experience indicated when she was hired, nor did she gain these through the countless hours of training she received from various sources including professionals at the Louisiana Department of Education and auditors from two different CPA firms. Further, she operated her duties without oversight/internal controls sufficient to prevent or identify or correct errors. This combined with an incomplete population of accounting records resulted in insufficient evidence for auditors to form an opinion on the financial statements. The auditors conclude that the lack of evidence is both material and pervasive. Specific issues include the following:

1. There was insufficient segregation of duties or oversight of work being performed especially with respect to the work being performed by the CFO. The internal controls over the review of journal entries and transactions during the fiscal year were unchanged from prior year. The consulting accountants assisted with preparation of the closing entries after year end but there is no assurance that the entries were inputted correctly or that they were not subsequently modified. In addition, the consulting accountants did not review work that had been performed during the year outside those items necessary to perform the year end close. As an example, expenditures were traced to reimbursement requests, but the consulting accountants did not review expenditures to identify whether they were legitimate and accurately recorded.
2. While trying to prepare documentation for the auditors, the consulting accountants reconciled cash and provided and journal entry to the CFO for entry. At that time, cash would have reconciled to the general ledger had the entry been made correctly. When the auditors compared the reconciliation to the general ledger, reconciled bank balances differed from the general ledger balances by \$1,325,374 in the master account, \$4,495 in the lunch fund account,

UNION PARISH SCHOOL BOARD

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Schedule of Audit Findings and Questioned Costs

For the Year Ended June 30, 2021

(\$139,743) in the payroll account and (\$6,477) in the sinking fund account. (refer to Finding 2021-004).

3. During the fiscal year, journal entries were recorded by the CFO with no review process in place. In addition, transactions including payments to vendors were reviewed by a subordinate of the person entering the transaction. These transactions include payments to vendors and the same person entering payments to be made enters the transactions into bank's positive pay program.
4. We were unable to satisfy ourselves with respect to the completeness of the population. User permissions for the software indicated that staff may have had the ability to modify transactions. Furthermore, a review of transaction histories pulled from the accounting software at two different time frames identified transactions in the first extraction that were not present on the second extraction.
5. While the Schedule of Expenditures of Federal Awards prepared by the School Board properly reconciled to the underlying accounting records, the accounting records were not sufficient to ensure that the Schedule of Expenditures of Federal Awards was prepared in accordance with Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Refer to Finding 2021-002.
6. The School Board did not comply with the Local Government Budget Act. Refer to Finding 2021-005.
7. The School Board did not provide documentation that physical inventory was conducted. Refer to Finding 2021-006.

Cause

Internal controls over accounting processes and records were not appropriately designed, implemented and/or overseen.

Effect

There is insufficient audit evidence to support management assertions that financial statements are fairly presented and contain all properly classified information.

Recommendation

The School Board should work with consulting accountants to review and reconcile accounting records to ensure that records are kept in an accurate manner, provide an audit trail of all transactions, and allow for the production of accurate reports within a timely manner. The School Board should review the design and implementation of internal controls over accounting records to ensure that the accounting records are maintained appropriately going forward.

UNION PARISH SCHOOL BOARD

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Schedule of Audit Findings and Questioned Costs

For the Year Ended June 30, 2021

Management Response

Refer to the Corrective Action Plan for Current Year Audit Findings and Questioned Costs

2021-002 Schedule of Expenditures of Federal Awards Preparation and Review First Reported 2019

Criteria

According to the Code of Federal Regulations Title 2 Grants and Agreements Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Subpart F – Audit Requirements, it is the auditee’s responsibility to prepare appropriate financial statements, including the Schedule of Expenditures of Federal Awards. The Schedule should be complete and accurate.

Condition

While the Schedule of Expenditures of Federal Awards prepared by the School Board properly reconciled to the underlying accounting records, the accounting records were not sufficient to ensure that the Schedule of Expenditures of Federal Awards was prepared in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

The Title I program includes at least \$110,178 in Title IVA SSAE (ALN#84.424A) funding. The School Breakfast Program ALN #10.553 is combined in line and amount with National School Lunch Program ALN #10.555. The Child Care and Development Block Grant ALN #93.575 was presented as being passed through the Louisiana Department of Education from the United States Department of Education when this grant originates with the United States Department of Health & Human Services. In addition, grant titles were not presented as given on the grant agreements to include both Title I and Coronavirus Aide, Relief, and Economic Security Act funds. Amounts passed through to subrecipients are missing from the schedule (refer to Finding 2021-011).

Cause

Internal controls did not ensure complete and accurate reporting in the Schedule of Expenditures of Federal Awards.

Effect

The School Board is not in compliance with the auditee responsibilities per the Code of Federal Regulations.

Recommendation

Internal controls should ensure the Schedule of Expenditures of Federal Awards is complete and accurate.

UNION PARISH SCHOOL BOARD

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Schedule of Audit Findings and Questioned Costs

For the Year Ended June 30, 2021

Management Response

Refer to the Corrective Action Plan for Current Year Audit Findings and Questioned Costs

2021-003 Internal Controls over Payroll Disbursements

First Reported 2020

Criteria

Proper internal controls over payroll disbursement accruals 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.

Condition

The payroll disbursement accrual amount on the general ledger does not reconcile to the supporting documentation by \$372,000.

Cause

Internal controls did not ensure that payroll disbursements were properly accrued and properly approved supporting documentation is not being maintained.

Effect

The payroll records do not reconcile to the general ledger.

Recommendation

Internal controls should ensure payroll is properly set up and accrued correctly.

Management Response

Refer to the Corrective Action Plan for Current Year Audit Findings and Questioned Costs

2021-004 Cash Reconciliations

First reported 2020

Criteria

A cash reconciliation that reconciles from the bank balance to the general ledger balance should be prepared to determine that all cash transactions have been recorded properly and to discover bank errors. Timely preparation of complete and accurate bank reconciliations is a key to maintaining adequate controls over both cash receipts and disbursements. In preparing the bank reconciliations, all items should be investigated and corrected in that period.

Condition

Reconciled bank balances differed from the general ledger balances by \$1,325,374 in the master account, \$4,495 in the lunch fund account, (\$139,743) in the payroll account and (\$6,477) in the

UNION PARISH SCHOOL BOARD

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Schedule of Audit Findings and Questioned Costs

For the Year Ended June 30, 2021

sinking fund account. The consulting accountants reconciled these accounts and provided the School Board with adjustments but even after these entries were provided to the School Board, the general ledger balances were still out of balance from the reconciled balances by these amounts.

Cause

Internal controls did not ensure that cash reconciliations were performed accurately and that there was proper review and approval of bank reconciliations and any associated adjustments.

Effect

Significant errors and omissions could go undetected if the cash accounts are not reconciled properly and timely. Lack of proper review increases the risk of fraud and fraudulent transactions going undetected. Unreconciled differences that appear immaterial can obscure significant but offsetting items (such as bank errors or improperly recorded transactions) that would be a cause for investigation if the items were apparent.

Recommendation

The bank reconciliations should be reviewed for accuracy and completeness on a timely basis by an appropriate level of management. The review should include tests of mechanical accuracy and tracing of items on the reconciliation to the relevant source documents. The composition of unreconciled differences should be determined and follow up on, and any journal entries deemed necessary as a result be recorded.

Management Response

Refer to the Corrective Action Plan for Current Year Audit Findings and Questioned Costs

2021-005 Local Government Budget Act

First reported 2019

Criteria

Per the Louisiana Local Government Budget Act encompassing Louisiana Revised Statutes 39:1305 - 1315 school boards are required to prepare and adopt no later than September 15th of each year a budget for the general fund and each special revenue fund for the fiscal year, July 1st through June 30th. Additionally, the budget must be amended in the case of an unfavorable variance of 5% or greater between budgeted and actual.

Condition

The budget for the year ended June 30, 2021, was approved by the School Board on October 12, 2020. While the budgets were amended on June 14, 2021, there were year-end unfavorable variances between budgeted and actual Title I Fund amounts available for appropriations and total charges to appropriations (\$135,465 or 8%) and General Fund amounts available for appropriations and total charges to appropriations (\$1,648,745 or 5%).

UNION PARISH SCHOOL BOARD

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Schedule of Audit Findings and Questioned Costs

For the Year Ended June 30, 2021

Cause

Internal controls did not ensure budgets were prepared, adopted, and revised in accordance with state law. The consulting accountants were not retained to assist the School Board with accounting functions, to include budgets, until after the fiscal year end.

Effect

Noncompliance with Louisiana Revised Statute 39:1305-15 of the Louisiana Local Government Budget Act.

Recommendation

Internal controls should ensure that budgets are prepared, adopted, and revised in accordance with state law.

Management Response

Refer to the Corrective Action Plan for Current Year Audit Findings and Questioned Costs

2021-006 Fixed and Movable Property Records and Inventory

First Reported 2020

Criteria

Louisiana Revised Statute 24:513 requires a physical inventory of all fixed and movable property items be conducted annually and reconciled to the recorded detailed listings of fixed and movable property.

Condition

The School Board was able to provide a current depreciation schedule assembled by the consulting accountants. However, the School Board did not provide documentation of an annual inventory of fixed and movable property that was conducted during or after the year ended June 30, 2021, as of the date of this report.

Cause

Internal controls did not ensure that annual inventory was conducted, reconciled to the detailed listings of fixed and movable property and associated records retained.

Effect

Noncompliance with Louisiana Revised Statute 24:513.

Recommendation

The School Board should implement and enforce policies and procedures to ensure capital assets are inventoried annually and reconciled with the general ledger in accordance with state law.

UNION PARISH SCHOOL BOARD

Farmerville, Louisiana

Schedule of Audit Findings and Questioned Costs

For the Year Ended June 30, 2021

Management Response

Refer to the Corrective Action Plan for Current Year Audit Findings and Questioned Costs

2021-007 Open Meetings Law

Criteria

Louisiana revised statute 42:14 requires that meetings of public bodies be open to the public and that written proceedings of the body shall be a public document. These statutes include any committee or subcommittee of the public body to also be a public body.

Condition

The School Board maintained no written proceedings of any committee or subcommittee meetings for the year ended June 30, 2021. The School Board has six committees: finance committee, policy committee, transportation committee, personnel committee, academic committee, and a building and grounds committee.

Cause

Internal controls did not ensure compliance with the Open Meetings Law.

Effect

The School Board is not in compliance with Louisiana Revised Statute 42:14.

Recommendation

The School Board should implement procedures to ensure compliance with the Open Meetings Law.

Management Response

Refer to the Corrective Action Plan for Current Year Audit Findings and Questioned Costs

2021-008 Late Submission of Audit Report to the Louisiana Legislative Auditor

First Reported

Condition

The School Board's audit for the year ended June 30, 2021, was not completed and the audit report was not submitted to the Louisiana Legislative Auditor within six months of year end.

Criteria

Louisiana revised statute 24:513 A (5)(a)(i) requires that audits of government agencies shall be completed within six months of the close of the entity's fiscal year. Audit reports are required to be filed with the Louisiana Legislative Auditor within this time restriction.

UNION PARISH SCHOOL BOARD

Farmerville, Louisiana

Schedule of Audit Findings and Questioned Costs

For the Year Ended June 30, 2021

Cause

The School Board's audit was not completed timely due to items identified in Finding 2021-001. These issues and the delay were further delayed by the late submission of the prior audit report.

Effect

The School Board is not in compliance with Louisiana Revised Statute 24:513 A (5)(a)(i).

Recommendation

We recommend that the School Board implement procedures to ensure all information required for financial reporting is accurate and properly captured in a timely manner.

Management Response

Refer to the Corrective Action Plan for Current Year Audit Findings and Questioned Costs

Section III – Federal Award Findings and Responses

2021-009 Compliance and Internal Controls over Compliance – Child Nutrition Cluster

Federal Program, Assistance Listing Number and Year, Federal Agency, Pass-Through Entity

Child Nutrition Cluster, Assistance Listing #10.555, 10.553, 10.555, 10.559, 2021, U.S. Department of Agriculture, Louisiana Department of Education

Criteria

The Code of Federal Regulations Title 2 Grants and Agreements Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Section 200.303 requires the School Board to establish and maintain effective internal control over the Federal award that provides reasonable assurance that the School Board is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal Award.

Condition

The supporting documentation for the accrued salary amount for the year ended June 30, 2021, for Child Nutrition Cluster (\$357,199) differed from the trial balance amount (\$488,246) by \$131,047 (questioned costs), indicating that at least one of the populations is incorrect. These factors, in conjunction with the internal control weaknesses identified in Finding 2021-001, lead us to conclude that accounting records are not accounting for school food accounts in accordance with requirements. It is impossible to identify a complete population for testing activities or costs and that records are insufficient to allow for testing of cash management compliance requirements (also refer to Finding 2021-004 related to cash).

UNION PARISH SCHOOL BOARD

Farmerville, Louisiana

Schedule of Audit Findings and Questioned Costs

For the Year Ended June 30, 2021

The Schedule of Expenditures of Federal Awards and the trial balance are materially misstated with respect to the Child Nutrition Cluster. The School Breakfast Program ALN 10.553 is combined in line and amount with National School Lunch Program ALN 10.555 on the Schedule of Expenditures of Federal Awards.

Cause

Internal controls over the Child Nutrition Cluster were not appropriately designed, implemented and/or overseen.

Effect

Noncompliance with the applicable, direct and material compliance requirements of Activities Allowed or Unallowed, Allowable Costs / Cost Principles, Cash Management and Special Tests – School Food Accounts.

Questioned Costs

Total \$131,047

Perspective Information

Material and pervasive

Recommendation

Effective internal control over the Federal awards should be established and maintained to provide reasonable assurance that the School Board is managing the Federal awards in compliance with Federal statutes, regulations, and the terms and conditions of Federal Awards.

Management Response

Refer to the Corrective Action Plan for Current Year Audit Findings and Questioned Costs

2021-010 Compliance and Internal Controls over Compliance – Title I

Federal Program, Assistance Listing Number and Year, Federal Agency, Pass-Through Entity

Title I, Assistance Listing #84.010, 2021, U.S. Department of Education, Louisiana Department of Education

Criteria

The Code of Federal Regulations Title 2 Grants and Agreements Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Section 200.303 requires the School Board to establish and maintain effective internal control over the Federal award that provides reasonable assurance that the School Board is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal Award.

UNION PARISH SCHOOL BOARD

Farmerville, Louisiana

Schedule of Audit Findings and Questioned Costs

For the Year Ended June 30, 2021

Condition

The Schedule of Expenditures of Federal Awards and the trial balance are materially misstated with respect to the Title I program. Per confirmation with LDOE, the School Board received \$110,178 (questioned costs) Title 4 SSAE funds that the School Board included in Title I funds. The reimbursement requests posted in eGMS identified \$139,179 Title IV SSAE funds disbursed to the School Board. The expenditure reports submitted to LDOE for the Title I fund exceeded the reimbursement request amounts and trial balance amounts for salaries, benefits, and indirect costs by a total of \$52,857.

The supporting documentation for the accrued salary amount for the year ended June 30, 2021, for Title I (\$517,614) differed from the trial balance amount (\$537,183) for a questioned amount of \$19,569. The amount reported to LDOE on the expenditure reports (\$571,986) further indicating that the populations differ. It is impossible to identify a complete population for testing.

Two employees known to work across multiple federal programs were charged exclusively (outside one Education Stabilization Funded stipend) to the Title I program. It is impossible to identify how much of the cumulative salaries for these two employees (\$110,085 questioned costs) is overcharged to the Title I program.

Cause

Internal controls over the Title I program were not appropriately designed, implemented and/or overseen.

Effect

Noncompliance with the applicable, direct and material compliance requirements of Activities Allowed or Unallowed, Allowable Costs / Cost Principles, Matching, Level of Effort, Earmarking and Reporting.

Questioned Costs

Total \$239,832

Title IV funds included in Title I \$139,179

Salary amounts in trial balance not supported by payroll system \$19,569

Salary amounts of employees working across multiple programs \$110,085

Perspective Information

Material and pervasive

Recommendation

Effective internal control over the Federal awards should be established and maintained to provide reasonable assurance that the School Board is managing the Federal awards in compliance with Federal statutes, regulations, and the terms and conditions of Federal Awards.

UNION PARISH SCHOOL BOARD

Farmerville, Louisiana

Schedule of Audit Findings and Questioned Costs

For the Year Ended June 30, 2021

Management Response

Refer to the Corrective Action Plan for Current Year Audit Findings and Questioned Costs

2021-011 Compliance and Internal Controls over Compliance – COVID-19 Education Stabilization Funds

Federal Program, Assistance Listing Number and Year, Federal Agency, Pass-Through Entity

COVID-19 Education Stabilization Fund (ESF), Assistance Listing #84.425, 2021, U.S. Department of Education, Louisiana Department of Education

Criteria

The Code of Federal Regulations Title 2 Grants and Agreements Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Section 200.303 requires the School Board to establish and maintain effective internal control over the Federal award that provides reasonable assurance that the School Board is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal Award.

Condition

The School Board reported to us that there were no federal funds passed through to subrecipients. During our audit work, we identified three items in the COVID-19 Education Stabilization Fund reimbursement requests for expenditures of an outside agency, a private religious school. When we inquired, the School Board stated that during the 2020-21 fiscal year, Cares Act funds were budgeted to be passed through to this outside agency as follows: GEERF: \$14,474; ESSERF Formula: \$76,875; ESSERF Incentive: \$11,527. It was believed that the amounts passed through were very close to these amounts although the School Board did not provide actual amounts or documentation to support that these amounts were passed through.

The supporting documentation for the accrued salary amount for the year ended June 30, 2021, for COVID-19 Education Stabilization Fund (\$436,010) differed from the trial balance amount (\$458,119) by \$22,109 of which \$12,151 was identified as Downsville Charter leaving a remaining discrepancy in the amount of \$9,957. This amount for Downsville Charter was requested as part of ESSER reimbursement requests. ESSER reimbursement request for August 2020 requested an additional \$5,987 as salaries for Downsville Charter but this is not in the trial balance account for Downsville Charter.

Two employees known to work across multiple federal programs were charged exclusively (outside one COVID-19 Education Stabilization Fund stipend) to the Title I program. It is impossible to identify how much of the cumulative salaries for these two employees (\$110,085) is undercharged to the ESF program. We would expect that much time would have been dedicated to a large new program comprised of five grants.

UNION PARISH SCHOOL BOARD

Farmerville, Louisiana

Schedule of Audit Findings and Questioned Costs

For the Year Ended June 30, 2021

Cause

Internal controls over the COVID-19 Education Stabilization Fund program were not appropriately designed, implemented and/or overseen.

Effect

Noncompliance with the applicable, direct and material compliance requirements of Activities Allowed or Unallowed, Allowable Costs / Cost Principles, and Cash Management.

Questioned Costs

Total \$120,042

Salary amounts in trial balance not supported by payroll system \$9,957

Salary amounts of employees working across multiple programs \$110,085

Amounts reimbursed on behalf of outside agency \$ unknown

Perspective Information

Material and pervasive

Recommendation

Effective internal control over the Federal awards should be established and maintained to provide reasonable assurance that the School Board is managing the Federal awards in compliance with Federal statutes, regulations, and the terms and conditions of Federal Awards.

Management Response

Refer to the Corrective Action Plan for Current Year Audit Findings and Questioned Costs



Union Parish School Board

Post Office Box 308
Farmerville, Louisiana 71241

Kristy Auger Fine
Superintendent

www.unionparishschools.org

Phone (318) 368-9715
FAX (318) 368-3311

October 2, 2022

Lori Woodard
Woodard & Associates
1100 North 18th Street, Suite 200
Monroe, LA 71201

RE: Administration's Corrective Action Plan
06-30-2021 audited financial statements

Dear Ms. Woodard:

We have received the Findings related to the financial statements for the FY 2020-21 that ended June 30, 2021, and offer the following Corrective Plan to each finding listed below:

Finding 2021-01 Internal Controls over Accounting Records – First Reported in 2019

- **Criteria** - Internal controls over accounting records require records be kept in an accurate manner, provide an audit trail of all transactions, and allow production of accurate reports within a timely manner.
- **Conditions Identified**
 - There was insignificant segregation of duties or oversight of work being performed by the CFO.
 - Cash Reconciliations did not reconcile with the general ledger.
 - Journal entries recorded by the CFO with no review process in place.
 - User permissions for the software indicated that staff may have had the ability to modify transactions.
 - The accounting records to support the Schedule of Expenditures of Federal Awards were not sufficient. Refer to finding 2021-002.
 - The School Board did not comply with the Local Government Budget Act. Refer to finding 2021-002.
 - The School Board did not provide documentation that a physical inventory was conducted. Refer to Finding 2021-006. was unable to produce a Depreciation Schedule supported by a documented physical inventory.
- **Corrective Action Plan**
 - Many changes have been undertaken prior to the release of the 06-30-2021 audit as recommended by the consulting CPA and Educational School Finance team from Crossmark related to the segregation of duties. Payroll, Deposits, Account Payable, Grants Management, Bank Reconciliations, Retirement/Group Insurance, etc. were reassigned to different people in the Business Office to improve internal control.

- Improvements with bank reconciliations are being performed by the consulting accountants until a new CFO is hired.
- Journal entries are being reviewed by the consulting accountants until the new CFO is hired. We will continue to ask the external auditors to sample test these transactions when the audit is conducted annually.
- As Superintendent, I personally reached out to the software company (Software & Services of Louisiana) to ensure that safeguards are in place and have been in place to prevent a person from deleting a check, deposit, or journal entry once it has been entered and posted. We have further requested that software permissions by anyone at the UPSB be approved by the Superintendent and made by the technology coordinator.
- Improvements for submitting the Schedule of Expenditures for Federal Awards to the auditors for review was implemented prior to the release of the audit for the year 06-30-2021; as well as, providing monthly reports to the Board's Finance Committee.
- Improvement for preparing and submitting an Annual Operating Budget to the Board for approval was made prior to the release of the 06-30-2021 audit. This new process and 100-page document for FY 2022-23 was approved by the Board on September 13, 2022.
- Improvements related to the Capital Asset Inventory Schedule were made prior to the release of the 06-30-2022 audit. A new Capital Asset Board policy was approved by the UPSB that includes the requirement for the CFO to include at least 1 annual physical review of the items listed in that schedule.

Finding 2021-02 Schedule of Federal Awards Preparation and Review – First Reported in 2019

- **Criteria** - According to the Code of Federal Regulations Title 2 Grants and Agreements Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Subpart F – Audit Requirements, it is the auditee's responsibility to prepare appropriate financial statements, including the Schedule of Expenditures of Federal Awards. The Schedule should be complete and accurate.
- **Conditions Identified**
 - Accounting records were not sufficient to ensure that the *Schedule of Expenditures of Federal Awards* were prepared in accordance with Federal regulations.
 - The School Breakfast Program ALN 10.553 is combined in line and amount with National School Lunch Program ALN 10.555.
 - The Child Care and Development Block Grant ALN 93.575 was presented as being passed through the Louisiana Department of Education from the United States Department of Education when this grant originates with the United States Department of Health & Human Services.
 - Grant titles were not presented as given on the grant agreements to include both Title I and Coronavirus Aide, Relief, and Economic Security Act funds.
 - Amounts passed through to subrecipients are missing.
- **Corrective Action Plan**
 - Improvements for submitting the *Schedule of Expenditures for Federal Awards* to the auditors for review was implemented prior to the release of the audit for the year 06-30-2021 that will fix all issues shown above.
 - Monthly reconciliations of these amounts to what is shown in the accounting records will also be conducted by the CFO prior to the monthly budget variance reports submitted to the Board's Finance Committee.
 - Grant management activities and claims are prepared, presented, and reviewed by the Superintendent and the Board's Finance Committee monthly to ensure compliance.

Finding 2021-03 Internal Controls Over Payroll Disbursements – First reported in 2020

- **Criteria** - Proper internal controls over payroll disbursement accruals 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.
- **Conditions Identified**
 - The payroll disbursement accrual amount on the general ledger does not reconcile with the to the supporting document by \$372,000.
- **Corrective Action Plan**
 - Support for Accrued Salary and Benefits Payable will be reviewed more closely when closing the books in the future to ensure that there are no material misrepresentations are made.

Finding 2021-04 Cash Reconciliation – First reported in 2020

- **Criteria** - A cash reconciliation that reconciles from the bank balance to the general ledger balance should be prepared to determine that all cash transactions have been recorded properly and to discover bank errors. Timely preparation of complete and accurate bank reconciliations is a key to maintaining adequate controls over both cash receipts and disbursements. In preparing the bank reconciliations, all items should be investigated and corrected in that period.
- **Conditions Identified**
 - Reconciled bank balances differed from the general ledger balances by \$1,325,374 in the master account, \$4,495 in the lunch fund account, (\$139,743) in the payroll account and (\$6,477) in the sinking fund account. The consulting accountants reconciled the accounts and provided the School Board with adjustments that were not inputted into the accounting system correctly.
- **Corrective Action Plan**
 - Except for the June, July and August bank reconciliations, all monthly bank reconciliations will be prepared by the CFO, dated, kept in a secure place, and signed by the CFO on or before the 10th day of the month that follows. Additional days may be needed for June, July, and August so the CFO can close and open the new fiscal year. We will continue to ask the external auditors to review this information so that there are no material misrepresentations of the numbers.

Finding 2021-05 Local Government Budget Act - First reported in 2019

- **Criteria** - Per the Louisiana Local Government Budget Act encompassing Louisiana Revised Statutes 39:1305 - 1315 school boards are required to prepare and adopt no later than September 15th of each year a budget for the general fund and each special revenue fund for the fiscal year, July 1st through June 30th. Additionally, the proposed budget must be made available for public inspection at least ten days before a public hearing is held on the budget.
- **Conditions Identified**
 - The original budget for the year ended June 30, 2021, was approved by the School Board on October 12, 2020. While the budgets were amended on June 14, 2021, there were year-end unfavorable variances between budgeted and actual Title I Fund amounts available for appropriations and total charges to appropriations (\$135,465 or 8%).
- **Corrective Action Plan**
 - Improvement for preparing and submitting an Annual Operating Budget to the Board for approval was made prior to the release of the 06-30-2021 audit. This new process and 100-page document for FY 2022-23 was approved by the Board on September 13, 2022.

Greater care for revising the budget to keep variance below the 5% budget variance shall also be taken.

Finding 2021-06 Fixed and Moveable Property Records and Inventory

- **Criteria** - Louisiana Revised Statute 24:513 requires a physical inventory of all fixed and movable property items be conducted annually and reconciled to the recorded detailed listings of fixed and movable property.
- **Conditions Identified**
 - The School Board was able to provide a current depreciation schedule assembled by the consulting accountants. However, the School Board was unable to provide documentation of an annual inventory reconciled to the detailed listings of fixed and movable property in fiscal years 2020, 2021 or 2022.
- **Corrective Action Plan**
 - Improvements related to the Capital Asset Inventory Schedule were made prior to the release of the 06-30-2021 audit. A new Capital Asset Board policy was approved by the UPSB that includes the requirement for the CFO to include at least 1 annual physical review of the items listed in that schedule.

Finding 2021-07 Opens Meeting Laws

- **Criteria** - Louisiana revised statute 42:14 requires that meetings of public bodies be open to the public and that written proceedings of the body shall be a public document. These statutes include any committee or subcommittee of the public body to also be a public body.
- **Conditions Identified**
 - The School Board maintained no written proceedings of any committee or subcommittee meetings for the year ended June 30, 2021. The School Board has six committees: finance committee, policy committee, transportation committee, personnel committee, academic committee, and a building and grounds committee.
- **Corrective Action Plan**
 - We will begin keeping written records of all committee meetings and presenting them to the full board for approval.

Finding 2021-08 Late Submission of the Audit Report to the Louisiana Legislative Auditor – First reported in 2019

- **Criteria** - Louisiana revised statute 24:513 A (5)(a)(i) requires that audits of government agencies shall be completed within six months of the close of the entity's fiscal year. Audit reports are required to be filed with the Louisiana Legislative Auditor within this time restriction.
- **Conditions Identified**
 - The School Board's audit for the year ended June 30, 2021, was not completed and the audit report was not submitted to the Louisiana Legislative Auditor within six months of year end.
- **Corrective Action Plan**
 - The UPSB has made several different changes in the past year to correct this finding. We are advertising for a new CFO, setting up a new chart of accounts that is compliant with BESE Bulletin #1929, and have hired Crossmark Business Services to assist us in getting our records in better shape. The person who is leading their team is a retired business manager with the DeSoto Parish School Board who has 36+ years of experience in education finance. Our goal is to submit all future audited financial statements into the Legislative Auditor on or before December 31st.

Finding 2020-09 Internal Controls Over Compliance – Child Nutrition Cluster

- **Criteria** - According to the Code of Federal Regulations Title 2 Grants and Agreements Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Section 200.303 requires the School Board to establish and maintain effective internal control over the Federal award that provides reasonable assurance that the School Board is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal Award.
- **Conditions Identified**
 - The supporting documentation for the accrued salary amount for the year ended June 30, 2021, for Child Nutrition Cluster (\$357,199) differed from the trial balance amount (\$488,246) by \$131,047(questioned costs), indicating that at least one of the populations is incorrect. These factors, in conjunction with the internal control weaknesses identified in Finding 2021-001, lead us to conclude that accounting records are not accounting for school food accounts in accordance with requirements.
 - The Schedule of Expenditures of Federal Awards and the trial balance are materially misstated with respect to the Child Nutrition Cluster. The School Breakfast Program ALN 10.553 is combined in line and amount with National School Lunch Program ALN 10.555 on the Schedule of Expenditures of Federal Awards.
- **Corrective Action Plan**
 - Support for Accrued Salary and Benefits Payable will be reviewed more closely when closing the books in the future to ensure that there are no material misrepresentations are made.
 - Improvements for submitting the *Schedule of Expenditures for Federal Awards* to the auditors for review was implemented prior to the release of the audit for the year 06-30-2021 to break out Breakfast and Lunch.

Finding 2020-10 Internal Controls Over Compliance – Title I

- **Criteria** - According to the Code of Federal Regulations Title 2 Grants and Agreements Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Section 200.303 requires the School Board to establish and maintain effective internal control over the Federal award that provides reasonable assurance that the School Board is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal Award.
- **Conditions Identified**
 - The Schedule of Expenditures of Federal Awards and the trial balance are materially misstated with respect to the Title I program. Per confirmation with LDOE, the School Board received \$110,178 (questioned costs) Title 4 SSAE funds that the School Board included in Title I funds. The reimbursement requests posted in eGMS identified \$139,179 Title IV SSAE funds disbursed to the School Board. The expenditure reports submitted to LDOE for the Title I fund exceeded the reimbursement request amounts and trial balance amounts for salaries, benefits, and indirect costs by a total of \$52,857.
 - The supporting documentation for the accrued salary amount for the year ended June 30, 2021, for Title I (\$517,614) differed from the trial balance amount (\$537,183) for a questioned amount of \$19,569. The amount reported to LDOE on the expenditure reports (\$571,986) further indicating that the populations differ. It is impossible to identify a complete population for testing.

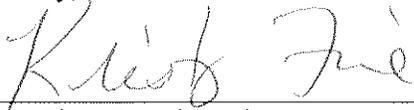
- Two employees known to work across multiple federal programs were charged exclusively (outside one Education Stabilization Fund stipend) to the Title I program. It is impossible to identify how much of the cumulative salaries for these two employees (\$110,085 questioned costs) is overcharged to the Title I program. The Schedule of Expenditures of Federal Awards and the trial balance are materially misstated with respect to the Child Nutrition Cluster. The School Breakfast Program ALN 10.553 is combined in line and amount with National School Lunch Program ALN 10.555 on the Schedule of Expenditures of Federal Awards.
- Corrective Action Plan
 - LDOE and grant regulations allow the transfer of Title IV budget funds to Title I; and as a result, this would explain why the *Schedule of Expenditures for Federal Awards* was prepared and presented the way it was. The UPSB will consult with the LDOE to determine how to correct this reporting difference in the future.
 - Support for Accrued Salary and Benefits Payable will be reviewed more closely when closing the books in the future to ensure that there are no material misrepresentations are made.
 - Changes will be made in the future to ensure that grant funds paid for employees agree with the time and hours worked for each grant.

Finding 2020-11 Internal Controls Over Compliance – COVID-19 Education Stabilization Funds

- Criteria - According to the Code of Federal Regulations Title 2 Grants and Agreements Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Section 200.303 requires the School Board to establish and maintain effective internal control over the Federal award that provides reasonable assurance that the School Board is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal Award.
- Conditions Identified
 - The School Board reported to us that there were no Federal funds passed through to subrecipients. During our audit work, we identified three items in the COVID-19 Education Stabilization Fund reimbursement requests for expenditures of an outside agency, a private religious school. When we inquired, the School Board stated that during the 2020-21 fiscal year, Cares Act funds were budgeted to be passed through to this outside agency as follows: GEERF: \$14,474; ESSERF Formula: \$76,875; ESSERF Incentive: \$11,527. It was believed that the amounts passed through were very close to these amounts although the School Board did not provide actual amounts or documentation to support that these amounts were passed through.
 - The supporting documentation for the accrued salary amount for the year ended June 30, 2021, for COVID-19 Education Stabilization Fund (\$436,010) differed from the trial balance amount (\$458,119) by \$22,109 of which \$12,151 was identified as Downsville Charter leaving a remaining discrepancy in the amount of \$9,957. This amount for Downsville Charter was requested as part of ESSER reimbursement requests. ESSER reimbursement request for August 2020 requested an additional \$5,987 as salaries for Downsville Charter but this is not in the trial balance account for Downsville Charter.
 - Two employees known to work across multiple federal programs were charged exclusively (outside one COVID-19 Education Stabilization Fund stipend) to the Title I program. It is impossible to identify how much of the cumulative salaries for these two employees (\$110,085) is undercharged to the ESF program. We would expect that much time would have been dedicated to a large new program comprised of five grants.

- Corrective Action Plan
 - Improvements for submitting the Schedule of Expenditures for Federal Awards to the auditors for review was implemented prior to the release of the audit for the year 06-30-2021 to break out payments for subrecipients and Downsville Community Charter School.
 - Support for Accrued Salary and Benefits Payable will be reviewed more closely when closing the books in the future to ensure that there are no material misrepresentations are made.
 - Changes will be made in the future to ensure that grant funds paid for employees agree with the time and hours worked for each grant.

Sincerely,



Kristy Fine, Superintendent
Union Parish School Board

UNION PARISH SCHOOL BOARD
Farmerville, Louisiana
Summary Status of Prior Year Findings
For the Year Ended June 30, 2021

The following is a summary of the status of the prior year findings included in our 2020 audit report dated May 31, 2022, covering the audit of the financial statements of Union Parish School Board (the School Board), as of and for the year ended June 30, 2020.

2020-001 Internal Controls over Accounting Records

Conditions Identified

There is insufficient evidence for auditors to form an opinion on the financial statements due to a failure in internal controls over accounting records.

Status

Refer to Finding 2021-001

2020-002 Schedule of Expenditures of Federal Awards Preparation and Review

Conditions Identified

The Schedule of Expenditures of Federal Awards prepared by the School Board included inaccurate information and was not properly reconciled to the underlying accounting records. The schedule was materially misstated. Federal programs were not properly identified and reported in the schedule.

Status

Refer to Finding 2021-002

2020-003 Internal Controls over Payroll Disbursements

Conditions Identified

The payroll disbursement accrual amount on the general ledger does not reconcile to the supporting documentation.

Status

Refer to Finding 2021-003

2020-004 Cash Reconciliations

Conditions Identified

Cash reconciliations for the operating and payroll accounts contained errors and omissions. Evidence of review and approval of reconciliations is not documented and maintained on file for all reconciliations. Transactions related to the subsequent period were recorded to the cash accounts after the reconciliations were performed.

Status

Refer to Finding 2021-004

UNION PARISH SCHOOL BOARD
Farmerville, Louisiana
Summary Status of Prior Year Findings
For the Year Ended June 30, 2021

2020-005 Local Government Budget Act

Conditions Identified

The budget for the year ended June 30, 2020 was approved by the School Board on October 13, 2019 for the General Fund only and evidence of compliance with the publication and public inspection/hearing was not provided.

Status

Refer to Finding 2021-005

2020-006 Fixed and Movable Property Records and Inventory

Conditions Identified

The School Board was unable to produce a current depreciation schedule. Annual inventory was not conducted.

Status

Refer to Finding 2021-006

2020-007 Late Submission of Annual Report to the Louisiana Department of Education

Conditions Identified

The School Board's Annual Financial Report (AFR) for the year ended June 30, 2020, was not submitted within required timeframe.

Status

Resolved

2020-008 Late Submission of Audit Report to the Louisiana Legislative Auditor

Conditions Identified

The School Board's audit for the year ended June 30, 2020 was not completed and the audit report was not submitted to the Louisiana Legislative Auditor within six months of year end. Extensions were granted by the Louisiana Legislative Auditor.

Status

Refer to Finding 2021-008

UNION PARISH SCHOOL BOARD
Farmerville, Louisiana
Summary Status of Prior Year Findings
For the Year Ended June 30, 2021

Federal Award Findings

2020-009 Internal Controls over Accounting Records

Conditions Identified

There was insufficient evidence to form an opinion on the direct and material compliance requirements for each major program due to a failure in internal controls over accounting records including the records of Federal Programs

Status

Refer to Findings 2021-009, 2021-010, 2021-011

OTHER REPORTS

AGREED-UPON PROCEDURES REPORT

SCHEDULES REQUIRED BY STATE LAW



1100 North 18th Street, Suite 200
Monroe, LA 71201
T 318.387.2672 F 318.322.8866

← Keeping you on course! →

**Independent Accountant's Report
on Applying Agreed-Upon Procedures
For the Year Ended June 30, 2021**

To the Union Parish School Board,
the Louisiana Department of Education,
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual financial statements of the Union Parish School Board for the fiscal year ended June 30, 2021; and to determine whether the specified schedules are free of obvious errors and omissions, in compliance with Louisiana Revised Statute 24:514 I. Management of the School Board is responsible for its performance and statistical data.

The Union Parish School Board has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the performance and statistical data accompanying the annual financial statements. Additionally, the Louisiana Department of Education and the Louisiana Legislative Auditor have agreed to and acknowledged that the procedures performed are appropriate for their purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

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

1. We reviewed supporting documentation and observed that the expenditures/revenues are not classified correctly/reported in the proper amounts among the following amounts reported on the schedule:

- Total General Fund Instructional Expenditures
- Total General Fund Equipment Expenditures
- Total Local Taxation Revenue
- Total Local Earnings on Investment in Real Property
- Total State Revenue in Lieu of Taxes
- Nonpublic Textbook Revenue
- Nonpublic Transportation Revenue

Results: The pay reported in Schedule 1 includes function 1600 in the amount of \$174,068. Function 1600 should be excluded per BESE Agreed Upon (AUP) Schedule Glossary FY2020-21. Because of this, we did not sample transactions as we had already identified the amounts reported were incorrect.

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.

Results: Nine out of ten class rolls showed student counts different than the listing provided.

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

3. We obtained October 1st 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.

Results: No differences identified.

Public School Staff Data: Average Salaries (NO SCHEDULE)

4. We obtained June 30th 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).

Results: One employee's pay was exceeded the amount included on the PEP data by \$7,170.

Management's Response

- Union Parish School Board agrees with the auditor's findings.
- Internal controls and procedures have been modified or put into place to ensure corrections are made to rectify the findings issued. All findings have been addressed in the Corrective Action Plan submitted to the auditors.
- Person assigned to correct and address the audit findings
 - Kristy Fine, Superintendent

Please also note that once the audit findings have been completed and concluded by your firm, I will present them to the Board Members of the Union Parish School Board along with additional recommendations and a more detailed plan of action so we can get these findings corrected. If you have any questions or concerns, please let me know.

We were engaged by the Union Parish School Board to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. We were not engaged to and did not conduct an examination or review engagement, 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 internal control weaknesses leading to the modified opinion on the financial statements could have affected the performance and statistical data as presented with these procedures.

We are required to be independent of the Union Parish School Board and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of the (City or Parish School Board or Charter School), 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.

Woodland & Associates

(A Professional Accounting Corporation)
Monroe, LA

October 25, 2022

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, 2021

**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
School Board Agreed-Upon Procedures

General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
June 30, 2021

	Column A	Column B
<u>General Fund Instructional and Equipment Expenditures</u>		
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$ 4,390,900	
Other Instructional Staff Activities	407,740	
Instructional Staff Employee Benefits	3,505,937	
Purchased Professional and Technical Services	270,252	
Instructional Materials and Supplies	264,122	
Instructional Equipment	59,465	
Total Teacher and Student Interaction Activities		\$ 8,898,416
Other Instructional Activities		1,542,282
Pupil Support Activities	1,277,230	
Less: Equipment for Pupil Support Activities	-	
Net Pupil Support Activities		1,277,230
Instructional Staff Services	849,256	
Less: Equipment for Instructional Staff Services	47,776	
Net Instructional Staff Services		801,480
School Administration		
Less: Equipment for School Administration	1,340,650	
Net School Administration	11,640	1,329,010
Total General Fund Instructional Expenditures (Total of Column B)		\$ <u>13,848,418</u>
Total General Fund Equipment Expenditures		\$ <u>107,241</u>
<u>Certain Local Revenue Sources</u>		
Local Taxation Revenue:		
Constitutional Ad Valorem Taxes	\$ 550,529	
Renewable Ad Valorem Tax	2,326,269	
Debt Service Ad Valorem Tax	-	
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	131,208	
Sales and Use Taxes	8,291,565	
Total Local Taxation Revenue		\$ <u>11,299,571</u>
Local Earnings on Investment in Real Property:		
Earnings from 16th Section Property	\$ 19,005	
Earnings from Other Real Property	1,246	
Total Local Earnings on Investment in Real Property		\$ <u>20,251</u>
State Revenue in Lieu of Taxes:		
Revenue Sharing - Constitutional Tax	\$ 69,825	
Revenue Sharing - Other Taxes	-	
Revenue Sharing - Excess Portion	-	
Other Revenue in Lieu of Taxes	-	
Total State Revenue in Lieu of Taxes		\$ <u>69,825</u>
Nonpublic Textbook Revenue		\$ <u>3,399</u>
Nonpublic Transportation Revenue		\$ <u>-</u>

UNION PARISH SCHOOL BOARD
School Board Agreed-Upon Procedures

Class Size Characteristics
As of June 30, 2021

School Type	Class Size Range									
	1-20		21-26		27-33		34+		Total	
	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number
Elementary	10.3%	18	63.4%	111	26.3%	46	0.0%	-	100.0%	175.0
Elementary Activity Classes	0.0%	-	68.4%	13	31.6%	6	0.0%	-	100.0%	19.0
High	59.2%	187	15.2%	48	20.9%	66	4.7%	15	100.0%	316.0
High Activity Classes	89.5%	68	1.3%	1	1.3%	1	7.9%	6	100.0%	76.0
Combination	83.1%	182	16.4%	36	0.5%	1	0.0%	-	100.0%	219.0
Combination Activity Classes	86.7%	26	13.3%	4	0.0%	-	0.0%	-	100.0%	30.0
Total		481		213		120		21		835

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.