

JEFFERSON DAVIS PARISH SCHOOL BOARD

Jennings, Louisiana

Basic Financial Statements

As of and for the Year Ended June 30, 2018

With Supplemental Information Schedules

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JEFFERSON DAVIS PARISH SCHOOL BOARD

Jennings, Louisiana

Basic Financial Statements

As of and for the Year Ended June 30, 2018

With Supplemental Information Schedules

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INDEPENDENT AUDITOR'S REPORT

To the Members of
The Jefferson Davis Parish School Board
Jennings, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Jefferson Davis Parish School Board (School Board), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of Matter

As discussed in Note 20 to the financial statements, in fiscal year ending in 2018 the School Board adopted new accounting guidance, *GASBS No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 5-14), budgetary comparison information (pages 63-65), schedule of changes in OPEB liability and related ratios (page 67), and the additional pension/retirement information (pages 68-70) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Board's basic financial statements. The other supplemental information section (pages 73 to 104) which includes the combining and individual nonmajor fund financial statements, and other information required by the State of Louisiana are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards (pages 105 to 106) 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 other information required by the State of Louisiana, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the information required by the State of Louisiana, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2018, on our consideration of the School Board's internal control over financial reporting and on our test of its compliance with certain provision 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.

Mike B. Gillespie, CPA, APAC

Jennings, Louisiana
December 17, 2018

REQUIRED SUPPLEMENTAL INFORMATION

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

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JEFFERSON DAVIS PARISH SCHOOL BOARD
Jennings, Louisiana

MANAGEMENT’S DISCUSSION AND ANALYSIS
June 30, 2018

The Management’s Discussion and Analysis (MD&A) of the Jefferson Davis Parish School Board is intended to provide both an overview and review of the School Board’s financial activities for the fiscal year ended June 30, 2018. The intent of the MD&A is to provide a meaningful discussion to interested financial statement users of the School Board’s overall financial performance taken as a whole. Therefore, it should be read in conjunction with the School Board’s financial statements, the notes to the financial statements, and any related supplementary information.

The MD&A is an element of the required supplementary information specified in the Governmental Accounting Standards Board’s (GASB) Statement No. 34 – *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* that was issued in June 1999. Certain comparative information between the current fiscal year (2017-2018) and the prior fiscal year (2016-2017) is required to be presented in the MD&A, and it is shown in the accompanying discussion.

Financial Highlights For The 2017-2018 Fiscal Year

- Net position increased by \$5,804,428 for the fiscal year ended June 30, 2018 before consideration of a prior period adjustment due to the implementation of GASB Statement #75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. At June 30, 2018, the School Board’s net position is a total of (\$109,677,394). The large negative balance in Net Assets was caused by the implementation of Governmental Accounting Standards Board Statement No. 68 *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* that was first used in the 14-15 fiscal year as well as GASB Statement #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* that was implemented this year.
- The total net change in fund balance for the School Board was an increase of \$325,974 that was comprised of the following:

Increase in General Fund	\$ 1,906,952
Decrease in all other governmental funds	<u>(1,580,978)</u>
Net decrease in total fund balance	<u>\$ 325,974</u>

This is the first increase in the General Fund in seven years.

- Sales taxes collected for the General Fund increased by \$505,106 for the 2017-2018 year, making it a record year for collections. Given the current state of Louisiana’s economy, particularly in the oilfield sector, the School Board believes itself to be fortunate to show a gain from the previous year.
- Ad valorem taxes collected for the General Fund showed a slight increase of \$116,626 during 2017-2018. The increase was mostly due to the approved roll forward of the 2017 millages due to the 2016 reassessment. Property tax valuations appear stable upon examination.

JEFFERSON DAVIS PARISH SCHOOL BOARD
Jennings, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

- Sales taxes and ad valorem taxes collected for debt service by the School Board increased by \$295,859, which represents an 8½% growth over the previous year.
- The largest single revenue source continues to be the Minimum Foundation Program (MFP) distribution from the State, which was approximately \$37.4 million for the 17-18 fiscal year. This is an increase in funding of approximately \$0.8 million from the previous year. The MFP funding calculation is based to a large extent upon the verified student enrollment in existence at October 1 times an applied per pupil contribution amount. The adjusted base per pupil contribution for the 2017-2018 fiscal year remained at \$3,961 per student.
- There were no across-the-board pay raises granted this year due to a lack of sufficient sources of recurring funds being made available to the School Board.
- The School Board received a significant amount of funds from federal grant programs. The School Food Service/Child Nutrition program received approximately \$2.67 million in federal funds during 2017-2018. Title I, a program to assist the education of economically disadvantaged children, received approximately \$1.57 million during the same time period. The School Board also received federal special education funds through the IDEA program of about \$1.42 million. Federal LA-4 TANF funds for preschool education in the amount of \$0.73 million were received. Other federal grants received during the year target such areas as the education of migrant children, teacher training and hiring, and technology acquisition and development.

Using This Annual Financial Report

This annual financial report consists of a series of financial statements and the associated notes to those statements. These statements are organized so that the reader can understand the operations of the School Board as an entire operating entity. The Basic Financial Statements Section, consisting of the Statement of Net Position and the Statement of Activities (see pages 16 and 17), provide highly consolidated financial information for the entire School Board taken as a whole. The Statement of Net Position and the Statement of Activities present an aggregate view of the School Board's financial position, and they seek to answer the question, "Is the School Board as a whole better off or worse off as a result of last year's activities?" These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the basis of accounting used by most private-sector entities. All of the revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position and the Statement of Activities report the School Board's net position and changes in it. You can think of the School Board's net position, which is the difference between the assets and liabilities, as one way to measure the School Board's financial health, or financial position. Over time, increases or decreases in the School Board's net position is one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other non-financial factors, such as changes in the property or sales tax base within Jefferson Davis Parish, the maintenance needs and condition of the School Board's facilities, the cost of unfunded mandates passed onto the School Board, and other external factors of this nature in order to assess the overall financial health of the School Board.

JEFFERSON DAVIS PARISH SCHOOL BOARD
Jennings, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

The School Board's educational mission is defined as "governmental activities" in the Statement of Net Position and the Statement of Activities. In this context, "governmental activities" represent the basic functions of the School Board, including all instructional services, support services, and child nutrition programs. These activities are primarily financed through state MFP funding, other federal and state grants, and local sales and property taxes.

The next section of the annual report is the Fund Financial Statements section, beginning on page 19 that provides a more in-depth reporting of the School Board's financial position and results of operations of the most significant funds – not the School Board as a whole. Some funds are required to be established by State law and some by bond covenants. Other funds are established to show that the School Board is meeting its legal responsibilities for the specific uses of certain taxes, grants, and other such monies. These statements as presented should be familiar to those who have read published governmental financial statements published in previous years.

The Fund Financial Statements segregate the School Board's operations into two types of funds, governmental funds and fiduciary funds. Governmental funds are established to account for most of the School Board's basic services, which focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported under the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed short-term view of the School Board's general government operations and the educational services that it provides. These statements indicate the sources and uses of funds, as well as those resources available for spending in future years. The relationship between *governmental activities*, as shown in the Statement of Net Position and Statement of Activities, and *governmental funds* is described in a reconciliation schedule (see Statement D) in the Fund Financial Statements section.

The School Board is the trustee, or fiduciary, for the Jefferson Davis Parish sales tax collections and the school activity funds. The School Board serves as the sales tax collector for Jefferson Davis Parish and maintains sales tax collections that are due to the other taxing districts located in the parish. Also, the School Board's thirteen schools have their own operating funds that are held in trust for the operations of the schools. The Fiduciary Funds Statement of Net Position (see Statement G) provides some information as to the amount of funds held in trust. More detail of the specific amount of funds held in trust by the sales tax collection department and the schools is provided in Schedules 10, 11-1, and 11-2 on pages 100-102.

The School Board As A Whole

The total net position of the School Board as of June 30, 2018 (as stated on the Statement of Net Position, Statement A on page 16) was (\$109.7) million, which is a decrease of (\$67.1) million from the previous year. The makeup of this amount is summarized below in Table 1.

JEFFERSON DAVIS PARISH SCHOOL BOARD
Jennings, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

Table 1
Net Position of the Jefferson Davis Parish School Board
June 30, 2018 and June 30, 2017
(in millions)

	Governmental Activities at	
	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Current and other assets	\$ 33.5	\$ 35.8
Capital assets	<u>38.6</u>	<u>36.8</u>
Total assets	<u>72.1</u>	<u>72.6</u>
 Add: Deferred outflows of resources	 <u>9.3</u>	 <u>18.9</u>
 Total Assets and Deferred Outflows	 <u>81.4</u>	 <u>91.5</u>
 Long-term debt outstanding	 (164.4)	 (117.3)
Other liabilities	<u>(4.1)</u>	<u>(6.3)</u>
Total liabilities	<u>(168.5)</u>	<u>(123.6)</u>
 Deduct: Deferred inflows of resources	 <u>(22.6)</u>	 <u>10.5</u>
 Total Liabilities and Deferred Inflows	 <u>(191.1)</u>	 <u>(134.1)</u>
 Net position:		
Invested in capital assets, net of debt	25.0	19.6
Restricted	11.4	13.8
Unrestricted	<u>(146.1)</u>	<u>(76.0)</u>
Total net position	<u>\$ (109.7)</u>	<u>\$ (42.6)</u>

Fluctuations in the amount of all accounts in the above-presented net position during 2017-2018 are considered to be normal and are explained in Table 2, except for the Long-Term Debt Outstanding. As mentioned earlier, the implementation of GASB Statements #68 and #75 has required the School Board to record its share of the unfunded accrued liability of the state's employee pension plans on the Statement of Net Position. This required the recording of a prior-period adjustment at the end of the 17-18 fiscal year that caused the significant change in financial position. Please see Note #9, Pension/Retirement, Note #11, Long-Term Debt and Obligations, and Note #20, Accounting Change/Prior Period Adjustment located in the Notes to the Basic Financial Statements for additional information about GASB #68 and #75 compliance.

As reported in the Statement of Activities (Statement **B** on page **17**), the School Board's net position decreased by (\$67.1) million during the fiscal year ended June 30, 2018 (which is summarized in Table 2).

JEFFERSON DAVIS PARISH SCHOOL BOARD
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MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

Table 2
Changes in Net Position of the Jefferson Davis Parish School Board
Fiscal Years Ended June 30, 2018 and June 30, 2017
(in millions)

	Governmental Activities at	
	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Revenues		
Program Revenues:		
Charges for services	\$ 0.7	\$ 0.7
Operating grants and other contributions	7.9	8.7
General Revenues:		
Property taxes	8.8	8.0
Sales taxes	11.6	11.0
Other taxes	0.3	0.3
State minimum foundation funding (MFP)		
Net of transfers to charter schools/state	37.3	36.5
Interest and investment earnings	0.4	0.2
Miscellaneous	<u>0.4</u>	<u>0.9</u>
Total revenues	\$ 67.4	\$ 66.3
Program Expenses		
Instructional services	33.2	36.4
Support services	22.5	23.9
Non-instructional services	4.3	4.5
Interest on long-term debt	0.5	0.6
Depreciation expense not included above	<u>1.1</u>	<u>1.1</u>
Total expenses	<u>\$ 61.6</u>	<u>\$ 66.5</u>
Increase (decrease) in net position	\$ 5.8	\$ (0.2)
Net position, beginning balance	(42.6)	(42.4)
Prior period adjustment	<u>(72.9)</u>	<u>-</u>
Net position, ending balance	<u>\$ (109.7)</u>	<u>\$ (42.6)</u>

Explanations of significant differences are as follows:

- Funding from grants and programs funded by the state outside of the MFP declined significantly from the previous year. The state's budgetary woes were the major factor in the funding decrease.
- Net funding for educational programs received from the state through the MFP program showed a slight increase in 2017-18 due to a modest increase in student count.
- As mentioned earlier, the implementation GASB Statement #68 and #75 has required the School Board to record its share of the unfunded accrued liability of the state's employee pension plans on the Statement of Net Position. The implementation of Statement # 75 is the cause of the prior period adjustment that reduced the School Board's Net Position by (\$72.9) million.

JEFFERSON DAVIS PARISH SCHOOL BOARD
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MANAGEMENT’S DISCUSSION AND ANALYSIS
June 30, 2018

All other fluctuations in revenues and expenses shown in Table 2 between the 2017-2018 and the 2016-2017 fiscal years are considered normal in scope and nature.

Table 3 (see below) presents both the total cost of each of the School Board’s largest categories of expenses and their related net cost (total cost less revenues generated by the activities) for both the 2017-2018 and 2016-2017 fiscal years. The presentation of the net cost shows the financial burden that was placed on the School Board’s taxpayers by these functions. As reported in the Statement of Activities, the total cost of the School Board’s governmental activities was \$61.6 million in fiscal year 2017-2018, however, not all of this cost was borne by the parish taxpayers. Of this amount, \$0.7 million was paid by those who used or benefited from the services rendered, and \$7.9 million of the cost of services was financed from federal and state grants. As a result, the taxpayers of Jefferson Davis Parish paid a net cost of \$53.0 million for K-12 public education services during fiscal year 2017-2018.

Table 3
Changes in Total Cost and Net Cost of Governmental Activities
Fiscal Years Ended June 30, 2018 and June 30, 2017
(in millions)

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>06/30/18</u>	<u>06/30/17</u>	<u>06/30/18</u>	<u>06/30/17</u>
Regular education programs	\$ 22.3	\$ 24.2	\$ 22.0	\$ 24.0
Special education programs	5.5	5.6	4.8	4.1
All other instructional programs	5.4	6.6	2.8	3.6
Instructional staff support services	3.1	3.2	2.2	2.4
School administrative services	4.2	4.4	4.2	4.4
Plant operations and maintenance	5.8	6.3	5.8	6.3
Student transportation services	3.0	3.3	3.0	3.3
School food and nutrition services	4.3	4.5	1.3	1.5
Interest on long-term debt	0.5	0.6	0.5	0.6
All other programs and services	<u>7.5</u>	<u>7.8</u>	<u>6.4</u>	<u>6.6</u>
Totals	<u>\$ 61.6</u>	<u>\$ 66.5</u>	<u>\$ 53.0</u>	<u>\$ 57.1</u>

The School Board’s Funds

The School Board uses funds to control and manage money for particular purposes, such as dedicated expenditures of taxes or grant programs. The fund financial statements contained in this annual report allow the School Board to demonstrate its stewardship and control of resources provided by taxpayers and other entities. These statements also allow the reader to obtain more insight into the overall financial health of the School Board.

The School Board ended its fiscal year on June 30, 2018 with a total combined fund balance of \$29.6 million. Table 4 provides a summary of the makeup of the \$29.6 million by fund category:

JEFFERSON DAVIS PARISH SCHOOL BOARD
Jennings, Louisiana

MANAGEMENT’S DISCUSSION AND ANALYSIS
June 30, 2018

Table 4
Summary of Fund Balances of the Jefferson Davis Parish School Board
Fiscal Year Ended June 30, 2018
(in millions)

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u>	<u>Capital</u> <u>Projects</u>	<u>Debt</u> <u>Service</u>	<u>Total All</u> <u>Funds</u>
Nonspendable	\$ 0.2	\$ 0.2	\$ 0.0	\$ 0.0	\$ 0.4
Restricted	-	2.8	0.3	8.4	11.5
Committed	9.2	-	-	-	9.2
Assigned	3.5	-	-	-	3.5
Unassigned	<u>5.0</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5.0</u>
Totals	<u>\$ 17.9</u>	<u>\$ 3.0</u>	<u>\$ 0.3</u>	<u>\$ 8.4</u>	<u>\$ 29.6</u>

The fund balance in the Capital Projects Funds represents the excess of funding received from bond sales over the amount of construction expenditures incurred to date. The districts with residual capital projects fund balance are Consolidated School District # 1 (Welsh), School District # 3 (Hathaway), and School District # 8 (Lacassine).

General Fund Budgetary Highlights

Over the course of the year, the School Board revises its budget to take into consideration any significant changes in revenues or expenditures. Louisiana Revised Statute 36:1311 requires a budget amendment if either expected revenues are less than budgetary goals by 5% or more or if anticipated expenditures are greater than budgetary goals by 5% or more. The School Board adopted the original budget on August 17, 2017. The first budget revision was adopted in March 2018, and the final budget revision was adopted in June 2018.

Schedule 1A, on pages 63 and 64 of this annual report, shows the School Board’s original and final budgets compared with the actual operating results. The School Board performed better in its General Fund than what was originally budgeted. The School Board utilizes conservative budgeting practices in establishing its original budget. Revenues are forecasted at safe, conservative levels while expenditures are budgeted with worst-case scenarios in mind. In particular, the School Board utilizes a strict staffing formula whereby salaried positions are eliminated with declines in the amount of students, which causes a drop in state funding. This is done to ensure that the original budget of the School Board will be able to sustain its needed level of operations with anticipated available resources whose existence can be established with a reasonable amount of certainty.

A comparison of the final budget revision with the actual operating results shows that the School Board did significantly better than budgeted by approximately \$0.7 million. There were three significant budget variances. The first is a positive variance in sales taxes of \$0.4 million due to significant increases in sales tax collections in the last three months of the fiscal year. The second is a negative variance of (\$0.1) million in plant maintenance costs that was due to a higher cost of facility repairs than what was originally forecasted. The third variance is a positive amount of \$0.1 million in student transportation costs due to a

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MANAGEMENT’S DISCUSSION AND ANALYSIS
June 30, 2018

decline in fuel costs and repairs to buses. All other variances are considered “normal” in amount and scope, and most of them resulted in small positive budget variances caused by cost reductions that comprised the remainder of the \$0.7 million favorable budget variance.

The net increase in fund balance of \$1.9 million will be absorbed into the beginning General Fund Balance for the 2018-2019 fiscal year.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2018, the School Board had invested approximately \$36.7 million (net of accumulated depreciation) in a variety of capital assets, including land, buildings, furniture, vehicles, computers, and other such items. Table 5, shown below, summarizes the capital asset activity for the current and previous fiscal years.

Table 5
Balance in Capital Assets (net of depreciation)
of the Jefferson Davis Parish School Board
June 30, 2018 and 2017
(in millions)

	<u>2018</u>	<u>2017</u>
Land	\$ 1.5	\$ 1.5
Construction in Progress	3.8	1.1
Buildings	31.1	32.1
Furniture and equipment	0.7	0.7
Vehicles	<u>1.5</u>	<u>1.4</u>
Totals	<u>\$ 38.6</u>	<u>\$ 36.8</u>

The increase in Construction In Progress is due to the School District #8 construction project that will soon be completed. All other changes in net Capital Assets are considered customary and normal.

Debt

At year-end, the School Board had \$110.6 million in long-term debt and obligations outstanding versus \$107.1 million last year. The 2015 presentation of Net Pension Liability below was restated from its presentation in last year’s Management Discussion and Analysis due to a prior period adjustment to correct an error in the 2015 calculation. This is illustrated in Table 6 below:

Table 6
Outstanding Debt at Year-End of the Jefferson Davis Parish School Board
June 30, 2018 and 2017
(in millions)

	<u>2018</u>	<u>2017</u>
General obligation bonds	\$ 14.9	\$ 17.3

JEFFERSON DAVIS PARISH SCHOOL BOARD
Jennings, Louisiana

MANAGEMENT’S DISCUSSION AND ANALYSIS
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Other post-employment benefits	80.0	19.0
Net pension liability	67.3	78.8
Compensated absences	<u>2.2</u>	<u>2.2</u>
Totals	<u>\$ 164.4</u>	<u>\$ 117.3</u>

This is the first year the reporting of other post-employment benefits under GASB Statement # 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of GASB #75 required a large prior period adjustment due to the implementation of this new standard, thereby accounting for the significant increase in outstanding debt presented in Table 6. Please review Note # 18 in the Notes to the Basic Financial Statements for a full explanation of the increase in the reported Unfunded Accrued Liability.

All other changes reported in the above table were considered normal and customary.

Economic Factors And Next Year’s Budget

Jefferson Davis Parish is a rural community without much in the way of an industrial or business tax base, although there has been some new industrial development in the western part of the parish that has brightened the economic forecast. The Lacassine industrial complex expansions, the opening of a new high-speed rail loading facility, a slow but steady increase in oilfield activity, and other positive economic developments in Jefferson Davis Parish should continue to boost the parish economy. Sales tax collections were unexpectedly strong last year, and the School Board is hopeful that this year’s sales tax collection forecast will be at least as good as the 17-18 year. Ad valorem taxes continue to perform well as the result of slight increases in property values recorded after the 2016 reassessment. The recent roll forward of the property tax millages across the parish, should allow for stability in the 2018 ad valorem tax collections. Overall, the local economic forecast appears to be cautiously optimistic.

The School Board will soon look at asking the public to support the issuance of new bonded indebtedness as several bond issues that were originally passed over 15 years ago approach retirement. School District # 8 (Lacassine) recently passed a \$4 million bond issue in 2016 for the construction of two new classroom wings, cafeteria and administration area expansions, and other classroom enhancements. Construction on that project will soon be completed. Elections will be held in March 2019 that will ask the taxpayers in Consolidated School District # 1 (Welsh), School District # 2 (Jennings), and School District # 22 (Elton) for permission to issue new bonds to finance new school construction projections and other renovation work. The remaining districts will follow with similar bond propositions in the next few years.

Unfortunately, the state’s sluggish recovery from the 2008 national recession and the questionable budgeting practices of Jindal administration will continue to have a significant detrimental impact on the financial outlook of the School Board for the next few years. On average, the School Board is dependent upon the state MFP equalization funding formula for about 70% of its general fund educational budget. State revenue projections are starting to improve which does brighten the outlook somewhat compared to the last ten years. Plus, the state has taken steps to lessen both the frequency and impact of mid-year budget shortfalls. However, local governmental entities will continue to be somewhat insecure about

JEFFERSON DAVIS PARISH SCHOOL BOARD
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receiving the full funding that they were promised at the beginning of the budget year. Budget increases are being talked about, but have not yet come to fruition because of political considerations.

2019 is a gubernatorial election year. The election of John Bel Edwards (D) as the governor of Louisiana four years ago brought hope for better times to state government, but his administration's efforts to stabilize government funding through a combination of budget tightening, eliminating unproductive tax breaks, and raising revenues have been mostly stymied by a Republican-majority Legislature who remains resistant to many of the Governor's budget reform ideas. Recently, Governor Edwards has publicly supported a teacher pay raise for the first time in several years, one that is badly needed. However, Republican legislators are resistant to allowing a Democratic governor take credit for any such pay raise in an election year. Everyone agrees that a teacher pay raise is long overdue, and there has been bipartisan support expressed for such a proposal – but funding it will be a political football that will get kicked around quite a bit before something is settled in this year's legislative session. We shall see.

The worst impact of zero-growth state funding is that the School Board has had to endure significant increases in required employer retirement contribution rates to the various state employee retirement agencies without any additional funding coming from the state. The state retirement systems have a constitutional mandate that they must be run in an actuarially sound manner. Accordingly, the retirement systems have increased employer contribution rates in hopes of reducing the unfunded accrued pension liability (UAL) to a more actuarially justifiable amount by the 2029 year. This increased cost of employee retirement benefits is the major reason that the School Board has run a deficit in the General Fund for the last several years. Each year's deficit has been planned, and the deficit amount has been easily absorbed within the School Board's General Fund reserves. However, in its 2017-2018 budget year, the School Board took some harsh cost cutting measures that resulted in a General Fund budget surplus for the first time in almost a decade. We do not believe that the cuts that were made will have a dramatic effect on the quality of instructional services to the students we serve, which is the School Board's true "bottom line." The School Board has always been prudent in its business practices, and future budgetary actions will be taken should economic news dictate that more cuts will be necessary to maintain financial stability. We are cautiously hopeful that additional cuts will not be necessary.

Contacting The School Board's Financial Management

This annual report is designed to provide a general overview of the School Board's financial condition and operations. However, citizen groups, taxpayers, parents, students, other parish officials, investors, and creditors may desire to obtain additional details. Please either write the Director of Finance at the Jefferson Davis Parish School Board Central Office at P. O. Box 640, Jennings, Louisiana 70546 or call at (337) 824-1834 during normal business hours should you require any additional information about the material contained in this annual report.

BASIC FINANCIAL STATEMENTS

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

JEFFERSON DAVIS PARISH SCHOOL BOARD
Statement of Net Position
June 30, 2018

Statement A

ASSETS

Cash and interest-bearing accounts	\$ 18,748,757
Restricted cash and interest-bearing accounts	573,250
Investments	11,468,996
Receivables, net	2,395,301
Inventory	377,232
Capital assets:	
Land and construction in progress	5,360,085
Exhaustible capital assets, net of depreciation	33,232,457
Total Assets	<u>72,156,078</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred amount on bond refunding	362,363
Deferred outflows-pension	8,911,982
Total Deferred Outflows of Resources	<u>9,274,345</u>

LIABILITIES

Accounts payable	775,151
Contracts payable	122,510
Payroll deductions, withholdings, and accrued salaries payable	2,983,717
Interest payable	162,356
Long-term obligations:	
Due within one year:	
Compensated absences	514,944
Bonds payable	2,518,000
Due in more than one year	
Compensated absences	1,671,165
Bonds payable	12,341,000
Net pension liability	67,314,207
Other post employment benefit payable	80,054,148
Total Liabilities	<u>168,457,198</u>

DEFERRED INFLOWS OF RESOURCES

Deferred revenue	66,843
Deferred amount for bond issuance premiums	270,097
Deferred inflows-pension	7,650,169
Deferred inflows-other post employment benefits	14,663,510
Total Deferred Inflows of Resources	<u>22,650,619</u>

NET POSITION

Net investment in capital assets	25,020,407
Restricted for:	
Debt service	8,234,168
Capital projects	61,572
Maintenance	2,472,472
School food service	343,003
Nonexpendable	311,226
Unrestricted	(146,120,242)
Total Net Position	<u>\$ (109,677,394)</u>

The accompanying notes are an integral part of this statement.

JEFFERSON DAVIS PARISH SCHOOL BOARD
Statement of Activities
For the Year Ended June 30, 2018

Statement B

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
FUNCTIONS/PROGRAMS				
Governmental activities:				
Instruction:				
Regular programs	\$ 22,281,536	\$ 121,092	\$ 120,727	\$ (22,039,717)
Special education programs	5,535,875		856,416	(4,679,459)
Vocational programs	1,771,219		79,879	(1,691,340)
All other instructional programs	3,607,064	850	2,483,597	(1,122,617)
Support services:				
Student services	3,693,379		621,291	(3,072,088)
Instructional staff support	3,067,410		868,908	(2,198,502)
General administration	1,425,595	351,224		(1,074,371)
School administration	4,180,349			(4,180,349)
Business services	676,530			(676,530)
Plant operation and maintenance	5,762,126		11,054	(5,751,072)
Student transportation services	3,033,267	6,938	13,840	(3,012,489)
Central services	716,771		149,250	(567,521)
Non-instructional services:				
Food services	4,252,859	190,635	2,717,449	(1,344,775)
Community service programs	12,288			(12,288)
Intergovernmental	-			-
Interest on long-term debt	530,349			(530,349)
Depreciation expense not included in other functions	1,093,153			(1,093,153)
Total Governmental Activities	61,639,770	670,739	7,922,411	(53,046,620)
General revenues:				
Taxes:				
Property taxes, levied for general purposes				3,934,492
Property taxes, levied for debt service				2,337,656
Property taxes, levied for building and repair				2,522,700
Sales taxes, levied for general purposes				10,220,355
Sales taxes, levied for debt service				1,429,613
State revenue sharing				303,913
Grants and contributions not restricted to specific purposes:				
State source: Minimum foundation program net of restricted				
School Lunch Program Revenue portion of \$43,747				37,328,194
Interest and investment earnings				397,797
Miscellaneous				448,337
MFP Local share transfers to Charter Schools and Others				(72,009)
Total general revenues				58,851,048
Change in net position				5,804,428
Net Position -beginning as previously reported				(42,550,721)
Prior period adjustment -accounting change				(72,931,101)
Net Position -ending				\$ (109,677,394)

The accompanying notes are an integral part of this statement.

BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS (FFS)

JEFFERSON DAVIS PARISH SCHOOL BOARD
GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2018

Statement C

	Major Funds			
	General Fund	Debt Service Fund- Sales Tax District No. 1	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and interest-bearing accounts	\$ 7,639,207	\$ 5,869,856	\$ 5,239,694	\$ 18,748,757
Restricted cash & interest-bearing accounts	-	573,250	-	573,250
Investments	11,209,423	-	259,573	11,468,996
Receivables	1,301,004	122,959	971,338	2,395,301
Interfund receivables	783,244	-	-	783,244
Inventory	95,464	-	281,768	377,232
Prepaid items	-	-	-	-
Total Assets	<u>21,028,342</u>	<u>6,566,065</u>	<u>6,752,373</u>	<u>34,346,780</u>
LIABILITIES AND FUND BALANCES				
Accounts payable	605,913	1	169,237	775,151
Contracts payable	-	-	122,510	122,510
Payroll deductions, withholdings, and accrued salaries payable	2,508,881	-	474,836	2,983,717
Interfund payables	-	-	783,244	783,244
Deposits due others	-	-	-	-
Total Liabilities	<u>3,114,794</u>	<u>1</u>	<u>1,549,827</u>	<u>4,664,622</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	837	-	66,006	66,843
Total Deferred Inflows of Resources	<u>837</u>	<u>-</u>	<u>66,006</u>	<u>66,843</u>
FUND BALANCES				
Nonspendable	238,958	-	215,762	454,720
Restricted	-	6,566,064	4,920,778	11,486,842
Committed	9,233,084	-	-	9,233,084
Assigned	3,500,000	-	-	3,500,000
Unassigned	4,940,669	-	-	4,940,669
Total Fund Balances	<u>17,912,711</u>	<u>6,566,064</u>	<u>5,136,540</u>	<u>29,615,315</u>
Total Liabilities, Deferred Inflows of Resources, & Fund Balances	<u>\$ 21,028,342</u>	<u>\$ 6,566,065</u>	<u>\$ 6,752,373</u>	<u>\$ 34,346,780</u>

The accompanying notes are an integral part of this statement.

JEFFERSON DAVIS PARISH SCHOOL BOARD
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2018

Statement D

Total Ending Fund Balances - Governmental Funds (Statement C) \$ 29,615,315

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Costs of capital assets	81,687,541	
Accumulated depreciation	<u>(43,094,999)</u>	38,592,542

Deferred charges on bond refundings are not financial resources and therefore are not reported as assets in governmental funds.

Deferred charges on bond refundings	1,061,566	
Accumulated amortization	<u>(699,203)</u>	362,363

Premiums on refundings are not reported as inflows of resources in governmental funds.

Premiums on bond refundings	(620,856)	
Accumulated amortization	<u>350,759</u>	(270,097)

Deferred outflow and inflow of resources associated with pension and retirement are not current financial resources or uses and therefore are not reported in the governmental funds

Deferred outflows-pension	8,911,982	
Deferred inflows-pension	(7,650,169)	
Deferred inflows-other post-employment benefits	<u>(14,663,510)</u>	(13,401,697)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:

Bonds payable	14,859,000	
Interest payable	162,356	
Compensated absences payable (sick leave and vacations)	2,186,109	
Net pension liability	67,314,207	
Other post-employment benefits	<u>80,054,148</u>	(164,575,820)

Net Position (Statement A) \$ (109,677,394)

The accompanying notes are an integral part of this statement.

JEFFERSON DAVIS PARISH SCHOOL BOARD
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2018

Statement E
(Continued)

	Major Funds			Total Governmental Funds
	General Fund	Debt Service Fund- Sales Tax District No. 1	Nonmajor Governmental Funds	
REVENUES				
Local sources:				
Taxes:				
Ad valorem taxes	\$ 3,701,125	\$ -	\$ 4,860,356	\$ 8,561,481
Sales and use taxes	10,220,355	1,429,613	-	11,649,968
Parish contribution to retirement fund	218,042	-	-	218,042
Collection fees from municipalities	351,224	-	-	351,224
Tuition	121,942	-	-	121,942
Interest and investment earnings	206,999	77,965	81,654	366,618
Food services	-	-	190,635	190,635
Other local revenue	430,224	-	44,891	475,115
State sources:				
Equalization	36,558,941	-	813,000	37,371,941
Restricted grants-in-aid	875,595	-	-	875,595
Revenue sharing	219,455	-	84,458	303,913
Other state revenues	2,447	-	-	2,447
Federal sources	-	-	7,003,104	7,003,104
Total Revenues	<u>52,906,349</u>	<u>1,507,578</u>	<u>13,078,098</u>	<u>67,492,025</u>
EXPENDITURES				
Current:				
Instruction:				
Regular programs	22,081,641	-	580,442	22,662,083
Special education programs	4,895,427	-	792,255	5,687,682
Vocational programs	1,780,379	-	73,895	1,854,274
All other instructional programs	2,217,621	-	1,527,099	3,744,720
Support services:				
Student services	3,290,242	-	574,745	3,864,987
Instructional staff support	2,325,996	-	797,195	3,123,191
General administration	1,290,056	-	152,924	1,442,980
School administration	4,235,732	-	86,866	4,322,598
Business services	662,793	-	1,811	664,604
Plant operation and maintenance	4,551,974	-	1,265,778	5,817,752
Student transportation services	2,967,107	-	112,078	3,079,185
Central services	603,696	-	138,068	741,764
Non-instructional services:				
Food services	334,466	-	3,967,796	4,302,262
Community service programs	12,288	-	-	12,288
Intergovernmental	-	-	-	-
Facilities acquisition and construction	3,000	-	2,765,326	2,768,326
Debt service:				
Principal retirement	-	420,000	2,000,000	2,420,000
Interest	-	82,042	469,604	551,646
Bond issuance and other costs	-	30,984	7,145	38,129
Total expenditures	<u>51,252,418</u>	<u>533,026</u>	<u>15,313,027</u>	<u>67,098,471</u>

The accompanying notes are an integral part of this statement.

JEFFERSON DAVIS PARISH SCHOOL BOARD
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2018

Statement E
(Concluded)

	<u>Major Funds</u>			<u>Total</u> <u>Governmental</u>
	<u>General</u>	<u>Debt Service Fund- Sales Tax District No. 1</u>	<u>Nonmajor Governmental Funds</u>	
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>1,653,931</u>	<u>974,552</u>	<u>(2,234,929)</u>	<u>393,554</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in	-		-	-
Operating transfers out	-		-	-
MFP Local share transfers to Charter Schools & Others	(72,009)		-	(72,009)
Indirect costs	324,352		(324,352)	-
Proceeds from sale of bonds	-		-	-
Refunding bonds issued	-		-	-
Bond premium received	-		-	-
Payment to bond refunding escrow agent	-		-	-
Proceeds for insured damages	-		-	-
Proceeds from sale or loss of fixed assets	678		3,751	4,429
Total other financing sources (uses)	<u>253,021</u>	<u>-</u>	<u>(320,601)</u>	<u>(67,580)</u>
NET CHANGES IN FUND BALANCES	1,906,952	974,552	(2,555,530)	325,974
FUND BALANCES BEGINNING OF YEAR	<u>16,005,759</u>	<u>5,591,512</u>	<u>7,692,070</u>	<u>29,289,341</u>
FUND BALANCES END OF YEAR	<u>\$ 17,912,711</u>	<u>\$ 6,566,064</u>	<u>\$ 5,136,540</u>	<u>\$ 29,615,315</u>

The accompanying notes are an integral part of this statement.

JEFFERSON DAVIS PARISH SCHOOL BOARD
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2018

		Statement F
Total Net Change in Fund Balances - Governmental Funds (Statement E)	\$	325,974
Amounts reported for governmental activities in the statement of activities are different because:		
In statement of activities pension expense is based on proportionate share computation based on changes in total net pension liability, and in governmental funds pension expense is measured by the amount of financial resources used (essentially employer contributions paid and non employer contributions).		
		3,977,706
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays in the period:		
Depreciation expense	(1,569,880)	
Capital outlays	<u>3,310,730</u>	1,740,850
The net effect of various transactions involving capital assets (ie., sales, trade-ins, adjustments, and contributions) is to decrease net position		
		(797)
Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Post-employment benefits are not reported in governmental fund financial statements. The net amount of these transactions for the current year were as follows:		
General obligation refunding debt issued	-	
Payments to agent to refund debt	-	
General obligation debt repayments to bondholders	2,420,000	
Change in Other post-employment benefits liability	<u>(2,742,951)</u>	(322,951)
In the statement of activities, certain operating expenses - compensated absences (sick leave and vacations) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, sick leave and vacation pay earned exceeded the amounts used as follows:		
Compensated absences used / paid	437,131	
Compensated absences earned	<u>(374,781)</u>	62,350
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the statement of activities is the net result of two factors as follows:		
Decrease (Increase) in accrued interest payable	53,097	
Amortization of deferred charges on refundings, and premiums on refundings:		
Amortization of deferrd charges on refundings	(86,943)	
Amortization of bond premiums	<u>55,143</u>	21,297
Change In Net Position of Governmental Activities (Statement B)	\$	<u>5,804,429</u>

The accompanying notes are an integral part of this statement.

**JEFFERSON DAVIS PARISH SCHOOL BOARD
FIDUCIARY FUNDS
Statement of Fiduciary Net Position
June 30, 2018**

Statement G

	<u>Total Agency Funds</u>
ASSETS	
Cash and interest-bearing accounts	\$ 2,655,787
TOTAL ASSETS	<u>\$ 2,655,787</u>
LIABILITIES	
Due to other governments	\$ 2,552,413
Deposits due others	103,374
TOTAL LIABILITIES	<u>\$ 2,655,787</u>

The accompanying notes are an integral part of this statement.

NOTES TO THE BASIC FINANCIAL STATEMENTS

**JEFFERSON DAVIS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS**

INTRODUCTION

The Jefferson Davis Parish School Board (the School Board) was created by Louisiana Revised Statute (R.S.) 17:51 to provide public education for the children within Jefferson Davis Parish. The School Board is authorized by 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 13 members who are elected from 13 districts for terms of four years.

The school system is comprised of a central office, 14 schools, and 4 educational support facilities (Lunch Service Warehouse, Media Center, Pupil Appraisal Center, and Technology & Maintenance Center). Enrollment as of February, 2018 was approximately 5,667 regular and special education students. The School Board employs approximately 825 people, providing instructional and ancillary support such as general administration, repair and maintenance, food services, bus transportation, etc. The regular school term normally begins in late August and ends in late May.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Governmental Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity*, establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under the provisions of GASB Statement 14, the School Board is considered a *primary government*, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the School Board may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. Based on the criteria of GASB Statement 14, the School Board has no *component units*, defined as other legally separate organizations for which the elected School Board members are financially accountable, which are required to be included in the accompanying financial statements.

B. Basis of Presentation

Government-Wide Financial Statements

The government-wide financial statements (GWFS) report information on all of the nonfiduciary activities of the School Board. For the most part, the effect of interfund activity has been removed from these statements.

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses of other functions are not allocated to those functions but are reported separately in the statement of activities. Depreciation expense which can be specifically identified by function is included in the direct expense of each function. The School Board reports all

**JEFFERSON DAVIS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS**

building depreciation separately as an unallocated indirect expense since most of the buildings serve more than just a few functions. Interest on long-term bonded debt is considered an indirect expense and is reported separately on the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

Separate fund financial statements (FFS) are provided for governmental funds and fiduciary funds, even though the latter are excluded from the GWFS. Major individual governmental funds are reported as separate columns in the fund financial statements. The accounts of the School Board are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. The various funds are summarized by type in the financial statements. The following fund types are used by the School Board:

Governmental Funds. Governmental funds are those through which most governmental functions of the School Board are financed. The acquisition, use, and balances of the School Board's expendable financial resources and the related liabilities are accounted for through governmental funds. The School Board reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the School Board. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund – Sales Tax District No. 1 – is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. This fund receives a dedicated portion of sales taxes paid to the School Board.

Additionally the School Board reports nonmajor funds in the following fund types:

Special Revenue Funds – are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt Service Funds – are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. These funds receive dedicated ad valorem taxes paid to the School Board.

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

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

Agency Funds – The Agency Funds are used to account for assets held by the School Board as an agent for other parties. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The *School Activity Agency Fund* accounts for monies collected by students and school personnel for school or school-related purposes and the *Sales and Use Tax Agency Fund* accounts for the collection of sales and use taxes, which are accumulated and distributed monthly for several other governmental agencies, the General Fund, and the Sales Tax District No. 1 Debt Service Fund.

C. Basis of Accounting and Measurement Focus

Government-Wide Financial Statements (GWFS)

The statement of net position and the statement of activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirement of GASB Statement 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

Fund Financial Statements (FFS)

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

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The governmental funds (General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds) are maintained on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., when both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose the School Board considers revenues to be "available" if they are collected within 60 days of the end of the current fiscal period.

Revenues which are susceptible to accrual are ad valorem taxes, sales taxes and investment income. Food services and miscellaneous other revenues are recorded as revenues when earned. Entitlements and shared revenues (which include state equalization and state revenue sharing) are recorded as unrestricted grants-in-aid at the time of receipt or earlier if the susceptible to accrual criteria are met. For other intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. In reimbursement-type programs, monies must be expended on a specific purpose or project before any amounts will be paid to the School Board; therefore, revenues are recognized based upon the expenditures recorded. In other programs in which monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements, the resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is the principal and interest on general long-term debt which is recognized when due. As of year end, all instructional related salaries for July and August related to nine-month contracted employees who are paid over twelve months have been accrued because the salaries have been earned but not paid.

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Compensated absences are recognized as expenditures when the benefit earned by the employee has matured. The matured liability for compensated absences, which includes salary and salary related payments, is reported in the associated fund.

Transfers between funds that are not expected to be repaid, long-term debt proceeds, proceeds from capital lease transactions, proceeds from sale of fixed assets, and debt extinguishments are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

D. Cash and Interest-bearing Deposits

Cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the School Board. Under state law and under Board's deposit policy, 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. Investments

Investments are limited by R.S. 33:2955 and the Board's investment policy. The Board's investment policy allows funds which are available for investment and above immediate cash requirements to be invested in statutorily sanctioned investments including direct U.S. Treasury obligations, bonds, debentures, notes issued by or guaranteed by federal agencies, or certificates, or time certificates of deposit in any bank domiciled or having a branch office in Louisiana or any other federally insured investment. Statutorily sanctioned investments also include funds invested with external local government investment pools such as Louisiana Asset Management Pool and the Louisiana State Treasury's Education Excellence Fund. Investments of the Board shall be guided by the following:

- 1) Cash management and investment activities shall be conducted in a manner consistent with prudent business practices applied by governmental entities and shall be in compliance with applicable statutes.
- 2) Funds as determined by the chief financial officer to be in excess of immediate cash requirements shall be invested only in statutorily permitted obligations.
- 3) Appropriate emphasis in making any investment shall be as follows: a.) first priority shall be to ensure safety of the principal amount. b.) second priority shall be to ensure liquidity of funds to meet all obligations of the Board. c.) third priority shall be the yield of investments.

When investments are present in the financial statements they are reflected at fair value except for the following which are permitted per GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*:

- 1) Investments in *nonparticipating* interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure. Interest-earning investment contracts include time deposits with financial institutions (such certificates of deposit), repurchase agreements, and guaranteed investment contracts.
- 2) Money-market investments and *participating* interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less are reported at amortized cost. Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations.

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F. Short-term Interfund Receivables /Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as interfund receivables/payables on the FFS balance sheet. Short-term interfund loans are also classified as interfund receivables/payables.

G. Elimination and Reclassifications

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

H. Inventories

Inventories in the General Fund consist of materials and supplies. Inventory of the School Lunch Special Revenue Fund consists of food purchased by the School Board and commodities granted by the United States Department of Agriculture through the Louisiana Department of Agriculture and Forestry. In the FFS and GWFS inventories of governmental funds are accounted for using the consumption method in which expenditures are recognized as inventory is used. Unused commodities at June 30th are reported as deferred revenues. All purchased inventory items are valued at cost (first-in, first-out) and commodities are assigned values based on information provided by the United States Department of Agriculture.

I. Capital Assets

Capital assets are recorded at historical cost or estimated historical cost for assets where actual historical cost is not available and depreciated over their estimated useful lives. Donated capital assets are recorded in the GWFS, but not in the FFS, at their estimated fair value at the date of donation. Effective July 1, 2007 the School Board increased the threshold level for capitalization from \$1,000 to \$5,000. Capital assets are reported in the GWFS, but not reported in the FFS, since they do not represent available current resources. Estimated useful life is management’s estimate of how long the asset is expected to meet service demands. Capital assets have not been assigned a salvage value because management feels that the salvage value is immaterial. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized. Straight-line depreciation is calculated based on the following estimated useful lives:

Buildings	25-50 years
Furniture and equipment	5-20 years
Vehicles	8 years

The School Board does not possess any material amounts of infrastructure capital assets, such as roads and bridges.

J. Deferred Outflow/Inflows of Resources

In addition to assets the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future periods(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School Board has several items that qualify for reporting in this category. They are deferred charges on refunding and various deferred

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amounts associated with pension retirement benefits reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or refunding debt. See pension/ retirement footnotes for further details regarding the deferred amounts associated with pensions. No deferred outflows of resources affect the governmental funds financial statements in the current year.

In addition to liabilities, the statement of net position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School Board has several of items that qualify for reporting in this category. One is deferred revenues and they are reported in both the statement of net position and the balance sheet. The deferred revenues represent monies that have been received before the incurrence of eligibility requirements necessary for revenue recognition. In subsequent periods, when the School Board has met established eligibility requirements, the liability for deferred revenues is removed from the net position and balance sheet and revenue is recognized. Other items that qualify for reporting in this category are related to pension and other post-employment benefit amounts. See the pension/ retirement and other post-employment benefit footnotes for further details of these items. The following is a summary of deferred revenues at year end:

	General Fund	Nonmajor Governmental	Total
State Education Excellence Funds	\$ 837	\$ -	\$ 837
Unused commodity inventory -USDA	-	66,006	66,006
	<u>\$ 837</u>	<u>\$ 66,006</u>	<u>\$ 66,843</u>

Another item that qualifies as an inflow of resources is the deferred amount for the issuance of premiums on bond refunding reported in the government-wide statement of net position. This deferred amount on bond refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or refunding debt.

K. Compensated Absences

The Board has the following policies relating to vacation, sick, and sabbatical leave:

- 1) Vacation – Professional employees on a twelve month basis who have been in the parish system for ten or more calendar years, earn a three week vacation each calendar year, subject to approval by the Superintendent. All other twelve month professional employees are eligible for a two week vacation, provided they have been employed in the system for at least one calendar year. Vacation time cannot be accumulated from year to year. Employees who terminate employment will be paid their daily rate of regular pay for all days of unused vacation leave to which the employee is entitled within the current calendar year.
- 2) Sick Leave – Employees are granted from ten to eighteen days of sick leave each year depending on classification and month employed during first year. Such leave, when not used, shall be allowed to accumulate to the credit of the employee without limitation. Upon retirement or death, employees are paid for any unused sick leave up to a maximum of twenty-five days at their current daily rate of pay. Under Louisiana Teachers’ Retirement System and the Louisiana School Employees’ Retirement System, all unpaid sick leave is used in the retirement benefit computation as earned service.

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- 3) Sabbatical Leave - Sabbatical leave may be granted for medical reasons and for professional and cultural improvement. Any employee with a teaching certificate and any social worker or school psychologist who holds a valid auxiliary certificate in school work or school psychology is entitled, subject to approval by the Board, to one semester of sabbatical leave after three years of continuous service or two semesters of sabbatical leave after six or more years of continuous service.

Only unused vacation leave to which the employee is entitled within the current calendar year is accrued as a liability at fiscal yearend. An accrual for sick leave is made 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. Sabbatical leave is not accrued since it is considered leave for service during the period of the leave and therefore not a liability reportable in advance of the sabbatical pursuant to GASB Statement 16, *Accounting for Compensated Absences*.

In the FFS, the matured (the amount that is expected to be paid with current financial resources) liability for compensated absences, which includes salary and salary related payments, is reported in the fund from which the employees who have accumulated leave are paid. The amount not expected to be paid with current resources is not reported in the FFS. The entire compensated absence liability is reported in the GWFS.

L. Long-Term Liabilities

In the GWFS, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

Long-term debt for governmental funds is not reported as liabilities in the FFS. The debt proceeds are reported as other financing sources and the payment of principle and interest is reported as expenditures.

In the GWFS and FFS bond discounts and issuance costs are recognized during the current period. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

M. Net Position of Government-Wide Financial Statement

For government-wide statement of net position, net position is classified into three components. These classifications are defined as follows:

- 1) Invested in capital assets, net of related debt – This component of net position consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any related debt that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Instead, that portion of the debt is included in the same net position component as the unspent proceeds.
- 2) Restricted – This component of net position consists of constraints placed on net position through external restrictions imposed by creditors (e.g., debt covenants), grantors, contributors, or laws, or regulations of other governments. This component would also include constraints imposed by law through constitutional provisions or enabling legislation.
- 3) Unrestricted – This component of net position consists of net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”. Generally, these net

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position represent those financial resources that are available to the School Board to meet any future obligations that might arise.

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

N. Fund Equity of Fund Financial Statements

In the FFS, funds can report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form- prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance can be comprised of the remaining four classifications: restricted, committed, assigned, and unassigned defined as follows:

Restricted fund balance - This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance - These amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the School Board's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the School Board passes a motion that removes or changes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance - This classification reflects the amounts constrained by the organization's "intent" to be used for specific purposes, but are neither restricted or committed. The Superintendent has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance - This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the School Board's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the School Board's policy to use fund balance in the following order: (1) Committed, (2) Assigned, (3) Unassigned.

O. Extraordinary and Special Items

Extraordinary items, although not present in the accompanying financial statements, are transactions or events that are both unusual in nature and infrequent in occurrence. Special items reported in the accompanying financial statements are transactions or events within the control of the School Board, which are either unusual in nature or infrequent in occurrence.

P. Interfund Transactions

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as

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reductions of expenditures in the fund that is reimbursed. All other interfund transactions are reported as operating transfers in the FFS.

Q. Sales Taxes

Sales taxes are collected on a monthly basis by the Board's Sales Tax Department. The School Board receives sales tax revenue from the following three sales taxes:

- 1) An ordinance dated December 2, 1965, which was approved by the voters of the parish authorizes the Board to collect, for an indefinite period beginning January 1, 1966, a 1% sales and use tax to be used exclusively to supplement other revenues available to the Board for payment of salaries of teachers and for operating expenses of schools including payment of salaries of other personnel employed in addition to teachers.
- 2) Another ordinance dated April 29, 2006, was approved by the voters of the parish authorizing the Board to collect, for a period of ten years from December 1, 2007, an additional 1% sales and use tax to be used to supplement other revenues available to the Board for payment of salaries of teachers and for operating expenses of schools including payment of salaries of other personnel employed in addition to teachers.
- 3) An additional ordinance dated September 13, 2001, was approved by the voters of School District No.2 authorizing the Board to collect, for a period of 25 years from January 1, 2002, an additional ½% sales and use tax to be used to pay a portion of the costs of constructing and improving public school buildings and facilities, acquiring land, equipment, and furnishings and/or use the proceeds of the tax to pay any bonded or funded indebtedness of the District.

R. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, expenses, and other financing sources and uses during the reporting period. Actual results could differ from those estimates.

S. Restricted Cash

A certain amount of sales taxes collected in the Sales Tax District No. 1 Debt Service Fund has been set aside, pursuant to bond covenants, in a separate bank account as a reserve for future debt service payments.

T. Pension/ Retirement

For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Retirement System of Louisiana (TRSL) and the Louisiana School Employees' Retirement System (LSERS), and additions to/deductions from TRSLs' and LSERSs' fiduciary net position have been determined on the same basis as they are reported by TRSL and LSERS. Both TRSL and LSERS use the accrual basis of accounting. 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.

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2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following individual funds had actual expenditures over budgeted expenditures for the fiscal year:

Fund	Original Budget	Final Budget	Actual	Unfavorable Variance
Special Revenue Funds:				
School Dist. #8 Maintenance	159,648	350,108	354,583	(4,475)
School Food Service	4,076,260	3,802,284	3,967,796	(165,512)
Title II	425,720	417,500	421,239	(3,739)

Pursuant to Louisiana Budget Act, none of the above unfavorable variances are considered law noncompliance since they do not fall outside the five percent adverse variance statutory threshold.

3. LEVIED TAXES

The School Board levies taxes on real and business personal property located within Jefferson Davis Parish’s boundaries. Property taxes are levied by the School Board on property values at January 1 assessed by the Jefferson Davis Parish Tax Assessor and approved by the State of Louisiana Tax Commission upon submission of the tax roll.

The Jefferson Davis Parish Sheriff’s Office bills and collects property taxes for the School Board. Collections are remitted to the School Board monthly:

<u>Property Tax Calendar</u>	
Assessment date	January 1 st
Levy date	Not later than June 1 st
Tax bills mailed	On or about November 15 th
Due date	December 31 st
Penalties and interest are added	January 1 st
Lien date	January 1 st
Tax sale – delinquent property	During June

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

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

A revaluation of all property is required to be completed no less than every four years. The last revaluation was completed for the roll of January 1, 2016. Total parish-wide assessed value was \$267,170,312 for the calendar year 2017. Louisiana State law exempts the first \$75,000 of assessed value of a taxpayer’s primary residence from parish property taxes. This homestead exemption was \$50,499,281 of the assessed value in calendar year 2017. The following is a summary of authorized and levied (tax rate per \$1,000 assessed value) ad valorem taxes:

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	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Parish-wide Taxes:			
Support-Constitutional	6.48	6.48	Statutory
Support-Special School	10.77	10.77	2027
School District No. 1:			
Improvement & Maintenance	11.06	11.06	2022
Construction & Maintenance-Special	7.85	7.85	2019
Bonds	8.74	8.74	2024
School District No. 2:			
Improvements & Maintenance	11.85	11.85	2022
Bonds	13.00	13.00	2021
School District No. 3:			
Construction & Maintenance	14.98	14.98	2020
Construction & Maintenance-Special	3.53	3.53	2019
Bonds	3.67	3.67	2020
School District No. 5:			
Improvements & Maintenance	4.09	4.09	2022
Bonds	3.70	3.70	2021
School District No. 8:			
Improvements & Maintenance	8.88	8.88	2022
Bonds	12.00	12.00	2019
School District No. 22 (Allen Parish also):			
Maintenance	11.89	11.89	2022
Bonds	13.75	13.75	2020
Consolidated School District No. 1			
Improvements & Maintenance	11.66	11.66	2022
Bonds	12.25	12.25	2019

4. DEPOSITS – CASH AND INTEREST-BEARING DEPOSITS

At year end, the Board has cash and interest-bearing deposits (book balances) totaling \$21,980,265 as follows:

<u>Deposit Type</u>	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Interest-bearing demand deposits	\$ 19,322,007	\$ 2,655,787	\$ 21,977,794
Other	-	-	-
Total	<u>\$ 19,322,007</u>	<u>\$ 2,655,787</u>	<u>\$ 21,977,794</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Custodial credit risk is the risk that in the event of a bank failure, the School Board’s deposits may not be returned to it. The School Board’s deposit policy for custodial credit risk requires that all uninsured deposits must be secured with acceptable collateral as defined in LRS 39:1221 valued at market. As of June 30, 2018, the School Board had deposits (collected bank balances) totaling \$24,919,169, which includes \$3,724,165 in fiduciary funds. As of yearend all deposits were either insured by FDIC coverage (\$1,729,766) or

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collateralized by securities held by the pledging financial institution’s agent in the name of the School Board (\$23,189,403).

5. INVESTMENTS

At fiscal year-end, the School Board's investment balances were as follows:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Maturity Dates</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Louisiana Asset Management Pool	AAAm	90-397 days	\$ 2,344,799	\$ 2,344,799
La. St. Treasurer Ed. Excellence Fund	Not rated	N/A	837	837
Federal Home Loan Mortgage Corp	AA+	8/28/19	98,890	98,890
Federal Home Loan Bank	AAA	3/5/19	499,130	499,130
Federal Home Loan Bank	AAA	4/18/19	499,400	499,400
Federal Home Loan Bank	AA+	8/23/18	1,048,709	1,048,709
Federal Farm Credit Bank	AA+	2/19/19	496,450	496,450
Federal Farm Credit Bank	AA+	9/19/18	498,875	498,875
Federal Home Loan Bank	AA+	7/1/19	764,363	764,363
Federal Home Loan Mortgage Corp	AA+	8/28/19	197,786	197,786
Federal Home Loan Mortgage Corp	AA+	5/24/19	990,870	990,870
Federal Home Loan Mortgage Corp	AA+	10/30/19	988,350	988,350
Federal Home Loan Mortgage Corp	AA+	7/27/18	499,710	499,710
Federal National Mortgage Assn	AA+	8/23/19	541,932	541,932
Federal National Mortgage Assn	AA+	2/19/19	498,915	498,915
Federal National Mortgage Assn	AA+	7/26/19	661,848	661,848
Federal National Mortgage Assn	AA+	8/28/19	245,798	245,798
Federal Home Loan Mortgage Corp	AA+	7/19/19	492,100	492,100
Louisiana LOC Govt Environment Fac Rev	AA	9/1/18	100,234	100,234
Total Investments			<u>11,468,996</u>	<u>11,468,996</u>

The School Board participates in the Louisiana State Treasury’s Education Excellence Fund (EEF), which is a special fund, similar to an external local government investment pool, established within the Millennium Trust, a special permanent trust of the State of Louisiana, pursuant to the Louisiana Constitution Article 7, Section 10.8. In accordance with GASB Statement 40, *Deposits and Investment Risk Disclosures*, the investment in EEF at year end is excluded from custodial credit risk disclosures provided by this statement because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. Also investments in pool of funds of this nature are not subject to concentration of credit risk or interest rate risk disclosures. The EEF is administered by the Louisiana State Treasury through an investment agreement pursuant to La. R.S. 39:99. Only school boards that have executed investment agreements pursuant to La. R.S. 39:99 have an investment interest in the fund’s pool of assets. Pursuant to La. R.S. 39:99 C (1), the State guarantees the principal invested in this fund by the school board. The primary objective of the EEF is to provide a safe environment for the placement of certain local school board monies associated with tobacco company settlements. The monies invested in EEF by the treasurer, are done so with the same authority and subject to the same restrictions as the Louisiana Education Quality Trust Fund pursuant to La. R.S. 17:3803. According to Louisiana Constitution Article 7, Section 10.8 (C)(g) no funds may be distributed to the School Board from the EEF until an annual plan has been submitted and receives both legislative and Department of Education approval as provided by law. As a result, the monies invested in this fund along with any accumulated investment earnings have been recorded as deferred revenues by the School Board. As of yearend, the Board’s investment in EEF was unrated with respect to credit quality.

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The fair value of the position in this pool is the same as the value of the pool shares.

Fair Value: the School Board categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The School Board's recurring fair value measurements as of June 30, 2018 were related to its investments in government agency funds, municipal bonds, and external governmental investment pooled funds. The investments in governmental agency funds and municipal bonds are valued using quoted prices in active markets. The investments in external government pooled funds were valued at fair market value which is the same as the net asset value of the pool shares.

Interest Rate Risk: the School Board's policy on investments states that safety of principal is the foremost objective, followed by liquidity and yield. Interest rate risk is mitigated by structuring the investment portfolio so that securities mature to meet cash requirements for anticipated demands and by investing operating funds primarily in shorter-term securities of one year or less.

Credit Rate Risk: the School Board's policy on investments limits credit risk by restricting investments to those that qualify as acceptable and lawful under Louisiana Revised Statutes, Title 33, Chapter 6, Part IV, Section 2955.

Concentration of Credit Risk: The School Board's investment policy provides that investments with same issuer shall not represent over twenty-five percent of the total investment portfolio.

Custodial Credit Risk: For an investment, this is the risk that, in the event of the failure of the counter party, the School Board will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School Board's policy for investments states that they will be held by national banks, state-chartered banks or a national or state trust company. In addition security broker/dealers could provide custodial services, provided that the broker/dealer must have a minimum capital requirement of \$10 million and must have been in business for at least five years. These may include primary dealers or regional dealers that qualify under the Security and Exchange Commission Rule 15C3-1a.

Investment policy compliance: As of June 30, 2016 the total investment portfolio was \$11,737,220 which includes the investments listed above of \$11,237 and \$500,000 of certificates of deposits held at various banks and reported as cash and interest bearing accounts. The School Board's investment policy restricts investment concentrations to no more than 25% with the same issuer. Bonds and notes whose principal and interest are guaranteed by the US government and its subsidiaries, as well as certificates of deposit at or below the Federal Deposit Insurance Corporation limit are exempt from this requirement. As of June 30, 2016 the investment portfolio of the School Board contained no investment concentration in excess of the 25% as limited by the School Board's investment policy.

As of yearend the School Board had \$3,017,733 invested in LAMP. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio included only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33:2955.

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7 like investment pools:

- Credit risk: LAMP is rated AAAM by Standard & Poor's
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

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- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments is 107 days as of June 30, 2016.
- Foreign currency risk: Not applicable to 2a7 like pools.

The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

An annual audit of LAMP is conducted by an independent certified public accountant. The Legislative Auditor of the State of Louisiana has full access to the records of LAMP.

LAMP issues financial reports which can be obtained by writing: LAMP, Inc., 228 St. Charles Avenue, Suite 1123, New Orleans, LA 70130.

6. RECEIVABLES

The receivables at year end for the School Board's major and nonmajor funds are as follows:

Class of Receivable	General Funds	Debt Service Fund- Sales Tax District No. 1	Nonmajor Governmental	Total
Taxes:				
Ad valorem	\$ 58,137	-	73,095	\$ 131,232
Sales and use	968,935	122,959	-	1,091,894
Intergovernmental:				
State	236,975	-	853,164	1,090,139
Other	36,957	-	45,079	82,036
Total	\$ 1,301,004	122,959	971,338	\$ 2,395,301

There were no allowances for uncollectible accounts as of yearend.

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7. CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	<u>Balance Beginning</u>	<u>Adjustments</u>	<u>Additions/ Reclasses</u>	<u>Dispositions</u>	<u>Balance Ending</u>
Capital assets not being depreciated:					
Land	\$ 1,533,638	-	-	-	1,533,638
Construction in progress	<u>1,097,970</u>	-	<u>2,728,477</u>	-	<u>3,826,447</u>
Total capital assets not being depreciated	<u>2,631,608</u>	-	<u>2,728,477</u>	-	<u>5,360,085</u>
Capital assets being depreciated:					
Buildings and improvements	68,990,379	-	39,769	-	69,030,148
Furniture and equipment	2,112,384	-	127,767	20,002	2,220,149
Transportation equipment	<u>4,806,013</u>	-	<u>414,717</u>	<u>143,571</u>	<u>5,077,159</u>
Total capital assets being depreciated	<u>75,908,776</u>	-	<u>582,253</u>	<u>163,573</u>	<u>76,327,456</u>
Less accumulated depreciation for:					
Buildings and improvements	36,853,467	-	1,103,972	-	37,957,439
Furniture and equipment	1,438,437	-	96,730	19,205	1,515,962
Transportation equipment	<u>3,395,991</u>	-	<u>369,178</u>	<u>143,571</u>	<u>3,621,598</u>
Total accumulated depreciation	41,687,895	-	1,569,880	162,776	43,094,999
Total capital assets being depreciated, net	<u>34,220,881</u>	-	<u>(987,627)</u>	<u>797</u>	<u>33,232,457</u>
Capital assets, net	<u>\$ 36,852,489</u>	<u>-</u>	<u>1,740,850</u>	<u>797</u>	<u>38,592,542</u>

Depreciation expense and adjustments were charged to governmental activities as follows:

Instruction:	
Regular instruction	\$ 20,411
Special educational instruction	-
Vocational instruction	628
All other instructional programs	15,004
Support services:	
Pupil support services	
Instructional staff	
General administration	2,655
School administration	
Business services	921
Operational and maintenance	59,099
Student transportation	334,299
Central services	2,453
Non-instructional services:	
Food services	41,257
Unallocated building depreciation	<u>1,093,153</u>
Total depreciation expense	<u>1,569,880</u>
Additional due to disposal	<u>5,226</u>
Total adjusted depreciation expense per governmental activities	<u>\$ 1,575,106</u>

**JEFFERSON DAVIS PARISH SCHOOL BOARD
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8. ACCOUNTS PAYABLES

The accounts payables at year end for the School Board’s major and nonmajor funds are as follows:

Class of Payables	General Funds	Debt Service Fund- Sales Tax District No. 1	Nonmajor Governmental	Total
Vendor accounts	\$ 124,417	1	169,237	\$ 293,655
Intergovernmental:				
State	8,866	-	-	8,866
Local	472,630	-	-	472,630
Total	\$ 605,913	1	169,237	\$ 775,151

9. PENSION/ RETIREMENT

Teachers’ Retirement System of Louisiana

General Information about the Pension Plan

Plan Description

Eligible teachers and employees of the School Board are provided with pensions through a cost-sharing multiple-employer defined benefit plan administered by the Teachers’ Retirement System of Louisiana (TRSL). Chapter 2 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) grants to TRSL Board of Trustees and the Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the plan. TRSL issues a publicly available financial report that can be obtained at www.trsl.org.

Benefits Provided

The following is a description of the plan and its benefits and is provided for general informational purposes only. TRSL provides retirement, deferred retirement option (DROP), disability, and survivor’s benefits. Participants should refer to the appropriate statutes for more complete information.

Retirement Benefits:

A. NORMAL RETIREMENT

Regular Plan - 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 age sixty-two with at least 5 years of service credit and are eligible for an actuarially reduced benefit with 20 years of service at any age. Members hired between January 1, 2011 and June 30, 2015 may retire with a 2.5% benefit factor 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. Members hired between July 1, 1999 and December 21, 2010, are eligible for a 2.5% benefit factor 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% benefit factor 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% benefit factor 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.

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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% benefit factor at age 55 with 30 years of service, or age 60 (first employed between January 1, 2011-June 30, 201S) with 5 years of service, or age 62 (first employed after July 1, 201S) with 5 years of service, or an actuarially reduced benefit with 20 years of service at any age.

Benefit Formula

For all plans, retirement benefits are based on a formula which multiplies the final average compensation by the applicable benefit factor, 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.

Payment Options

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

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

B. DEFERRED RETIREMENT OPTION PROGRAM (DROP)

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 upon the account balance.

C. DISABILITY BENEFITS

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.

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D. SURVIVOR BENEFITS

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 21, 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.

Permanent Benefit Increases/Cost-of-Living Adjustments

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.

Optional Retirement Plan (ORP)

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.

Contributions

The employer contribution rate is established annually under La. R.S. 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), 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 normal cost portion of each plan's employer contribution rate varies based upon that plan's benefits, member demographics, and the rate contributed by employees. The Unfunded Accrued Liability (UAL) contribution rate is determined in aggregate for all plans. The UAL resulting from legislation specific to a plan or group of plans will be allocated entirely to that plan or those plans.

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For ORP, only the UAL portion of the employer contribution is retained by the plan. Therefore, only the UAL projected rates were used in the projection of future contributions in determining an employer's proportionate share.

The rates in effect during the fiscal year ended June 30, 2017 (measurement period) are as follows:

TRSL Sub Plan	Contributions	
	Employee	Employer
K-12 Regular Plan	8.0%	25.5%
Higher Ed Regular Plan	8.0%	24.4%
Plan A	9.1%	30.7%
Plan B	5.0%	28.2%

ORP	Contributions	
	Employee	Employer UAL
2017	8.0	21.2%

In accordance with state statute, the System received ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations.

The School Board's contractually required composite contribution rate for the year ended June 30, 2018 was 26.6 % 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 \$7,279,783 for the year ended June 30, 2017.

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

At June 30, 2017, the School Board reported a liability of \$61,719,991 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2016 and the total pension liability used to calculate the Net Pension Obligation was determined by an actuarial valuation as of that date. The School Board's proportion of the Net Pension Liability 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. At June 30, 2017, the School Board's proportion was .60204%, which was a decrease of .013214% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2017, the School Board recognized pension expense of \$4,770,005 plus (minus) employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, (\$1,078,654).

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At June 30, 2017, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ -	\$ 2,028,836
Changes of assumptions	650,839	-
Net difference between projected and actual earnings on pension plan investments	-	1,594,116
Changes in proportion and difference between Employer contributions and proportionate share of contributions	142,543	3,722,140
Employer contribution subsequent to the measurement date	7,279,782	-
Total	<u>\$ 8,073,164</u>	<u>\$ 7,345,092</u>

\$7,279,782 reported as deferred outflows of resources related to pensions resulting from School Board contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ (2,581,370)
2020	(613,567)
2021	(1,507,175)
2022	(1,849,599)
Thereafter	-

Deferred outflow/inflow resource amounts, except for net difference between projected and actual earnings on pension plan investments, are being recognized in employer's pension expense/(benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. Deferred amounts related to net difference between projected and actual earnings on pension plan investments is being recognized in pension expense/(benefit) using the straight-line method amortization method over a closed five-year period.

Actuarial Assumptions

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

Valuation Date	June 30, 2017
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Actuarial cost method	Entry Age Normal
Amortization approach	Closed
Actuarial assumptions:	
Expected Remaining Service Lives	5 years
Investment rate of return	7.70% net of investment expenses
Inflation rate	2.5% per annum
Projected salary increases	3.50% - 10.0% varies depending on duration of service
Cost-of-living adjustments	None
Mortality	Mortality rates were projected based on the RP-2000 Mortality Table with projection to 2025 using Scale AA.
Termination and disability	Termination, disability, and retirement assumptions were projected based on a five year (2008-2012) experience study of the System's members.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5% and an adjustment for the effect of rebalancing/ diversification. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	27.0%	4.28%
International equity	19.0%	4.96%
Domestic fixed income	13.0%	1.98%
International fixed income	5.5%	2.75%
Private equity	25.5%	8.47%
Other private assets	10.0%	3.51%

Discount Rate

The discount rate used to measure the total pension liability was 7.70%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current

**JEFFERSON DAVIS PARISH SCHOOL BOARD
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contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Employer’s proportionate share of the Net Pension Liability using the discount rate of 7.75%, as well as what the Employer’s proportionate share of the Net Pension Obligation would be if it were calculated using a discount rate that is one percentage-point lower (6.75%) or one percentage-point higher (8.75%) than the current rate:

	<u>1% Decrease 6.70%</u>	<u>Current Discount Rate 7.70%</u>	<u>1% Increase 8.70%</u>
Employer’s proportionate share of net pension liability (asset)	\$ 79,527,617	\$ 61,719,991	\$ 46,571,474

Support of Non-employer Contributing Entities

Contributions received by a pension plan from non-employer contribution entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The School Board recognizes revenue in an amount equal to their proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended June 30, 2017, the School Board recognized revenue as a result of support received from non-employer contributing entities of \$218,042 for its participation in TRSL.

Retirement System Audit Reports

TRSL issues stand-alone audit reports on its financial statements. Access to these reports can be found on the Louisiana Legislative Auditor's website, www.la.gov and the TRSL website, www.trsl.org.

Payables to the Pension Plan

As of June 30, 2018, the School Board owed \$0 in legally required contributions to TRSL.

Louisiana School Employee’s Retirement System

General Information about the Pension Plan

Plan Description

All eligible school bus drivers, school janitors, school custodians, school maintenance employees, school bus drivers, or other school employees who actually work on a school bus helping with the transportation of school children of the School Board are provided with pensions through a cost-sharing multiple-employer defined benefit plan administered by the Louisiana School Employees Retirement System (LSERS). LSERS was established and provided for by R.S. 11:1001 of the Louisiana Revised Statutes. LSERS issues a publicly available financial report that can be obtained at www.lasers.net.

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Eligibility Requirements

Membership is mandatory for all persons employed by a Louisiana parish or city school board who work more than 20 hours per week (or for part-time employees who have 10 years of creditable service in the System) as a school bus driver, school janitor, school custodian, school maintenance employee, school bus aide, monitor or attendant, or any other regular school employee who actually works on a school bus helping with the transportation of 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.

Benefits Provided

LSERS provides retirement, disability, deferred retirement option (DROP), initial benefit retirement, and survivor's benefits. Benefits provisions are authorized and amended by R.S. 11:1141 – 11:1153. The following is a description of the plan and its benefits and is provided for general informational purposes.

Retirement Benefits:

A. NORMAL RETIREMENT

A member who joined the System on or before June 30, 2010 is eligible for normal retirement if he has at least 30 years of creditable service regardless of age, 25 years of creditable service and is at least age 55, 20 years of creditable service regardless of age with an actuarially reduced benefit, or 10 years of creditable service and is at least age 60. A member who joined the system on or after July 1, 2010 is eligible for normal retirement if he has at least 5 years of creditable service and is at least age 60, or 20 years of creditable service regardless of age with an actuarially reduced benefit.

For members who joined the System prior to July 1, 2006, the maximum retirement benefit is an amount equal to 3 1/3% of the average compensation for the three highest consecutive years of membership service, subject to the 10% salary limitation, multiplied by the number of years of service limited to 100% of final average compensation plus a supplementary allowance of \$2.00 per month for each year of service. For members who joined the System on or after July 1, 2006 through June 30, 2010, 3 1/3% of the average compensation is used to calculate benefits, however, the calculation consists of the five highest consecutive years of membership service, subject to the 10% salary limitation.

For members who join the System on or after July 1, 2010, 2 1/2% of the average compensation is used to calculate benefits and consists of the five highest consecutive years' average salary, subject to the 15% salary limitation. The supplemental allowance was eliminated for members entering the System 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.

B. DISABILITY

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 vested person with twenty or more years of creditable service is eligible for a disability benefit until normal retirement age. A member who joins the System on or after July 1, 2006, must have at least ten years of service to qualify for disability benefits.

**JEFFERSON DAVIS PARISH SCHOOL BOARD
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Upon the death of a member with five or more years of creditable service, the System 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.

C. DEFERRED RETIREMENT OPTION PLAN

Members of the System 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 System. 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 System maintains subaccounts within this account reflecting the credits attributed to each participant in the DROP program. Interest credited and payments from the DROP account are made in accordance with Louisiana Revised Statutes 11:1152(F)(3). Upon termination of participation in both the DROP program and employment, a participant may receive his DROP monies either in a lump sum payment from the account or systematic disbursements.

The System 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.

D. INITIAL BENEFIT RETIREMENT PLAN

Effective January 1, 1996, the state legislature authorized the System 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 Louisiana Revised Statutes 11:1152(F)(3).

E. SURVIVOR BENEFITS

Upon the death of a member with five or more years of creditable service, the System 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.

Contributions

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 actual employer rate for the years ended June 30, 2018 was 27.6%.

Contributions to the pension plan from the School Board were \$665,222 for the year ended June 30, 2018.

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

**JEFFERSON DAVIS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS**

At June 30, 2018, the School Board reported a liability of \$5,594,216 for its proportionate share of the Net Pension Liability of the LSERS. The Net Pension Liability was measured as of June 30, 2017 and the total pension liability used to calculate the Net Pension Obligation was determined by an actuarial valuation as of that date. The School Board's proportion of the Net Pension Liability 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. At June 30, 2017, the School Board's proportion was 0.874196%, which was an increase of .004776 from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the School Board recognized pension expense of \$511,255 plus (minus) employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, (\$1,914).

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

	Deferred Outflows of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$	\$ 130,452
Changes of assumptions	117,299	87,149
Net difference between projected and actual earnings on pension plan investments	-	87,475
Changes in proportion and difference between Employer contributions and proportionate share of contributions	56,297	-
Employer contribution subsequent to the measurement date	665,222	-
Total	\$ <u>838,818</u>	\$ <u>305,076</u>

\$665,222 reported as deferred outflows of resources related to pensions resulting from School Board contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ (142,079)
2020	177,266
2021	36,873
2022	(203,540)
Thereafter	-

Deferred outflow/inflow resource amounts, except for net difference between projected and actual earnings on pension plan investments, are being recognized in employer's pension expense/(benefit) using the

**JEFFERSON DAVIS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS**

straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. Deferred amounts related to net difference between projected and actual earnings on pension plan investments is being recognized in pension expense/(benefit) using the straight-line method amortization method over a closed five-year period.

Actuarial Assumptions

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

Valuation Date	June 30, 2017
Actuarial cost method	Entry Age Normal Cost
Amortization approach	Closed
Actuarial assumptions:	
Expected Remaining Service Lives	3 years
Investment rate of return	7.125% net of investment expenses, including inflation
Inflation rate	2.625% per annum
Projected salary increases	Based on a 2008-2012 experience study of the Plan's members, ranging from 3.075% to 5.375%. The annual salary growth rates are based upon the members' years of service.
Cost-of-living adjustments	Not substantively automatic. The present value of future retirement benefits is based on benefits currently being paid by the system and includes previously granted cost of living increases. The present values and accrued liabilities do not include provisions for potential future increases not yet authorized by the Board of Trustees, but do include a recognition of the existing balance in the Experience Account together with the present value of future contributions to the Account up to the maximum permissible value of the Account based upon current account limitations.
Mortality	Mortality rates were projected based on the RP-2000 Sex Distinct Mortality Table and RP-2000 Disabled Lives Mortality Table

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The expected long-term arithmetic nominal expected return is 8.10%.

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017 are summarized in the following table:

**JEFFERSON DAVIS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS**

Asset Class/Type	Target Asset Allocation	Long-Term Expected Real Rate of Return
Fixed Income- Core Fixed Income	8.00%	2.02%
Fixed Income- High Yield	5.00%	4.43%
Fixed Income- Emerging Markets Debt	7.00%	4.71%
Fixed Income- Global Fixed Income	10.00%	1.38%
Equity- United States	20.00%	6.44%
Equity- Developed Markets	18.00%	7.40%
Equity- Emerging Markets	10.00%	9.42%
Equity- Global REITs	3.00%	5.77%
Alternative- Private Equity	5.00%	10.47%
Alternative- Hedge Fund of Funds	3.00%	3.75%
Alternatives- Real Estate	5.00%	5.00%
Real Assets- Timber	2.00%	5.67%
Real Assets- Oil & Gas	2.00%	10.57%
Real Assets- Infrastructure	2.00%	6.25%
Totals	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.125%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially-determined rates approved by the Public Retirement Systems' Actuarial Committee, taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Employer's proportionate share of the Net Pension Liability using the discount rate of 7.125%, as well as what the Employer's proportionate share of the Net Pension Obligation would be if it were calculated using a discount rate that is one percentage-point lower (6.125%) or one percentage-point higher (8.125%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Employer's proportionate share of net pension liability (asset)	\$ 7,669,013	\$ 5,594,216	\$ 3,812,452

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued LSERS 2017 Annual Financial Report at www.lasers.net.

**JEFFERSON DAVIS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS**

Payables to the Pension Plan

As of June 30, 2016, the School Board owed \$0 in legally required contributions to LSERS.

10. COMPENSATED ABSENCES

At year end, employees of the Board have accumulated and vested \$2,186,109 of employee leave benefits, which was computed in accordance with GASB *Codification Section C60*.

11. LONG-TERM DEBT AND OBLIGATIONS

The following is a summary of long-term liability activity for the year end:

	Balance			Balance	Due Within
	Beginning	Additions	Reductions	Ending	One Year
Debt:					
General obligation bonds	\$ 17,279,000	-	2,420,000	14,859,000	2,518,000
Total bonds payable	<u>17,279,000</u>	<u>-</u>	<u>2,420,000</u>	<u>14,859,000</u>	<u>2,518,000</u>
Other Obligations:					
Compensated absences	\$ 2,248,459	\$ 374,781	\$ 437,129	\$ 2,186,111	\$ 514,944
Net pension liability	78,770,272	-	11,456,065	67,314,207	-
Other post-employment benefits ¹	<u>91,974,708</u>	<u>-</u>	<u>11,920,560</u>	<u>80,054,148</u>	<u>-</u>
Total other obligations	<u>172,993,439</u>	<u>374,781</u>	<u>23,813,754</u>	<u>149,554,466</u>	<u>514,944</u>
Governmental activity long-term liabilities	<u>\$ 190,272,439</u>	<u>\$ 374,781</u>	<u>\$ 26,233,754</u>	<u>\$ 164,413,466</u>	<u>\$ 3,032,944</u>

¹ other post-employment benefits liability beginning balance as of July 1, 2017 has been restated from \$19,043,607 to \$91,974,708 due to change in accounting principle due to implementation of Governmental Accounting Standards Board Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Payments on general obligation bonds payable that pertain to the School Board's governmental activities are made by the debt service funds. The compensated absences are liquidated generally by the fund where the salary costs originated.

**JEFFERSON DAVIS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS**

All School Board bonds outstanding at year end are general obligation bonds. The following table lists the pertinent information on each outstanding issue:

<u>Date of Issuance</u>	<u>School District Number</u>	<u>Maturity Date</u>	<u>Interest Rate %</u>	<u>Original Amount of Issue</u>	<u>Remaining Interest to Maturity</u>	<u>Principal Outstanding</u>	<u>Funding Source</u>
12/16/14	1	Mar-25	2.59	1,555,000	100,492	1,055,000	Ad Valorem
12/22/11	2	Mar-23	2.00 to 4.00	9,410,000	580,000	5,200,000	Ad Valorem & Sales Tax
4/29/13	2	Mar-24	2.54	4,455,000	255,143	2,810,000	Sales Tax
6/1/01	3	Mar-21	4.25 – 6.00	545,000	8,415	100,000	Ad Valorem
8/1/02	5	Mar-22	4.70 to 5.70	1,000,000	37,500	290,000	Ad Valorem
7/27/06	8	Mar-20	4.25	1,050,000	15,300	239,000	Ad Valorem
10/20/16	8	Mar-36	2.00 to 3.00	4,000,000	1,094,275	3,890,000	Ad Valorem
11/30/11	22	Mar-21	2.74	1,675,000	30,688	555,000	Ad Valorem
5/15/05	C1	Mar-20	3.00 to 4.00	3,310,000	43,600	720,000	Ad Valorem
						<u>\$2,165,413</u>	<u>\$14,859,000</u>

At year end, the School Board has accumulated \$7,662,227 in the debt service funds for future debt requirements. The future requirements to amortize bond debt are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 2,518,000	\$ 475,800	\$ 2,993,800
2020	2,626,000	385,834	3,011,834
2021	2,305,000	291,860	2,596,860
2022	2,190,000	214,149	2,404,149
2023	1,280,000	139,091	1,419,091
2024-2028	1,810,000	381,984	2,191,984
2029-2033	1,260,000	224,598	1,484,598
2034-2038	870,000	52,097	922,097
	<u>\$ 14,859,000</u>	<u>\$ 2,165,413</u>	<u>\$ 17,024,413</u>

In accordance with R.S. 39:562 (L), the School Board is legally restricted from incurring long-term bonded debt in excess of 50% of the assessed value of taxable property. At year end, the parish-wide statutory limit is \$108,335,516 and outstanding bonded debt totals \$14,859,000.

**JEFFERSON DAVIS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS**

12. OTHER INDIVIDUAL FUND DISCLOSURES (FFS Level Only)

A. Interfund Receivables and Payables

Due From	Due To			Total
	General Fund	Debt Service- Sales Tax District No. 1	Nonmajor Governmental	
Nonmajor Governmental:				
Maintenance District #2	128,337	-	-	128,337
Maintenance District #8	49,771	-	-	49,771
Maintenance District #22	27,248	-	-	27,248
IDEA-Preschool	3,878	-	-	3,878
Other Federal Funds	169,460	-	-	169,460
IDEA	109,137	-	-	109,137
Title I	244,989	-	-	244,989
Title II	48,192	-	-	48,192
Title IVA SSAE	2,232	-	-	2,232
	<u>783,244</u>	<u>-</u>	<u>-</u>	<u>783,244</u>

The interfund balances include \$143,494 in advances or loans due to General fund payable after next year by the following funds: Maintenance District #2 \$85,558, Maintenance District #8 \$39,771 and Maintenance District #22 \$18,165. All remaining balances resulted from the timing lag between the dates that (1) inter-fund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

B. Interfund Transfers

Transfer Out	Transfer In		Total
	General Fund	Nonmajor Governmental	
Indirect Cost Payments:			
Nonmajor Governmental:			
IDEA-Preschool	\$ 3,633	\$ -	\$ 3,633
IDEA	99,629	-	99,629
Other Federal Funds	56,696	-	56,696
Title I	122,596	-	122,596
Title IVA SSAE	2,956	-	2,956
Migrant Education	161	-	161
SRCL Grant	3,022	-	3,022
Title II	35,659	-	35,659
	<u>\$ 324,352</u>	<u>\$ -</u>	<u>\$ 324,352</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. Indirect costs transfers are identified separately in the accompanying financial statements to demonstrate the amount of transfers made from the various Federal programs to the General Fund for allowable indirect costs.

**JEFFERSON DAVIS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS**

13. FUND BALANCE SPECIFIC PURPOSE DETAILS (FFS Level Only)

Fund balance specific purpose details at year end, are as follows:

Due From	General Fund	Debt Service- Sales Tax District No. 1	Nonmajor Governmental	Total
Nonspendable:				
Inventory	\$ 95,464	\$ -	\$ 215,762	\$ 311,226
Prepaid items	-	-	-	-
Noncurrent advances	143,494	-	-	143,494
	<u>\$ 238,958</u>	<u>\$ -</u>	<u>\$ 215,762</u>	<u>\$ 454,720</u>
Restricted:				
School maintenance	-	-	2,472,472	2,472,472
School food service	-	-	343,003	343,003
Debt service	-	6,566,064	1,830,460	8,396,524
Capital projects	-	-	274,843	274,843
	<u>-</u>	<u>6,566,064</u>	<u>4,920,778</u>	<u>11,486,842</u>
Committed:				
Bus replacement	1,983,084	-	-	1,983,084
Roof replacement	5,000,000	-	-	5,000,000
Property insurance contingencies	1,250,000	-	-	1,250,000
Workers compensation contingencies	1,000,000	-	-	1,000,000
	<u>9,233,084</u>	<u>-</u>	<u>-</u>	<u>9,233,084</u>
Assigned:				
Postretirement health insurance	2,000,000	-	-	2,000,000
Central office building renovations	1,500,000	-	-	1,500,000
	<u>3,500,000</u>	<u>-</u>	<u>-</u>	<u>3,500,000</u>
Unassigned	<u>4,940,669</u>	<u>-</u>	<u>-</u>	<u>4,940,669</u>

14. RISK MANAGEMENT

The 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.

The Board continues to be self-insured for all workers compensation claims that arose prior to July 1, 1998, for the period during which the Board was self-insured for claims up to \$200,000. Claims for workers compensation are handled through a contracted claims agent which handles the claims administration for the Board. Settled claims are reported as an expense in the General Fund. Currently, there are no active claims remaining from the self-insurance period prior to July 1, 1998. There were \$0, \$0, and \$0, in settlements recorded in the financial statements for the fiscal years ending in 2018, 2017, and 2016, respectively. In addition, no provision has been made for claims that have occurred prior to moving coverage in this area to a commercial carrier. The Board has reserved \$1,000,000 of the General Fund balance to cover potential workers compensation insurance losses in excess of contracted coverages while self-insured. Subsequent to July 1, 1998, the Board obtained coverage for workers compensation through a commercial insurance company.

Other risks of loss are managed through commercial insurance coverage. Settled claims resulting from these risks covered by commercial insurance have not materially exceeded coverage in the past three fiscal years. The total estimated property value of the School Board's buildings and contents is approximately \$161,480,741. The policy provides for limits of \$161,480,741. The School Board is substantially protected

**JEFFERSON DAVIS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS**

from losses sustained from all other perils. The deductible on property insurance remained at \$100,000 for buildings south of I-10 and \$25,000 for buildings north of I-10, except in instance of damage caused by a named storm the deductible was raised to the greater of \$100,000 or 2% of the listed building value for each damaged building. With regards to wind driven precipitation, sub-limits of \$250,000 per occurrence and annual aggregate will apply.

15. ON-BEHALF PAYMENTS FOR FRINGE BENEFITS AND SALARIES

Retirement plan payments in the amount of \$218,042 were made by the Sheriff, acting in his capacity as Ex-Officio Tax Collector, to the Teacher's Retirement System of the State of Louisiana on behalf of the Board. These remittances represent a portion of the ad valorem taxes and state revenue sharing collections which are statutorily set aside for payment to the Teacher's Retirement System on behalf of the Board. These on-behalf payments have been recorded in the accompanying financial statements, in accordance with GASB Statement 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance* as revenues and expenditures in the General Fund.

16. CONTINGENCIES

Litigation. During the course of normal operations the Board may be the defendant in lawsuits. Legal counsel has determined that potential liability to the Board cannot be determined or is covered by commercial insurance as of the issuance date of these financial statements. Accordingly, no provision for losses, exceeding available insurance coverage, has been recorded in the accompanying financial statements.

Grant Disallowances. The Board participates in a number of Federal Financial Assistance Programs. These programs are subject to further financial and compliance audits by the grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. Based on prior experience, the Board feels such amounts, if any, to be immaterial to the financial statements.

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

17. ECONOMIC DEPENDENCE

The Board has two taxpayers that account for more than 10% of total sales tax collections revenues reported in the accompanying financial statements. In addition, during the fiscal year the Minimum Foundation funding provided by the State of Louisiana amounted to \$37,371,941 which represents approximately 55% of the School Board's total governmental fund revenues.

18. OTHER POST-EMPLOYMENT BENEFITS

General Information about the Other Post-Employment Benefit Plan

Plan Description. The Jefferson Davis Parish School Board (the School Board) provides certain continuing health care and life insurance benefits for its retired employees. The Jefferson Davis Parish School Board's OPEB Plan (the OPEB Plan) is a multiple-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 paragraph 4 of Governmental Accounting Standards Board (GASB) Statement No. 75.

Benefits Provided. Medical benefits are provided through the Louisiana Office of Group Benefits (OGB) and involve several statewide networks and one HMO with a premium structure by region. The 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 and has

**JEFFERSON DAVIS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS**

been deemed to be an agent multiple-employer plan for financial reporting purposes and for this valuation. The retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age; age 55 and 25 years of service; age 60 and 10 years of service; or, age 65 and 7 years of service.

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 plan's blended rates. Since GASB 74/75 requires the use of "unblended" rates, we have used the 94GAR mortality table to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance. All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance. Insurance coverage amounts are reduced at age 65 and again at age 70 according to the OGB plan provisions.

Employees covered by benefit terms. At July 1, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	493
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	658
	<u>1,151</u>

Total Other Post-Employment Benefit Liability

The School Board's total OPEB liability of \$80,054,148 was measured as of July 1, 2017 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs. The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	4.0%, including inflation
Discount rate	3.5%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Flat 5.5% annually

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index over the 52 weeks immediately preceding the applicable measurement dates. The RP-2000 Table without projection with 50%/50% unisex blend has been used. The actuarial assumptions used in the July 1, 2017 valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2008 to June 30, 2018.

Changes in the Total Other Post-Employment Benefits Liability

Balance at June 30, 2017	\$ <u>91,974,708</u>
Changes during the year:	
Service cost	1,153,115
Interest	3,219,115
Differences between expected and actual experience	(16,292,790)
Employer contributions- direct	(4,496,204)
Benefit payments- direct	4,496,204
Net changes	<u>(11,920,560)</u>
Balance at June 30, 2018	\$ <u>80,054,148</u>

**JEFFERSON DAVIS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS**

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the School Board, as well as what the School Board’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.5%) or 1-percentage-point higher (4.5%) than the current discount rate:

	<u>1% Decrease 2.5%</u>	<u>Current Discount Rate 3.5%</u>	<u>1% Increase 4.5%</u>
Total OPEB Liability	\$ 94,430,823	\$ 80,054,148	\$ 68,706,603

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the School Board, as well as what the School Board’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.5%) or 1-percentage-point higher (6.5%) than the current healthcare trend rates:

	<u>1% Decrease 4.5%</u>	<u>Current Trend 5.5%</u>	<u>1% Increase 6.5%</u>
Total OPEB Liability	\$ 68,438,291	\$ 80,054,148	\$ 94,647,907

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

For the year ended June 30, 2018, the School Board recognized OPEB expense of \$6,001,509. At June 30, 2018, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 14,663,511
Total	<u>\$</u>	<u>\$ 14,663,511</u>

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

Years Ending June 30	
2018	\$ (1,629,279)
2019	(1,629,279)
2020	(1,629,279)
2021	(1,629,279)
2022	(1,629,279)
2023	(1,629,279)
Thereafter	(6,517,116)

19. TAXES COLLECTED ON BEHALF OF OTHERS

Act 711 of the 2010 Louisiana Legislative Session amended LRS 24:51(B) to provide required footnote disclosure in the financial statements for local governments that collect tax for other taxing jurisdictions. Listed below are sales tax collections and distributions to other parish governmental agencies during the fiscal year:

**JEFFERSON DAVIS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS**

Beginning balance due taxing authorities	\$	70,907
Additions:		
Tax collections		<u>27,184,386</u>
Reductions:		
Taxes distributed to others:		
Jefferson Davis Parish School Board General Fund		10,552,455
Jefferson Davis Parish School Board Sales Tax District 1 Debt Service Fund		1,392,954
City of Jennings		4,701,187
Town of Lake Arthur		728,860
Town of Welsh		901,859
Town of Elton		214,234
Village of Fenton		24,311
Tourist Commission		209,634
Jefferson Davis Parish Sheriff's Office		2,265,508
Jefferson Davis Parish Road Sales Tax District 1		2,632,107
Jail Maintenance		<u>2,206,164</u>
Total reductions		<u>25,829,273</u>
Ending balance due taxing authorities	\$	<u><u>1,426,020</u></u>

20. ACCOUNTING CHANGE/ PRIOR PERIOD ADJUSTMENT

Due to implementation of Governmental Accounting Standards Board Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, beginning net position was restated in the Governmental-wide financial statements. The effect of this restatement caused beginning net position to decrease by \$72,931,101. Because it was not practical to determine beginning deferred outflows and inflows in this initial year of implementation of this standard, beginning net position has not been restated for the effects, if any, that may have existed.

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REQUIRED SUPPLEMENTAL INFORMATION

JEFFERSON DAVIS PARISH SCHOOL BOARD
GENERAL FUND
Budgetary Comparison Schedule
For the Year Ended June 30, 2018

Schedule 1A
(Continued)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local sources:				
Taxes:				
Ad valorem taxes	\$ 3,616,500	3,650,632	\$ 3,701,125	\$ 50,493
Sales and use taxes	9,678,915	9,850,000	10,220,355	370,355
Parish contribution to retirement fund	211,500	218,042	218,042	-
Collection fees from municipalities	330,000	340,000	351,224	11,224
Tuition	160,200	160,850	121,942	(38,908)
Interest and investment earnings	125,000	185,000	206,999	21,999
Other local revenue	403,722	401,189	430,224	29,035
State sources:				
Equalization	35,929,246	36,546,663	36,558,941	12,278
Restricted grants-in-aid	752,595	866,189	875,595	9,406
Revenue sharing	220,570	219,455	219,455	-
Other state revenues	2,629	2,629	2,447	(182)
Federal sources			-	-
Total revenues	<u>51,430,877</u>	<u>52,440,649</u>	<u>52,906,349</u>	<u>465,700</u>
EXPENDITURES				
Current:				
Instruction:				
Regular programs	22,622,083	22,141,481	22,081,641	59,840
Special education programs	4,608,339	4,942,355	4,895,427	46,928
Vocational programs	2,022,720	1,786,667	1,780,379	6,288
All other instructional programs	2,295,281	2,230,517	2,217,621	12,896
Support services:				
Student services	3,232,275	3,308,771	3,290,242	18,529
Instructional staff support	2,172,983	2,325,036	2,325,996	(960)
General administration	1,327,206	1,325,923	1,290,056	35,867
School administration	4,260,550	4,259,292	4,235,732	23,560
Business services	682,641	673,319	662,793	10,526
Plant operation and maintenance	4,490,893	4,463,211	4,551,974	(88,763)
Student transportation services	3,030,186	3,098,672	2,967,107	131,565
Central services	555,159	589,784	603,696	(13,912)
Non-instructional services:				
Food services	303,400	340,650	334,466	6,184
Community service programs	17,150	20,050	12,288	7,762
Intergovernmental	-	-	-	-
Facilities acquisition and construction	-	-	3,000	(3,000)
Debt service:				
Principal retirement	-	-	-	-
Interest, fiscal charges, and issue costs	-	-	-	-
Total expenditures	<u>51,620,866</u>	<u>51,505,728</u>	<u>51,252,418</u>	<u>253,310</u>

See accompanying note to budgetary comparison schedule.

**JEFFERSON DAVIS PARISH SCHOOL BOARD
GENERAL FUND
Budgetary Comparison Schedule
For the Year Ended June 30, 2018**

**Schedule 1A
(Concluded)**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>(189,989)</u>	<u>934,921</u>	<u>1,653,931</u>	<u>719,010</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in			-	-
Operating transfers out			-	-
MFP Local share transfers to				
Charter Schools & Others	(110,011)	(74,698)	(72,009)	2,689
Indirect costs	300,000	330,000	324,352	(5,648)
Proceeds from sale of bonds			-	-
Refunding bonds issued			-	-
Payment to bond refunding escrow agent			-	-
Proceeds for insured damages			-	-
Proceeds from sale of fixed assets		678	678	-
Total other financing sources (uses)	<u>189,989</u>	<u>255,980</u>	<u>253,021</u>	<u>(2,959)</u>
NET CHANGES IN FUND BALANCES	-	1,190,901	1,906,952	716,051
FUND BALANCES BEGINNING OF YEAR- AS PREVIOUSLY REPORTED	16,005,759	16,005,759	16,005,759	-
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES END OF YEAR	<u>\$ 16,005,759</u>	<u>\$ 17,196,660</u>	<u>\$ 17,912,711</u>	<u>\$ 716,051</u>

See accompanying note to budgetary comparison schedule.

JEFFERSON DAVIS PARISH SCHOOL BOARD
Notes to Budgetary Comparison Schedule
For the Year Ended June 30, 2017

A. BUDGETARY PRACTICES

General Budget Practices The Board follows the following procedures in establishing budgetary data reported in the accompanying budgetary comparison schedule:

Pursuant to Title 17, Section 88 of the Louisiana Revised Statutes, as amended by Act 970 of 1995, the Board is required to adopt an annual budget no later than September 15th of each year for the general fund and all special revenue funds.

Each year prior to September 15th, the Director of Accounting and the Superintendent submit a proposed annual budget for the general fund and all special revenue funds. The operating budgets include proposed expenditures and the means of financing them. The proposed budget is advertised as available for public inspection at least 15 days prior to final adoption simultaneously with a notice of the date of public hearing. The public hearing is conducted during a finance committee meeting in order to obtain public input. The budget is subsequently adopted by the full Board through a formal budget resolution. Upon final Board approval, a copy of the budget is then sent to the State Department of Education.

General fund and special revenue fund appropriations (unexpended budget balances) lapse at end of fiscal year.

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.

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 budget and all subsequent amendments. All budget revisions are approved by the Board.

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). Legally, the Board cannot budget total expenditures and other financing uses which would exceed total budgeted revenues and other financing sources including beginning fund balance. State statutes require the Board to amend its budgets to prevent overall projected revenues, expenditures, or beginning fund balance from causing an adverse budget variance of five percent or more in an individual fund. The Board approves budgets at the function level and management is allowed to transfer amounts between line items within a function. Debt service funds are controlled by related bond ordinances and not budgeted on an annual basis. Therefore, a budget to actual comparison is not presented for these funds. Capital projects funds are controlled on a project basis through the use of formal bidding and are not budgeted on an annual basis. All projects remain programmed and funded until completed or until the Board decides to eliminate the project. As a result, budget to actual comparisons are not presented for these funds.

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN INDIVIDUAL MAJOR FUNDS

The following budgeted major funds had actual expenditures over budgeted expenditures for the fiscal year:

<u>Major Fund</u>	<u>\$ Final Budget</u>	<u>\$ Actual</u>	<u>\$ Unfavorable Variance</u>
None	\$	\$	\$

Reason for unfavorable variance: not applicable.

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**JEFFERSON DAVIS PARISH SCHOOL BOARD
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS
 YEAR ENDING JUNE 30,**

	<u>2018</u>
Total OPEB Liability:	
Service cost	\$ 1,153,115
Interest	3,219,115
Changes of benefit terms	-
Differences between expected and actual experience	(16,292,790)
Changes of assumptions	-
Employer contributions- direct	(4,496,204)
Benefit payments- direct	<u>4,496,204</u>
Net change in total OPEB liability	<u>(11,920,560)</u>
Total OPEB liability- beginning	91,974,708
Total OPEB liability- ending	<u><u>\$ 80,054,148</u></u>
Covered-employee payroll	\$ 25,851,321
Net OPEB liability as a percentage of covered-employee payroll	309.67%

Notes to Schedule:

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

Changes of Assumptions. There were not changes of assumptions for the year ended June 30, 2018.

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

**JEFERSON DAVIS PARISH SCHOOL BOARD
 REQUIRED SUPPLEMENTARY INFORMATION
 ADDITIONAL PENSION/ RETIREMENT INFORMATION
 Schedule of Employer's Proportionate Share of Net Pension Liability
 For the Year Ended June 30,***

Teachers' Retirement System of Louisiana:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Employer's proportion of the net pension liability (asset)	0.66415%	0.65847%	0.61525%	0.60204%
Employer's proportionate share of the net pension liability (asset)	\$ 67,885,962	70,800,305	72,211,811	61,719,991
Employer's covered-employee payroll	\$ 28,497,610	28,312,854	28,088,406	28,107,599
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	238.22%	250.06%	257.09%	219.58%
Plan fiduciary net position as a percentage of the total pension liability	63.7%	62.5%	59.9%	65.55%

Louisiana School Employees' Retirement System:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Employer's proportion of the net pension liability (asset)	0.8753%	0.851608%	0.869422%	0.874196%
Employer's proportionate share of the net pension liability (asset)	\$ 5,074,226	5,400,276	6,558,461	5,594,216
Employer's covered-employee payroll	\$ 2,460,855	2,403,733	2,513,393	2,505,407
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	206.2%	224.7%	260.9%	223.29%
Plan fiduciary net position as a percentage of the total pension liability	76.18%	74.49%	70.09%	75.03%

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

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

**JEFFERSON DAVIS PARISH SCHOOL BOARD
 REQUIRED SUPPLEMENTARY INFORMATION
 ADDITIONAL PENSION/ RETIREMENT INFORMATION
 Schedule of Employer Contributions
 For the Year Ended June 30,**

Teachers' Retirement System of Louisiana:

<u>Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
2015	\$ 7,945,925	\$ 7,945,925	\$ -	\$ 28,326,655	28.05%
2016	7,576,562	7,576,562	-	28,724,959	26.4%
2017	7,200,843	7,200,843	-	28,088,406	25.6%
2018	7,279,783	7,279,783	-	27,329,779	26.6%

Louisiana School Employees' Retirement System:

<u>Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
2015	\$ 792,577	\$ 792,577	\$ -	\$ 2,401,747	33.00%
2016	744,193	744,193	-	2,463,815	30.20%
2017	683,976	683,976	-	2,513,393	27.2%
2018	665,222	665,222	-	2,440,712	27.3%

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

**JEFFERSON DAVIS PARISH SCHOOL BOARD
REQUIRED SUPPLEMENTARY INFORMATION
ADDITIONAL PENSION/ RETIREMENT INFORMATION
Notes to Required Supplementary Information
For the Year Ended June 30, 2018**

Teachers' Retirement System of Louisiana:

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

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

Louisiana School Employees' Retirement System:

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

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

OTHER SUPPLEMENTAL INFORMATION

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

Schedule 2

	Special Revenue	Debt Service	Capital Projects	Total
ASSETS				
Cash and interest-bearing accounts	\$ 3,308,436	\$ 1,792,371	\$ 138,887	\$ 5,239,694
Restricted cash & interest-bearing accounts	-	-	-	-
Investments	-	-	259,573	259,573
Receivables	932,014	39,324	-	971,338
Interfund receivables	-	-	-	-
Inventory	281,768	-	-	281,768
Prepaid items	-	-	-	-
Total Assets	<u>4,522,218</u>	<u>1,831,695</u>	<u>398,460</u>	<u>6,752,373</u>
LIABILITIES AND FUND BALANCES				
Accounts payable	166,893	1,235	1,109	169,237
Contracts payable	2	-	122,508	122,510
Payroll deductions, withholdings, and accrued salaries payable	474,836	-	-	474,836
Interfund payables	783,244	-	-	783,244
Deposits due others	-	-	-	-
Total Liabilities	<u>1,424,975</u>	<u>1,235</u>	<u>123,617</u>	<u>1,549,827</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	66,006	-	-	66,006
Total Deferred Inflows of Resources	<u>66,006</u>	<u>-</u>	<u>-</u>	<u>66,006</u>
FUND BALANCES				
Nonspendable	215,762	-	-	215,762
Restricted	2,815,475	1,830,460	274,843	4,920,778
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	<u>3,031,237</u>	<u>1,830,460</u>	<u>274,843</u>	<u>5,136,540</u>
Total Liabilities, Deferred Inflows of Resources, & Fund Balances	<u>\$ 4,522,218</u>	<u>\$ 1,831,695</u>	<u>\$ 398,460</u>	<u>\$ 6,752,373</u>

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

**Schedule 3
(Continued)**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
REVENUES				
Local sources:				
Taxes:				
Ad valorem taxes	\$ 2,522,700	\$ 2,337,656	\$ -	\$ 4,860,356
Sales and use taxes	-	-	-	-
Interest and investment earnings	40,725	26,305	14,624	81,654
Food services	190,635	-	-	190,635
Other local revenue	44,889	2	-	44,891
State sources:				
Equalization	813,000	-	-	813,000
Restricted grants-in-aid	-	-	-	-
Revenue sharing	84,458	-	-	84,458
Other state revenues	-	-	-	-
Federal sources	7,003,104	-	-	7,003,104
Total revenues	<u>10,699,511</u>	<u>2,363,963</u>	<u>14,624</u>	<u>13,078,098</u>
EXPENDITURES				
Current:				
Instruction:				
Regular programs	580,442	-	-	580,442
Special education programs	792,255	-	-	792,255
Vocational programs	73,895	-	-	73,895
All other instructional programs	1,527,099	-	-	1,527,099
Support services:				
Student services	574,745	-	-	574,745
Instructional staff support	797,195	-	-	797,195
General administration	78,898	74,026	-	152,924
School administration	86,866	-	-	86,866
Business services	-	-	1,811	1,811
Plant operation and maintenance	1,265,778	-	-	1,265,778
Student transportation services	112,078	-	-	112,078
Central services	138,068	-	-	138,068
Non-instructional services:				
Food services	3,967,796	-	-	3,967,796
Community service programs	-	-	-	-
Intergovernmental	-	-	-	-
Facilities acquisition and construction	36,954	-	2,728,372	2,765,326
Debt service:				
Principal retirement	-	2,000,000	-	2,000,000
Interest	-	469,604	-	469,604
Bond issuance and other costs	-	7,145	-	7,145
Total expenditures	<u>10,032,069</u>	<u>2,550,775</u>	<u>2,730,183</u>	<u>15,313,027</u>

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

Schedule 3
(Concluded)

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>667,442</u>	<u>(186,812)</u>	<u>(2,715,559)</u>	<u>(2,234,929)</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Indirect costs	(324,352)	-	-	(324,352)
Proceeds from sale of bonds	-	-	-	-
Refunding bonds issued	-	-	-	-
Bond premium received	-	-	-	-
Payment to bond refunding escrow agent	-	-	-	-
Proceeds from hurricane damages	-	-	-	-
Proceeds from sale or loss of fixed assets	3,751	-	-	3,751
Total other financing sources (uses)	<u>(320,601)</u>	<u>-</u>	<u>-</u>	<u>(320,601)</u>
NET CHANGES IN FUND BALANCES	346,841	(186,812)	(2,715,559)	(2,555,530)
FUND BALANCES BEGINNING OF YEAR	<u>2,684,396</u>	<u>2,017,272</u>	<u>2,990,402</u>	<u>7,692,070</u>
FUND BALANCES END OF YEAR	<u>\$ 3,031,237</u>	<u>\$ 1,830,460</u>	<u>\$ 274,843</u>	<u>\$ 5,136,540</u>

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

Schedule 4
(Continued)

	Maintenance Consolidated School District No. 1	Maintenance School District No. 1	Maintenance School District No. 2	Maintenance School District No. 3
ASSETS				
Cash and interest-bearing accounts	\$ 409,344	\$ 191,538	\$ 1,056,234	\$ 474,436
Investments	-	-	-	-
Receivables	11,382	5,659	19,929	168
Interfund receivables	-	-	-	-
Inventory	-	-	-	-
Prepaid items	-	-	-	-
Total Assets	<u>420,726</u>	<u>197,197</u>	<u>1,076,163</u>	<u>474,604</u>
LIABILITIES AND FUND BALANCES				
Accounts payable	47,597	15,664	28,118	4,319
Contracts payable	-	-	2	-
Payroll deductions, withholdings, and accrued salaries payable	-	3,972	7,101	-
Interfund payables	-	-	128,337	-
Deposits due others	-	-	-	-
Total Liabilities	<u>47,597</u>	<u>19,636</u>	<u>163,558</u>	<u>4,319</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	373,129	177,561	912,605	470,285
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	<u>373,129</u>	<u>177,561</u>	<u>912,605</u>	<u>470,285</u>
Total Liabilities, Deferred Inflows of Resources, & Fund Balances	<u>\$ 420,726</u>	<u>\$ 197,197</u>	<u>\$ 1,076,163</u>	<u>\$ 474,604</u>

**Schedule 4
(Continued)**

Maintenance School District No. 5	Maintenance School District No. 8	Maintenance School District No. 22	School Food Service	I.D.E.A. Preschool
\$ 169,929	\$ 225,391	\$ 231,395	\$ 550,169	\$ -
-	-	-	-	-
170	23,679	1,203	16,660	6,938
-	-	-	-	-
5,540	-	6,925	269,303	-
-	-	-	-	-
<u>175,639</u>	<u>249,070</u>	<u>239,523</u>	<u>836,132</u>	<u>6,938</u>
8,008	14,626	11,675	5,522	-
-	-	-	-	-
65	1,482	-	218,304	3,060
-	49,771	27,248	-	3,878
-	-	-	-	-
<u>8,073</u>	<u>65,879</u>	<u>38,923</u>	<u>223,826</u>	<u>6,938</u>
-	-	-	66,006	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>66,006</u>	<u>-</u>
5,540	-	6,925	203,297	-
162,026	183,191	193,675	343,003	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>167,566</u>	<u>183,191</u>	<u>200,600</u>	<u>546,300</u>	<u>-</u>
<u>\$ 175,639</u>	<u>\$ 249,070</u>	<u>\$ 239,523</u>	<u>\$ 836,132</u>	<u>\$ 6,938</u>

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

	Title IVA SSAE	Other Federal Funds	I.D.E.A.	Title I
ASSETS				
Cash and interest-bearing accounts	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Receivables	2,232	254,381	163,761	347,087
Interfund receivables	-	-	-	-
Inventory	-	-	-	-
Prepaid items	-	-	-	-
Total Assets	<u>2,232</u>	<u>254,381</u>	<u>163,761</u>	<u>347,087</u>
LIABILITIES AND FUND BALANCES				
Accounts payable	-	(1)	750	29,662
Contracts payable	-	-	-	-
Payroll deductions, withholdings, and accrued salaries payable	-	84,922	53,874	72,436
Interfund payables	2,232	169,460	109,137	244,989
Deposits due others	-	-	-	-
Total Liabilities	<u>2,232</u>	<u>254,381</u>	<u>163,761</u>	<u>347,087</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, & Fund Balances	<u>\$ 2,232</u>	<u>\$ 254,381</u>	<u>\$ 163,761</u>	<u>\$ 347,087</u>

**Schedule 4
(Concluded)**

Reserved	Migrant Education	Reserved	SRCL Grant	Title II	Total
-	-	-	-	-	3,308,436
-	-	-	-	-	-
-	-	-	-	78,765	932,014
-	-	-	-	-	-
-	-	-	-	-	281,768
-	-	-	-	-	-
-	-	-	-	78,765	4,522,218
-	-	-	-	953	166,893
-	-	-	-	-	2
-	-	-	-	29,620	474,836
-	-	-	-	48,192	783,244
-	-	-	-	-	-
-	-	-	-	78,765	1,424,975
-	-	-	-	-	66,006
-	-	-	-	-	66,006
-	-	-	-	-	215,762
-	-	-	-	-	2,815,475
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	3,031,237
-	-	-	-	-	-
-	-	-	-	78,765	4,522,218

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

	Maintenance Consolidated School <u>District No. 1</u>	Maintenance School <u>District No. 1</u>	Maintenance School <u>District No. 2</u>	Maintenance School <u>District No. 3</u>
REVENUES				
Local sources:				
Taxes:				
Ad valorem taxes	\$ 384,454	\$ 412,399	\$ 952,165	\$ 236,883
Sales and use taxes	-	-	-	-
Parish contribution to retirement fund	-	-	-	-
Collection fees from municipalities	-	-	-	-
Tuition	-	-	-	-
Interest and investment earnings	4,734	3,542	13,702	5,659
Food services	-	-	-	-
Other local revenue	12,212	200	1,576	422
State sources:				
Equalization	-	-	-	-
Restricted grants-in-aid	-	-	-	-
Revenue sharing	14,420	11,761	32,407	6,669
Other state revenues	-	-	-	-
Federal sources				
Total revenues	<u>415,820</u>	<u>427,902</u>	<u>999,850</u>	<u>249,633</u>
EXPENDITURES				
Current:				
Instruction:				
Regular programs	83,165	115,387	145,820	36,274
Special education programs	-	-	-	-
Vocational programs	-	-	-	-
All other instructional programs	-	-	-	-
Support services:				
Student services	-	-	-	-
Instructional staff support	-	-	-	-
General administration	12,047	13,392	29,321	7,346
School administration	10,384	9,709	42,927	8,442
Business services	-	-	-	-
Plant operation and maintenance	184,175	257,581	396,195	98,979
Student transportation services	2,124	2,158	1,263	3,059
Central services	-	-	-	-
Non-instructional services:				
Food services	-	-	-	-
Community service programs	-	-	-	-
Intergovernmental	-	-	-	-
Facilities acquisition and construction	36,769	-	105	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Bond issuance and other costs	-	-	-	-
Total expenditures	<u>328,664</u>	<u>398,227</u>	<u>615,631</u>	<u>154,100</u>

**Schedule 5
(Continued)**

Maintenance School District No. 5	Maintenance School District No. 8	Maintenance School District No. 22	School Food Service	I.D.E.A. Preschool
\$ 95,501	\$ 272,615	\$ 168,683	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
2,065	3,139	2,816	5,068	-
-	-	-	190,635	-
155	562	9,082	20,680	-
-	-	-	813,000	-
-	-	-	-	-
3,391	7,754	8,056	-	-
-	-	-	-	-
-	-	-	2,673,702	51,049
<u>101,112</u>	<u>284,070</u>	<u>188,637</u>	<u>3,703,085</u>	<u>51,049</u>
14,302	78,454	28,276	-	-
-	-	-	-	16,672
-	-	-	-	-
-	-	-	-	-
-	-	-	-	3,270
-	-	-	-	27,474
2,978	8,494	5,320	-	-
2,280	7,485	5,639	-	-
-	-	-	-	-
47,824	171,525	99,273	-	-
-	88,545	2,126	-	-
-	-	-	-	-
-	-	-	3,967,796	-
-	-	-	-	-
-	-	-	-	-
-	80	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>67,384</u>	<u>354,583</u>	<u>140,634</u>	<u>3,967,796</u>	<u>47,416</u>

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

	Maintenance Consolidated School District No. 1	Maintenance School District No. 1	Maintenance School District No. 2	Maintenance School District No. 3
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>87,156</u>	<u>29,675</u>	<u>384,219</u>	<u>95,533</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Indirect costs	-	-	-	-
Proceeds from sale of bonds	-	-	-	-
Refunding bonds issued	-	-	-	-
Payment to bond refunding escrow agent	-	-	-	-
Proceeds for insured damages	-	-	-	-
Proceeds from sale or loss of fixed assets	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	87,156	29,675	384,219	95,533
FUND BALANCES BEGINNING OF YEAR	<u>285,973</u>	<u>147,886</u>	<u>528,386</u>	<u>374,752</u>
FUND BALANCES END OF YEAR	<u>\$ 373,129</u>	<u>\$ 177,561</u>	<u>\$ 912,605</u>	<u>\$ 470,285</u>

**Schedule 5
(Continued)**

Maintenance School District No. 5	Maintenance School District No. 8	Maintenance School District No. 22	School Food Service	I.D.E.A. Preschool
<u>33,728</u>	<u>(70,513)</u>	<u>48,003</u>	<u>(264,711)</u>	<u>3,633</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	(3,633)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	3,751	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>3,751</u>	<u>(3,633)</u>
33,728	(70,513)	48,003	(260,960)	-
<u>133,838</u>	<u>253,704</u>	<u>152,597</u>	<u>807,260</u>	<u>-</u>
<u>\$ 167,566</u>	<u>\$ 183,191</u>	<u>\$ 200,600</u>	<u>\$ 546,300</u>	<u>\$ -</u>

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

	Title IVA SSAE	Other Federal Funds	I.D.E.A.	Title I
REVENUES				
Local sources:				
Taxes:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	-	-	-	-
Parish contribution to retirement fund	-	-	-	-
Collection fees from municipalities	-	-	-	-
Tuition	-	-	-	-
Interest and investment earnings	-	-	-	-
Food services	-	-	-	-
Other local revenue	-	-	-	-
State sources:				
Equalization	-	-	-	-
Restricted grants-in-aid	-	-	-	-
Revenue sharing	-	-	-	-
Other state revenues	-	-	-	-
Federal sources	37,867	808,344	1,360,015	1,570,784
Total revenues	<u>37,867</u>	<u>808,344</u>	<u>1,360,015</u>	<u>1,570,784</u>
EXPENDITURES				
Current:				
Instruction:				
Regular programs	-	-	-	-
Special education programs	-	-	775,583	-
Vocational programs	-	73,895	-	-
All other instructional programs	34,911	660,718	-	671,167
Support services:				
Student services	-	-	312,343	259,132
Instructional staff support	-	17,035	102,595	426,657
General administration	-	-	-	-
School administration	-	-	-	-
Business services	-	-	-	-
Plant operation and maintenance	-	-	-	10,226
Student transportation services	-	-	12,803	-
Central services	-	-	57,062	81,006
Non-instructional services:				
Food services	-	-	-	-
Community service programs	-	-	-	-
Intergovernmental	-	-	-	-
Facilities acquisition and construction	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Bond issuance and other costs	-	-	-	-
Total expenditures	<u>34,911</u>	<u>751,648</u>	<u>1,260,386</u>	<u>1,448,188</u>

**Schedule 5
(Concluded)**

<u>Reserved</u>	<u>Migrant Education</u>	<u>Reserved</u>	<u>SRCL Grant</u>	<u>Title II</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,522,700
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	40,725
-	-	-	-	-	190,635
-	-	-	-	-	44,889
-	-	-	-	-	-
-	-	-	-	-	813,000
-	-	-	-	-	-
-	-	-	-	-	84,458
-	-	-	-	-	-
-	1,809	-	42,636	456,898	7,003,104
-	1,809	-	42,636	456,898	10,699,511
-	-	-	-	78,764	580,442
-	-	-	-	-	792,255
-	-	-	-	-	73,895
-	1,648	-	38,333	120,322	1,527,099
-	-	-	-	-	-
-	-	-	-	-	574,745
-	-	-	1,281	222,153	797,195
-	-	-	-	-	78,898
-	-	-	-	-	86,866
-	-	-	-	-	-
-	-	-	-	-	1,265,778
-	-	-	-	-	112,078
-	-	-	-	-	138,068
-	-	-	-	-	-
-	-	-	-	-	3,967,796
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	36,954
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,648	-	39,614	421,239	10,032,069

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

	Title IVA SSAE	Other Federal Funds	I.D.E.A.	Title I
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>2,956</u>	<u>56,696</u>	<u>99,629</u>	<u>122,596</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Indirect costs	(2,956)	(56,696)	(99,629)	(122,596)
Proceeds from sale of bonds	-	-	-	-
Refunding bonds issued	-	-	-	-
Payment to bond refunding escrow agent	-	-	-	-
Proceeds for insured damages	-	-	-	-
Proceeds from sale of fixed assets	-	-	-	-
Total other financing sources (uses)	<u>(2,956)</u>	<u>(56,696)</u>	<u>(99,629)</u>	<u>(122,596)</u>
NET CHANGES IN FUND BALANCES	-	-	-	-
FUND BALANCES BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Schedule 5
(Concluded)**

<u>Reserved</u>	<u>Migrant Education</u>	<u>Reserved</u>	<u>SRCL Grant</u>	<u>Title II</u>	<u>Total</u>
-	161	-	3,022	35,659	667,442
-	-	-	-	-	-
-	-	-	-	-	-
-	(161)	-	(3,022)	(35,659)	(324,352)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	3,751
-	(161)	-	(3,022)	(35,659)	(320,601)
-	-	-	-	-	346,841
-	-	-	-	-	2,684,396
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,031,237

JEFFERSON DAVIS PARISH SCHOOL BOARD
NONMAJOR DEBT SERVICE FUNDS
Combining Balance Sheet
June 30, 2018

	Consolidated School District No. 1	School District No. 1	School District No. 2	School District No. 3
ASSETS				
Cash and interest-bearing accounts	\$ 323,705	\$ 132,675	\$ 930,071	\$ 48,195
Restricted cash & interest-bearing accounts	-	-	-	-
Investments	-	-	-	-
Receivables	1,525	2,628	2,564	33
Interfund receivables	-	-	-	-
Inventory	-	-	-	-
Prepaid items	-	-	-	-
Total Assets	<u>325,230</u>	<u>135,303</u>	<u>932,635</u>	<u>48,228</u>
LIABILITIES AND FUND BALANCES				
Accounts payable	-	-	-	-
Contracts payable	-	-	-	-
Payroll deductions, withholdings, and accrued salaries payable	-	-	-	-
Interfund payables	-	-	-	-
Deposits due others	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	325,230	135,303	932,635	48,228
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	<u>325,230</u>	<u>135,303</u>	<u>932,635</u>	<u>48,228</u>
Total Liabilities, Deferred Inflows of Resources, & Fund Balances	<u>\$ 325,230</u>	<u>\$ 135,303</u>	<u>\$ 932,635</u>	<u>\$ 48,228</u>

Schedule 6

School District No. 5	School District No. 8	School District No. 22	Total
\$ 66,977	\$ 97,839	\$ 192,909	\$ 1,792,371
-	-	-	-
-	-	-	-
154	31,980	440	39,324
-	-	-	-
-	-	-	-
-	-	-	-
<u>67,131</u>	<u>129,819</u>	<u>193,349</u>	<u>1,831,695</u>
1,235	-	-	1,235
-	-	-	-
-	-	-	-
-	-	-	-
<u>1,235</u>	<u>-</u>	<u>-</u>	<u>1,235</u>
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-
65,896	129,819	193,349	1,830,460
-	-	-	-
-	-	-	-
-	-	-	-
<u>65,896</u>	<u>129,819</u>	<u>193,349</u>	<u>1,830,460</u>
<u>\$ 67,131</u>	<u>\$ 129,819</u>	<u>\$ 193,349</u>	<u>\$ 1,831,695</u>

JEFFERSON DAVIS PARISH SCHOOL BOARD
NONMAJOR DEBT SERVICE FUNDS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2018

	Consolidated School District No. 1	School District No. 1	School District No. 2	School District No. 3
REVENUES				
Local sources:				
Taxes:				
Ad valorem taxes	\$ 404,010	\$ 190,646	\$ 1,046,418	\$ 46,987
Sales and use taxes	-	-	-	-
Parish contribution to retirement fund	-	-	-	-
Collection fees from municipalities	-	-	-	-
Tuition	-	-	-	-
Interest and investment earnings	4,519	1,914	14,502	685
Food services	-	-	-	-
Other local revenue	2	-	-	-
State sources:				
Equalization	-	-	-	-
Restricted grants-in-aid	-	-	-	-
Revenue sharing	-	-	-	-
Other state revenues	-	-	-	-
Federal sources				
	-	-	-	-
Total Revenues	<u>408,531</u>	<u>192,560</u>	<u>1,060,920</u>	<u>47,672</u>
EXPENDITURES				
Current:				
Instruction:				
Regular programs	-	-	-	-
Special education programs	-	-	-	-
Vocational programs	-	-	-	-
All other instructional programs	-	-	-	-
Support services:				
Student services	-	-	-	-
Instructional staff support	-	-	-	-
General administration	12,657	6,189	32,167	1,456
School administration	-	-	-	-
Business services	-	-	-	-
Plant operation and maintenance	-	-	-	-
Student transportation services	-	-	-	-
Central services	-	-	-	-
Non-instructional services:				
Food services	-	-	-	-
Community service programs	-	-	-	-
Intergovernmental	-	-	-	-
Facilities acquisition and construction				
	-	-	-	-
Debt service:				
Principal retirement	340,000	160,000	1,055,000	40,000
Interest	42,230	31,469	239,650	7,120
Bond issuance and other costs	500	350	1,235	650
Total expenditures	<u>395,387</u>	<u>198,008</u>	<u>1,328,052</u>	<u>49,226</u>

**Schedule 7
(Continued)**

School District No. 5	School District No. 8	School District No. 22	Total
\$ 86,394	\$ 368,126	\$ 195,075	\$ 2,337,656
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
923	1,026	2,736	26,305
-	-	-	-
-	-	-	2
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>87,317</u>	<u>369,152</u>	<u>197,811</u>	<u>2,363,963</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
3,928	11,478	6,151	74,026
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
65,000	165,000	175,000	2,000,000
17,750	111,383	20,002	469,604
-	4,410	-	7,145
<u>86,678</u>	<u>292,271</u>	<u>201,153</u>	<u>2,550,775</u>

JEFFERSON DAVIS PARISH SCHOOL BOARD
NONMAJOR DEBT SERVICE FUNDS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2018

	Consolidated School District No. 1	School District No. 1	School District No. 2	School District No. 3
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>13,144</u>	<u>(5,448)</u>	<u>(267,132)</u>	<u>(1,554)</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Indirect costs	-	-	-	-
Proceeds from sale of bonds	-	-	-	-
Refunding bonds issued	-	-	-	-
Bond premium received	-	-	-	-
Payment to bond refunding escrow agent	-	-	-	-
Proceeds from hurricane damages	-	-	-	-
Proceeds from sale or loss of fixed assets	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	13,144	(5,448)	(267,132)	(1,554)
FUND BALANCES BEGINNING OF YEAR	<u>312,086</u>	<u>140,751</u>	<u>1,199,767</u>	<u>49,782</u>
FUND BALANCES END OF YEAR	<u>\$ 325,230</u>	<u>\$ 135,303</u>	<u>\$ 932,635</u>	<u>\$ 48,228</u>

**Schedule 7
(Concluded)**

<u>School District No. 5</u>	<u>School District No. 8</u>	<u>School District No. 22</u>	<u>Total</u>
<u>639</u>	<u>76,881</u>	<u>(3,342)</u>	<u>(186,812)</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>639</u>	<u>76,881</u>	<u>(3,342)</u>	<u>(186,812)</u>
<u>65,257</u>	<u>52,938</u>	<u>196,691</u>	<u>2,017,272</u>
<u>\$ 65,896</u>	<u>\$ 129,819</u>	<u>\$ 193,349</u>	<u>\$ 1,830,460</u>

JEFFERSON DAVIS PARISH SCHOOL BOARD
NONMAJOR CAPITAL PROJECTS FUNDS
Combining Balance Sheet
June 30, 2018

	Consolidated School District No. 1	School District No. 1	School District No. 2	School District No. 3
ASSETS				
Cash and interest-bearing accounts	\$ 22,805	\$ -	\$ -	\$ 39,317
Investments	-	-	-	-
Receivables	-	-	-	-
Interfund receivables	-	-	-	-
Inventory	-	-	-	-
Prepaid items	-	-	-	-
Total Assets	<u>22,805</u>	<u>-</u>	<u>-</u>	<u>39,317</u>
LIABILITIES AND FUND BALANCES				
Accounts payable	-	-	-	-
Contracts payable	-	-	-	-
Payroll deductions, withholdings, and accrued salaries payable	-	-	-	-
Interfund payables	-	-	-	-
Deposits due others	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	22,805	-	-	39,317
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	<u>22,805</u>	<u>-</u>	<u>-</u>	<u>39,317</u>
Total Liabilities, Deferred Inflows of Resources, & Fund Balances	<u>\$ 22,805</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,317</u>

Schedule 8

School District No. 8	School District No. 22	Total
\$ 76,765	\$ -	\$ 138,887
259,573	-	259,573
-	-	-
-	-	-
-	-	-
-	-	-
336,338	-	398,460
1,109	-	1,109
122,508	-	122,508
-	-	-
-	-	-
-	-	-
123,617	-	123,617
-	-	-
-	-	-
-	-	-
212,721	-	274,843
-	-	-
-	-	-
-	-	-
212,721	-	274,843
\$ 336,338	\$ -	\$ 398,460

JEFFERSON DAVIS PARISH SCHOOL BOARD
NONMAJOR CAPITAL PROJECTS FUNDS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2018

	Consolidated School <u>District No. 1</u>	School <u>District No. 1</u>	School <u>District No. 2</u>	School <u>District No. 3</u>
REVENUES				
Local sources:				
Taxes:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	-	-	-	-
Parish contribution to retirement fund	-	-	-	-
Collection fees from municipalities	-	-	-	-
Tuition	-	-	-	-
Interest and investment earnings	301	-	-	517
Food services	-	-	-	-
Other local revenue	-	-	-	-
State sources:				
Equalization	-	-	-	-
Restricted grants-in-aid	-	-	-	-
Revenue sharing	-	-	-	-
Other state revenues	-	-	-	-
Federal sources				
Total Revenues	<u>301</u>	<u>-</u>	<u>-</u>	<u>517</u>
EXPENDITURES				
Current:				
Instruction:				
Regular programs	-	-	-	-
Special education programs	-	-	-	-
Vocational programs	-	-	-	-
All other instructional programs	-	-	-	-
Support services:				
Student services	-	-	-	-
Instructional staff support	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Business services	-	-	-	-
Plant operation and maintenance	-	-	-	-
Student transportation services	-	-	-	-
Central services	-	-	-	-
Non-instructional services:				
Food services	-	-	-	-
Community service programs	-	-	-	-
Intergovernmental	-	-	-	-
Facilities acquisition and construction	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Bond issuance and other costs	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**Schedule 9
(Continued)**

School District No. 8	School District No. 22	Total
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
-	-	-
13,806	-	14,624
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>13,806</u>	<u>-</u>	<u>14,624</u>
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
1,811	-	1,811
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
2,728,372	-	2,728,372
-	-	-
-	-	-
-	-	-
<u>2,730,183</u>	<u>-</u>	<u>2,730,183</u>

JEFFERSON DAVIS PARISH SCHOOL BOARD
NONMAJOR CAPITAL PROJECTS FUNDS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2018

	Consolidated School District No. 1	School District No. 1	School District No. 2	School District No. 3
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>301</u>	<u>-</u>	<u>-</u>	<u>517</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Indirect costs	-	-	-	-
Proceeds from sale of bonds	-	-	-	-
Refunding bonds issued	-	-	-	-
Payment to bond refunding escrow agent	-	-	-	-
Proceeds for insured damages	-	-	-	-
Proceeds from sale or loss of fixed assets	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	301	-	-	517
FUND BALANCES BEGINNING OF YEAR	<u>22,504</u>	<u>-</u>	<u>-</u>	<u>38,800</u>
FUND BALANCES END OF YEAR	<u>\$ 22,805</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,317</u>

JEFFERSON DAVIS PARISH SCHOOL BOARD
 AGENCY FUNDS
 Combining Balance Sheet
 June 30, 2018

Schedule 10

	<u>School Activity</u>	<u>Sales & Use Tax</u>	<u>Total Agency</u>
ASSETS			
Cash and interest-bearing accounts	\$ 1,229,767	\$ 1,426,020	\$ 2,655,787
TOTAL ASSETS	<u>\$ 1,229,767</u>	<u>\$ 1,426,020</u>	<u>\$ 2,655,787</u>
LIABILITIES			
Due to other governments	\$ 1,229,767	\$ 1,322,646	\$ 2,552,413
Deposits due others	-	103,374	103,374
TOTAL LIABILITIES	<u>\$ 1,229,767</u>	<u>\$ 1,426,020</u>	<u>\$ 2,655,787</u>

**JEFFERSON DAVIS PARISH SCHOOL BOARD
 AGENCY FUND - SCHOOL ACTIVITY FUNDS
 Schedule of Changes in Deposits Due Others
 For the Year Ended June 30, 2018**

Schedule 11-1

School District	School Name	Balance Beginning	Additions	Reductions	Balance Ending
22	Elton Elementary	\$ 87,370	\$ 77,540	\$ 79,035	\$ 85,875
22	Elton High	134,351	265,817	270,390	129,778
5	Fenton Elementary	12,492	33,983	32,064	14,411
3	Hathaway	141,821	316,606	331,562	126,865
2	Jennings Elementary	32,930	71,076	75,242	28,764
2	Jennings High	269,159	639,800	663,520	245,439
2	Jennings Ward Elementary	18,675	98,025	93,303	23,397
8	Lacassine	109,460	298,587	349,290	58,757
1	Lake Arthur Elementary	82,393	129,914	122,653	89,654
1	Lake Arthur High	218,468	402,074	414,943	205,599
CSD1	Welsh Elementary	67,997	119,383	132,483	54,897
CSD1	Welsh High	94,488	503,451	493,384	104,555
CSD1	Welsh-Roanoke Junior High	62,451	70,175	70,850	61,776
Total		<u>\$ 1,332,055</u>	<u>\$ 3,026,431</u>	<u>\$ 3,128,719</u>	<u>\$ 1,229,767</u>

**JEFFERSON DAVIS PARISH SCHOOL BOARD
 AGENCY FUND - SALES AND USE TAX FUND
 Schedule of Changes in Deposits Due Others
 For the Year Ended June 30, 2018**

Schedule 11-2

	<u>Protested Account</u>	<u>Regular Account</u>	<u>Total Fund</u>
Deposit Balances at Beginning of Year	64,687	6,220	70,907
Additions:			
Sales tax collections, net of fees and refunds	37,580	26,815,058	26,852,638
Less settlements to regular account			
Deducted from collections:			
Collection fees charged to municipalities		320,722	320,722
Refunds		1,846	1,846
Legal Fees			-
Interest earnings	1,107	8,073	9,180
Total Additions	<u>38,687</u>	<u>27,145,699</u>	<u>27,184,386</u>
Reductions:			
Distributions to taxing bodies:			
JDPSB General Fund		10,552,455	10,552,455
City of Jennings		4,701,187	4,701,187
Town of Lake Arthur		728,860	728,860
Town of Welsh		901,859	901,859
Town of Elton		214,234	214,234
Village of Fenton		24,311	24,311
Tourist Commission		209,634	209,634
JDPSB Sales Tax District 1		1,392,954	1,392,954
JD Sheriff's Office		2,265,508	2,265,508
Road Sales Tax District 1		2,632,107	2,632,107
Jail Maintenance		2,206,164	2,206,164
Total Reductions	<u>-</u>	<u>25,829,273</u>	<u>25,829,273</u>
Deposit Balances at End of Year	\$ <u>103,374</u>	\$ <u>1,322,646</u>	\$ <u>1,426,020</u>

JEFFERSON DAVIS PARISH SCHOOL BOARD
Schedule of Compensation and Other Expenses Paid to School Board Members
For the Year Ended June 30, 2018

Schedule 12A

<u>Board Member</u>	<u>Election District</u>	<u>School District Represented</u>	<u>Salary</u>	<u>Employer Taxes</u>	<u>Employer Insurance</u>	<u>Travel Expense</u>	<u>Total</u>
Dobson, Malon U.	1	1	\$ 7,800	113		372	\$ 8,285
Bordelon, Greg	2	1	7,800	597		297	8,694
Arceneaux, Phillip	3	2	8,400	643		253	9,296
Menard, Robert W.	4	2	7,800	597			8,397
Dees, Donald	5	2	7,800	597		230	8,627
Capdeville, David S.	6	2	7,800	597	6,428		14,825
Segura, James E.	7	2	7,800	410	6,081		14,291
Doise, David	8	3	7,800	597			8,397
Bruchhaus, Charles R.	9	22	7,800	597			8,397
Buller, David S.	10	5	1,950	149			2,099
Buller, Victoria A.	10	5	5,850	448		188	6,486
Troutman, David L.	11	CSD-1	7,800	597		219	8,616
Bouley, Jason J.	12	CSD-1	8,400	482	6,322	218	15,422
Singletary, Jody	13	8	7,800	597			8,397
			<u>\$ 102,600</u>	<u>\$ 7,021</u>	<u>\$ 18,831</u>	<u>\$ 1,777</u>	<u>\$ 130,229</u>

The above schedule of compensation and reimbursed travel expenses paid to school board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. The compensation and reimbursed expenses of school board members is included in the general administrative expenditures of the General Fund. In accordance with Louisiana Revised Statute 17:56, the school board members have elected the monthly payment method of compensation. Under this method, each member of the school board receives \$650 per month, and the president receives \$750 per month for performing the duties of his office.

JEFFERSON DAVIS PARISH SCHOOL BOARD
Schedule of Compensation, Benefits and Other Payments to Agency Head
or Chief Executive Officer
For the Year Ended June 30, 2018

Schedule 12B

Agency Head Name: Kikr Credeur, Superintendent

Salary	\$	115,074
Benfits- health insurance		11,463
Benefits- retirement		32,206
Benefits- Medicare		1,655
Benefits- life insurance -OGB		247
Dues		525
Car allowance		6,000
Reimbursements		481
Travel		579
Registration fees		495
Confernce travel		488
	\$	<u>169,213</u>

**JEFFERSON DAVIS PARISH SCHOOL BOARD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2018**

Schedule 13

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture :			
Passed through Louisiana Department of Education:			
Child Nutritional Cluster:			
Non-Cash Assistance (Commodities):			
National School Lunch Program	10.555	Unavailable	\$ 196,372
School Breakfast Program	10.553	Unavailable	57,593
<i>Non-Cash Assistance Subtotal</i>			<u>253,965</u>
Cash Assistance:			
National School Lunch Program	10.555	Unavailable	\$ 1,870,998
School Breakfast Program	10.553	Unavailable	548,739
<i>Cash Assistance Subtotal</i>			<u>2,419,737</u>
Total Child Nutritional Cluster			<u>2,673,702</u>
Total U.S. Department of Agriculture			<u>2,673,702</u>
U.S. Department of Education :			
Passed through Louisiana Department of Education:			
Special Education Cluster (IDEA):			
Special Education-Grants to States	84.027	{ 28-17-B1-27 28-18-B1-27 }	1,360,015
Special Education-Preschool Grants	84.173	{ 28-18-P1-27 28-17-P1-27 28-18-CY-27 }	59,069
Total Special Education Cluster			<u>1,419,084</u>
Title I-Grants to Local Educational Agencies	84.010	{ 28-17-T1-27 28-18-T1-27 }	1,570,784
Migrant Education-Basic State Grant Program	84.011	{ 28-16-M1-27 }	666
Career and Technical Education -Basic Grants to States	84.048	{ 28-18-02-27 }	73,895
Education for Homeless Children and Youth	84.196	Unavailable	1,143
Improving Teacher Quality State Grants	84.367	{ 28-17-50-27 28-18-50-27 }	363,117
Rural Education	84.358	{ 28-17-RE-27 28-18-RE-27 }	93,781
Striving Readers/ Comprehensive Literacy Grant	84.371	{ 28-16-U2-27 28-16-U3-27 28-15-U4-27 }	42,636
Student Support and Academic Enrichment Program	84.424	28-18-71-27	37,867
Total U.S. Department of Education			<u>3,602,973</u>
U.S. Department of Health and Human Services :			
Passed through Louisiana Department of Education			
Temporary Assistance for Needy Families	93.558	28-18-36-27	726,429
Child Care and Development Block Grant	93.575	{ 28-16-C3-27 28-16-C0-27 }	726,429
Total U.S. Department of Health and Human Services			<u>726,429</u>
Total Expenditures of Federal Awards			<u>\$ 7,003,104</u>

See accompanying notes to schedule of expenditures of federal awards.

JEFFERSON DAVIS PARISH SCHOOL BOARD
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Jefferson Davis Parish School Board and is presented on the modified accrual basis of accounting, the same basis as the accompanying basic financial statements are presented. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. All information is presented for the same fiscal year ending as the accompanying financial statements. Since some of the grants cover fifteen (15) month periods, the amounts contained in the accompanying schedule of expenditures of federal awards may differ from the financial status reports filed with the grantor agency.

2. NONCASH FEDERAL ASSISTANCE –FOOD COMMODITIES

Noncash assistance, received from the U.S. Department of Agriculture, in the form of food commodities are reported in the accompanying schedule of expenditures of federal awards at fair market value of \$253,965.

3. INDIRECT COST RATE

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

4. SUBRECIPIENTS

The Jefferson Davis Parish School Board, acting as regional sponsor for area school boards and community action agencies, provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided
None		-0-
Total		\$ _____ =====

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Mike B. Gillespie
Certified Public Accountant
A Professional Accounting Corporation

Mike B. Gillespie, CPA, CGMA

Jennifer L. Doucet, CPA, CGMA, MBA
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**INDEPENDENT AUDITOR'S 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***

To the Members of the
Jefferson Davis Parish School Board
Jennings, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Jefferson Davis Parish School Board (School Board) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School Boards' basic financial statements, and have issued our report thereon dated December 17, 2018.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as finding 2018-001 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

School Board's Response to Findings

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

Purpose of this Report

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

Mike B. Gillespie, CPA, APAC

Jennings, Louisiana
December 17, 2018

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

To the Members of the
Jefferson Davis Parish School Board
Jennings, Louisiana

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

Mike B. Gillespie, CPA, APAC

Jennings, Louisiana
December 17, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2018

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

1. Type of report issued on financial statements: unmodified opinion on the financial statements
2. Internal control over financial reporting:
 - Material weakness(es) identified? - No
 - Significant deficiencies identified? - Yes
3. Noncompliance material to financial statements noted? - No
4. Was a management letter issued? - No

Federal Awards

5. Internal control over major programs:
 - Material weakness(es) identified? - No
 - Significant deficiencies identified? - None reported
6. Type of auditor's report issued on compliance for major programs: unmodified
7. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? - Yes
8. Major programs included:

<u>CFDA No.</u>	<u>Cluster Title or Program Name</u>
84.010	Title I Grants to Local Educational Agencies

9. The dollar threshold used for distinguishing between Type A and B programs was: \$750,000
10. Did auditee qualify as a low-risk auditee? - Yes

SECTION II – FINANCIAL STATEMENT AUDIT FINDINGS

2018-001: School Cafeteria Bank Account Reconciliations

Criteria/ Specific Requirement: Control activities are considered one of the five basic components of internal control. They consist of the policies and procedures that help ensure that management directives are carried out. Control activities are made up of subcategories, one being accountability. Accountability, in the context of control activities, consists of controls that pertain to reconciliations of the detailed records to the general ledger and/or underlying detail subsidiary ledgers. A deficiency in internal control can occur from a deficiency in design or operation of controls. In this situation it appears that the deficiency is due to a deficiency in design. A deficiency in design exists when either a control necessary to meet the control objectives is missing, or an existing control is not properly designed so that even if the control operates as designed, the control objective would not be met.

Condition: Routine monthly reconciliation controls necessary to meet control objectives appear to be missing or not being utilized in the school cafeteria bank accounts area. In addition, detail transactions for school cafeteria bank accounts are not being integrated into the central office general ledger system on a monthly basis.

Cause of Condition: Tests procedures in the bank reconciliation area indicated that the bank statements for school cafeterias are not being reconciled to Newton computer system on a monthly basis. In addition, it appears that detail transaction activity in cafeteria bank accounts is not being integrated and/or reconciled with the general ledger at the central office on a monthly basis.

Potential Effect of Condition: Lack of effective routine monthly reconciliations of bank statements to the activity occurring in the Newton computer system can lead to both over and under statement of cash and potentially to misappropriation of cash collections. Failure to reconcile these amounts can also lead to student and faculty members not being credited with the proper amounts to their respective lunch accounts. In addition, failure to integrate the detail bank transactions for each school cafeteria bank account into the central office general ledger system on a monthly basis can also cause monthly financial statements to be misstated.

Recommendation: All school cafeterias should implement a daily deposit and reconciliation to point of sale records routine. In addition, all school cafeteria bank statements should be reconciled at least monthly to activity in the Newton computer point of sale system. These reconciliation workpapers should include documented detail subsidiary system ending balance reports by student and faculty member patrons. We further recommend that all school cafeteria bank detail account activity should be entered into the central office general ledger system by day and reconciled on at least a monthly basis. We recommend that each cafeteria bank account be established with its own general ledger account within the School Lunch Fund. Reconciliations to the point of sale system and the central office general ledger system that document detail discrepancies by period should be maintained for review. In addition, error corrections should be documented and cross-referenced back to and from detailed workpapers. Monitoring procedures should be put in place so that someone in management independent of the reconciliation process, reviews and approves the reconciliations and the corrective action taken or to be taken. Preparation and review approvals should be documented to indicate the person and date that each task was performed by.

Management Response /Planned Corrective Action:

Management agrees with the auditor's finding. The recommendations posed by the auditor are currently being reviewed and will be implemented in the 18-19 fiscal year to the extent possible, given our current staffing and with consideration of segregation of duties issues.

SECTION III –MAJOR FEDERAL AWARD PROGRAMS AUDIT FINDINGS AND QUESTIONED COSTS

No findings reported

**JEFFERSON DAVIS PARISH SCHOOL BOARD
MANAGEMENT'S CORRECTIVE ACTION PLAN FOR
CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2018**

SECTION I – FINANACIAL STATEMENT FINDINGS

2018-001: School Cafeteria Bank Account Reconciliations

Condition: Routine monthly reconciliation controls necessary to meet control objectives appear to be missing or not being utilized in the school cafeteria bank accounts area. In addition, detail transactions for school cafeteria bank accounts are not being integrated into the central office general ledger system on a monthly basis.

Cause of Condition: Tests procedures in the bank reconciliation area indicated that the bank statements for school cafeterias are not being reconciled to Newton computer system on a monthly basis. In addition, it appears that detail transaction activity in cafeteria bank accounts is not being integrated and/or reconciled with the general ledger at the central office on a monthly basis.

Recommendation: All school cafeteria bank statements should be reconciled at least monthly to activity in the Newton computer subsidiary system. All school cafeteria bank detail account activity should be entering into the central office general ledger system and reconciled on at least a monthly basis. Reconciliations that document detail discrepancies by period should be maintained for review. In addition, error corrections should be documented and cross-referenced back to and from the original workpapers in which the errors were detailed. Monitoring procedures should be put in place so that someone in management independent of the reconciliation process reviews and approves the reconciliations and the corrective action taken or to be taken. Preparation and review approvals should be documented to indicate the person and date that each task was performed.

Management Response /Planned Corrective Action:

Management agrees with the auditor's finding. The recommendations posed by the auditor are currently being reviewed and will be implemented in the 18-19 fiscal year to the extent possible, given our current staffing and with consideration of segregation of duties issues.

SECTION II – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No current year findings reported.

SECTION III – MANAGEMENT LETTER FINDINGS

Issued in separate report. No findings reported on in current year.

* * * * *

THIS CORRECTIVE ACTION PLAN HAS BEEN PREPARED BY MANAGEMENT

**JEFFERSON DAVIS PARISH SCHOOL BOARD
MANAGEMENT'S STATUS OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2018**

SECTION I – FINANACIAL STATEMENT FINDINGS

No findings reported.

SECTION II – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings reported.

SECTION III – MANAGEMENT LETTER FINDINGS

No findings reported.

* * * * *

THIS STATUS OF PRIOR YEAR FINDNGS HAS BEEN PREPARED BY MANAGEMENT

JEFFERSON DAVIS PARISH SCHOOL BOARD
Jennings, Louisiana

Schedules Required by State Law
(R.S. 24:514 Performance and Statistical Data)
Year Ended June 30, 2018

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**JEFFERSON DAVIS PARISH SCHOOL BOARD
JENNINGS, LOUISIANA**

**SCHEDULES REQUIRED BY STATE LAW
(R.S. 24:514 PERFORMANCE AND STATISTICAL DATA)**

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**Independent Accountant's Report
On Applying Agreed-Upon Procedures
For the Year Ending June 30, 2018**

To the Management of Jefferson Davis Parish School Board

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Jefferson Davis Parish School Board and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of Jefferson Davis Parish School Board for the year ending June 30, 2018 and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) in compliance with Louisiana Revised Statute 24:514 I. Management of the Jefferson Davis Parish School Board is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

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

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

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

Findings: No exceptions were found as a result of applying the procedure.

Class Size Characteristics (Schedule 2)

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

Findings: No exceptions were found as a result of applying the procedure.

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.

Findings: No exceptions were found as a result of applying the procedure.

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).

Findings: No exceptions were found as a result of applying the procedure.

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

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

Mike B. Gillespie, CPA, APAC

Certified Public Accountant

Jennings, Louisiana

December 17, 2018

**General Fund Instructional and Support Expenditures and Certain Local Revenue Sources
For the Year Ended June 30, 2018**

<u>General Fund Instructional and Equipment Expenditures</u>	Column A	Column B
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$16,893,665	
Other Instructional Staff Salaries	1,540,363	
Instructional Staff Employee Benefits	10,776,143	
Purchased Professional and Technical Services	555,590	
Instructional Materials and Supplies	560,203	
Instructional Equipment	-	
Total Teacher and Student Interaction Activities	<u> -</u>	\$30,325,964
Other Instructional Activities		\$ 649,107
Pupil Support Services	\$3,290,241	
Less: Equipment for Pupil Support Services	-	
Net Pupil Support Services	<u> -</u>	\$ 3,290,241
Instructional Staff Services	\$2,325,994	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services	<u> -</u>	<u>\$ 2,325,994</u>
School Administration	\$4,235,733	
Less: Equipment for School Administration	-	
Net School Administration	<u> -</u>	<u>\$4,235,733</u>
Total General Fund Instructional Expenditures (Total of Column B)		<u><u>\$40,827,039</u></u>
Total General Fund Equipment Expenditures (Object 730; Function Series 1000-4000)		<u><u>\$310,370</u></u>
 <u>Certain Local Revenue Sources</u>		
Local Taxation Revenue:		
Advalorem Taxes		
Constitutional Ad Valorem Taxes		\$ 1,386,650
Renewable Ad Valorem Tax		4,820,979
Debt Service Ad Valorem Tax		2,330,954
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes		218,042
Result of Court Ordered Settlement (Ad Valorem)		-
Penalties/Interest on Ad Valorem Taxes		22,897
Taxes Collected Due to Tax Incremental Financing (TIF)(Ad Valorem)		-
Sales Taxes		
Sales and Use Taxes - Gross		\$11,452,387
Sales/Use Taxes - Court Settlement		-
Penalties/Interest on Sales/Use Taxes		197,582
Sales/Use Taxes Collected Due to TIF		-
Total Local Taxation Revenue		<u><u>\$20,429,491</u></u>
Local Earnings on Investment in Real Property:		
Earnings from 16th Section Property		\$ 30,550
Earnings from Other Real Property		2,029
Total Local Earnings on Investment in Real Property		<u><u>\$ 32,579</u></u>
State Revenue in Lieu of Taxes:		
Revenue Sharing - Constitutional Tax		\$ 77,252
Revenue Sharing - Other Taxes		201,285
Revenue Sharing - Excess Portion		25,376
Other Revenue in Lieu of Taxes		-
Total State Revenue in Lieu of Taxes		<u><u>\$ 303,913</u></u>
Nonpublic Textbook Revenue		<u><u>\$ 10,245</u></u>
Nonpublic Transportation Revenue		<u><u>\$ -</u></u>

JEFFERSON DAVIS PARISH SCHOOL BOARD
Jennings, Louisiana

Class Size Characteristics
As of October 1, 2017

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	63%	397	28%	177	8%	47	1%	6
Elementary Activity Classes	50%	53	37%	40	12%	13	1%	1
Middle/Jr. High	26%	17	68%	44	6%	4	0%	0
Middle/Jr. High Activity Classes	30%	6	55%	11	15%	3	0%	0
High School	67%	596	26%	231	6%	55	1%	6
High School Activity Classes	87%	177	7%	15	3%	5	3%	6
Combination Schools	65%	276	30%	125	4%	16	1%	4
Combination Schools Activity Classes	58%	37	28%	18	6%	4	8%	5

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

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**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Management of Jefferson Davis Parish School Board
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the management of Jefferson Davis Parish School Board (JDPSB) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Board or Finance Committee:

1. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

Finding: We obtained and inspected the board/finance committee minutes for the fiscal period, as well as, the board's policy manual effective during the fiscal period.

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Finding: We observed that the board/finance committee met with a quorum monthly during the fiscal period without exception.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

Finding: We observed that no minutes for the fiscal period referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds.

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Finding: We obtained the prior year audit report and observed the unrestricted fund balance in the general fund. The general fund did not have a negative ending unrestricted fund balance in the prior year audit report.

Management's Response/ Planned Corrective Action -

Management agrees with the finding. However, we believe it is fair to note that budget-to-actual comparisons are discussed with the elected board at the time that budget revisions are presented for approval, just not on a monthly basis. In addition, the normal operational nature of the school board dictates that large revenues and expenses items, such as ad valorem tax collections, salaries, employee benefits, and other such items are recorded in spurts of activity in different monthly periods, thereby rendering monthly cash basis budget-to-actual comparisons of budget performance difficult to interpret. For example, nine-month teacher salary expenditures follow a predictable pattern from August through May. Through that point in time in the fiscal year, cash basis budget-to-actual comparisons will show the possibility of considerable budget savings at the close of the fiscal year as of June 30th. However, salary expenditures to these 9-month teachers are annualized over a 12-month period, meaning that the year-end accruals of salaries earned by these teachers for work completed in May will not be recorded until the middle of July – after the fiscal year has ended. This is reflected in the year-end budget revision normally presented to the board for approval each June. However, any cash basis budget-to-actual comparisons presented to the board in a month in which budget revisions are not presented would not show a true picture of budget performance. In addition, the sheer volume of accounts in the school board's fund accounting structure would make it extremely difficult to produce line item budget comparisons on a monthly basis.

It could be argued that only accrual basis comparisons of budget-to-actual budget performance would be of any informational value to stakeholders. Currently, the school board does not employ the quantity of accountants and bookkeepers needed to produce the large volume of information required to produce accrual basis information on a monthly basis. However, we can produce cash basis budget-to-actual comparisons, summarized by function code, for the general funds and major revenue funds that will satisfy this requirement.

Bank Reconciliations

2. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

Finding: Obtained listing of client's bank accounts from management and management's representation that listing is complete. Management has identified the entity's main operating account.

We selected the entity’s main operating account and randomly selected four additional accounts as follows:

<u><i>Location Description</i></u>	<u><i>Account Description</i></u>
<i>Central Office</i>	<i>Master Operating Account</i>
<i>Central Office</i>	<i>Payroll Account</i>
<i>Lake Arthur High</i>	<i>School Activity General Fund</i>
<i>Fenton Elementary</i>	<i>School Cafeteria Account</i>
<i>Laccassine High</i>	<i>School Cafeteria Account</i>

We randomly selected one month during the fiscal period and obtained/inspected corresponding bank statements, reconciliations for each selected account, and observed for the following functions listed below.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Finding: Two of the five accounts selected did not have documented evidence that bank reconciliations were prepared within 2 months of the related statement closing date. Both of these accounts were cafeteria lunch fund accounts. One other account, which was a school activity account, did not indicate documented evidence of who prepared the bank reconciliation.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Finding: Four of the five accounts (the master fund, the payroll, and two cafeteria accounts) in this procedure did not have documented evidence that a member of management/board member had reviewed a reconciliation for the period selected. One of the accounts (a school activity account) indicated the initial of the principal but did not indicate the date of review.

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

Finding: We were only able to obtain three bank reconciliations from the five selected bank accounts. There were no outstanding items for more than 12 months from the statement closing date for the three bank reconciliations that we were able to obtain during this procedure.

Management’s Response/ Planned Corrective Action -

Management agrees with the auditor’s finding. The recommendations posed by the auditor in the Auditor’s report on Internal Controls are currently being reviewed and will be implemented in the 18-19 fiscal year to the extent possible, given our current staffing and with consideration of segregation of duties issues. The school principals will be reminded that it is important to review, sign off, and note the date of review on all school bank reconciliations. The Director of Finance will begin reviewing Central Office bank reconciliations.

Collections

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

Finding: Obtained listing of the deposit sites and management's representation that the listing is complete. We randomly selected five deposit sites.

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

Finding: Obtained listing of cash collection locations and management's representation that the listing is complete. We randomly selected one collection location from each of the five randomly selected deposit sites from procedure #4 as follows:

<u>Deposit Site Description</u>	<u>Collection Location Description</u>
Elton High	Principal's Office
Lacassine High	Principal's Office
Fenton Elementary	School Cafeteria
Hathaway High	School Cafeteria
Lake Arthur Elementary	School Cafeteria

We obtained and inspected written policies and procedures relating to employee job duties, as well as, inquired with employees about their job duties at each collection location and observed whether those job duties are properly segregated at each collection for the following procedures listed below.

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

Finding: No exceptions noted.

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

Finding: For each collection location selected it was noted that each employee responsible for collecting cash is also responsible for preparing/making bank deposits and reconciling collection documentation to the deposit.

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

Finding: For two of the five collection locations tested it was noted that the employee responsible for collecting cash is also responsible for posting collection entries to the general ledger and/or subsidiary ledger and reconciling ledger postings to each other and to the deposit.

The employee responsible for collecting cash uses a point of sale system to enter collections received. That same employee is responsible for reconciling cash collections to the system receipt totals and receipt totals to deposit.

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

Finding: For two of the five collection locations tested it was noted that the employee responsible for reconciling cash collections to the general ledger, by revenue source and/or agency fund additions is also responsible for collecting cash. However, another employee verifies the reconciliation.

The three remaining collection locations that use a point of sale system have the same employee collect cash and reconcile the cash collections to system receipt totals. No other employee verifies the reconciliation.

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

Finding: All employees of the entity that have access to cash are covered by an insurance policy for theft without exception.

6. Randomly select two deposit dates for each of the five bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:

Finding: We were only able to randomly select two deposit dates for three out of the five bank accounts selected for procedure #3 under "Bank Reconciliations". The following procedures were not applicable to one bank account selected, due to it only receiving interbank transfers and not receiving any deposits. We could only select one deposit date from the remaining bank account randomly selected due to only one deposit being made during the month. We obtained supporting documentation for each of the seven deposits and observed for the following procedures listed below.

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

Finding: We observed that three deposits selected from two of the five bank accounts selected did not have documented evidence of sequentially pre-numbered receipts.

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

Finding: We were unable to trace sequentially pre-numbered receipts, system reports and other related collection documentation obtained to the deposit slip for one deposit from one of the five bank accounts selected. It was noted that the person in charge of this collection location was accumulating collections for the entire month and making one deposit at the beginning of the following month. For the period observed, the collections per the cafeteria system did not match to the deposit slip. It was observed that check totals on the monthly deposit slip also included a personal check for \$290.00 from the person in charge of this collection location. No reconciliations were available to determine how the deposit and underlying records balanced.

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

Finding: No exceptions noted.

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

Finding: We observed that one deposit from one of the five bank accounts selected was not made within one business day of receipt at the collection location. It was determined after inquiry, that only one deposit is made per month from this bank account. The responsible employee for this bank account collects payments throughout the month and holds them until making one deposit at the beginning of the following month.

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

Finding: No findings, except see procedure "b" findings.

Management's Response/ Planned Corrective Action -

Management agrees with the findings in this section, and will take corrective action to the extent possible, given the budget status of the school board and its limitations for hiring additional personnel for ensuring proper segregation of duties. However, we do not feel that it is always practical to issue pre-numbered receipts, particularly in the schools since each teacher is a "collection point." School office personnel should be issuing receipts back to the teachers who do turn in the money each day to the office for deposit. We wholeheartedly agree that deposits should be made on a daily basis. This finding will be fixed as soon as possible.

Other

7. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Findings: Management has asserted that the entity did not have any misappropriations of public funds or assets.

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

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance.

Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Mike B. Gillespie, CPA, APAC

Mike B. Gillespie, CPA, APAC

Jennings, Louisiana

December 17, 2018