

**Sabine Parish School Board
Many, Louisiana**

**Financial Statements and
Independent Auditor's Reports
as of and for the Year Ended
June 30, 2018**

Fortenberry & Ballard, PC
Certified Public Accountants

SABINE PARISH SCHOOL BOARD

TABLE OF CONTENTS

	Statement	Page
Independent Auditor’s Report		5
Required Supplementary Information - Part I		
Management’s Discussion and Analysis		9
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Position	A	20
Statement of Activities	B	21
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C	22
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Position	D	23
Statement of Revenues, Expenditures, and		
Changes in Fund Balances	E	24
Reconciliation of the Governmental Funds Statement		
of Revenues, Expenditures, and Changes in Fund		
Balances to the Statement of Activities	F	25
Fiduciary Fund - Statement of Fiduciary Assets and Liabilities	G	26
Notes to the Financial Statements		28
Required Supplementary Information - Part II		
General Fund		71
Schedule of the School Board’s Proportionate Share of the Net Pension Liability –		
Teachers’ Retirement System of Louisiana (LSERS)		73
Schedule of the School Board’s Proportionate Share of the Net Pension Liability –		
Louisiana School Employee’s Retirement Systems (TRSL)		74
Schedules of the School Board Contributions –		
Teachers’ Retirement System of Louisiana (LSERS)		75
Schedules of the School Board Contributions –		
Louisiana School Employee’s Retirement Systems (TRSL)		76
Schedule of the School Board’s Proportionate Share of the Total OPEB Liability		77
Schedules of the School Board Contributions (OPEB)		78

Notes to the Required Supplementary Information		79
Supplementary Information Schedules:		
Nonmajor Governmental Funds:		
Combining Balance Sheet		83
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances		84
Supplementary Information Schedules		85
Agency Fund - Schedule of Changes in Deposit Balances of Individual School Activity Funds		88
Capital Assets Information:		
Schedule of Capital Assets by Function		89
Schedule of Changes in Capital Assets by Function		89
Schedule of Compensation Paid Board Members		90
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer		91
Schedule of Expenditures of Federal Awards		92
Notes to the Schedule of Expenditures of Federal Awards		93
Other Reports Required by <i>Government Auditing Standards</i> and By Uniform Guidance		
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		95
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by Uniform Guidance		97
Schedule of Findings and Questioned Costs		100
Schedules Required by State Law		
Agreed-Upon Procedures Report (R.S. 24:514 Performance and Statistical Data)		103
General Fund Instructional and Support Expenditures and Certain Local Revenue Sources	1	105
Class Size Characteristics	2	106
Agreed-Upon Procedures Report (R.S. 24:514 Control and Compliance)		107

FINANCIAL AUDIT REPORT

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL
STATEMENTS AND SUPPLEMENTARY INFORMATION

Superintendent and School Board
Sabine Parish School Board

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 Sabine Parish School Board as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Sabine Parish School Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 School Board'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 Sabine Parish School Board, as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the school board adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result, net position as of July 1, 2017, has been restated. 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, budgetary comparison information, the Schedule of the School Board's Proportionate Share of the Net Pension Liability, the Schedule of School Board's Contributions, the Schedule of the School Board's Proportionate Share of the Total OPEB Liability, and the Schedule of School Board's Contributions (OPEB) on pages 9 to 18 and 71 to 81, respectively, 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 Sabine Parish School Board's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit

Requirements for Federal Awards, the combining nonmajor fund financial statements, Agency Fund - Schedule of Changes in Deposit Balances of Individual School Activity Fund, Capital Assets Information, Schedule of Compensation Paid Board Members, and the Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, the combining nonmajor fund financial statements, Agency Fund - Schedule of Changes in Deposit Balances of Individual School Activity Fund, Capital Assets Information, Schedule of Compensation Paid Board Members, and the Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information mentioned above is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2018, on our consideration of the Sabine Parish School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Sabine Parish 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 Sabine Parish School Board's internal control over financial reporting and compliance.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
December 12, 2018

Certified Public Accountants

REQUIRED SUPPLEMENTARY INFORMATION
PART I

**SABINE PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

The following discussion and analysis of Sabine Parish School Board's financial performance provides an overview of the School Board's financial activities for the year ended June 30, 2018. The intent of this discussion and analysis is to look at the School Board's performance as a whole. Readers are encouraged to review the financial statements and the notes to the financial statements to enhance their understanding of the School Board's financial performance. Information contained in this section is qualified by the more detailed information contained elsewhere in this School Board's financial statements, notes to financial statements and any accompanying materials. To the extent this discussion contains any forward-looking statements of the School Board's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

FINANCIAL HIGHLIGHTS

- Total net position for 2018 decreased \$53,034,329, including a prior period adjustment of (\$54,113,542), due primarily to the effect of recording the total OPEB liability and corrections made to the components of Net Pension Liability for prior year, which represents a 133% decrease from fiscal year 2017. Total net position for 2017 increased \$1,736,751, including a prior period adjustment of \$2,380,770, which represents a 4% increase from fiscal year 2016.
- General revenues account for \$44,093,375 in revenue, or 81% of all revenues. This amount was more, amount wise, than the general revenues reported for the year 2017 of \$41,618,115, or 78% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$10,294,344 or 19% of total revenues, compared with \$11,449,486 or 22% in 2017.
- Sabine Parish School Board had \$53,308,506 in expenses, a decrease of 1% from \$53,711,620 in expenses from the prior year. Of these expenses, \$10,294,344 was offset by program specific charges for services, grants and contributions in 2018.
- Among major funds, the General Fund had \$37,512,194 in revenues and \$37,768,705 in expenditures. In 2017, the General Fund had had \$36,127,158 in revenues and \$35,473,766 in expenditures. The General Fund's fund balance increased \$647,571, including a prior period adjustment of (\$21,093), over the prior year.
- Capital assets, net of accumulated depreciation, decreased by \$295,403, including a prior period adjustment of (\$7,135). Capital assets decreased from 2017 due primarily to the retirements to land and vehicles and equipment.
- Long-term debt decreased by \$1,602,001. This decrease from prior year was due primarily to principal payments on outstanding long-term debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the School Board's basic financial statements, which include government-wide financial statements, fund financial statements, and

Sabine Parish School Board
Management's Discussion and Analysis
For the Year Ended June 30, 2018

notes to the financial statements. This report also contains required supplementary information and supplementary information.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the School Board's finances. These statements consist of the Statement of Net Position and the Statement of Activities, which are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. The current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position presents information on all the School Board's nonfiduciary assets, deferred outflows, liabilities, and deferred inflows, with the differences between them reported as "net position". Over time, increases or decreases in School Board's net position may serve as a useful indicator of whether its financial position is improving or deteriorating.

The Statement of Activities presents information showing how the School Board's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years.

The government-wide financial statements outline functions of the School Board that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the School Board include instruction, support services, food services, community service programs, pension expense, OPEB expense, and interest on long-term debt.

Fund Financial Statements

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

Governmental funds - Most of the School Board's general activities are reported in its governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental funds are accounted for using the modified accrual basis of accounting and the flow of current financial resources measurement focus. The approach focuses on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at year end. The governmental fund statements provide a detailed view of the School Board's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar

Sabine Parish School Board
Management's Discussion and Analysis
For the Year Ended June 30, 2018

information presented for governmental activities in the government-wide financial statements. By doing so, readers may gain a better understanding of the long-term impact of the School Board's near-term financing decisions. The governmental funds Balance Sheet is reconciled to the Statement of Net Position, and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances is reconciled to the Statement of Activities to facilitate this comparison between governmental funds and governmental activities in the government-wide financial statements.

The School Board maintains individual governmental funds in accordance with the *Louisiana Accounting & Uniform Governmental Handbook*, published by the Louisiana Department of Education. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for all major funds. All non-major funds are combined and presented in these statements as other governmental funds.

Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the School Board. Fiduciary funds are not reflected in the government-wide financial statements because resources of those funds are not available to support the School Board's own programs. These funds are reported using the accrual basis of accounting. The School Board is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

Reconciliation of Government-wide and Fund Financial Statements

The financial statements include two schedules that reconcile the amounts reported on the governmental funds financial statements (modified accrual basis of accounting) with government-wide financial statements (accrual basis of accounting). The following summarizes the major differences between the two statements:

Capital assets used in governmental activities are not reported on governmental funds financial statements.

Capital outlay spending results in capital assets on government-wide financial statements, but is reported as expenditures on the governmental funds financial statements.

Bond and note proceeds result in liabilities on government-wide financial statements, but are recorded as other financing sources on the governmental funds financial statements.

A net pension liability and total OPEB liability result in liabilities on the government-wide financial statements but are not reported on governmental funds financial statements.

Certain other outflows represent either increases or decreases in liabilities on the government-wide financial statements, but are reported as expenditures on the governmental funds financial statements.

Sabine Parish School Board
Management's Discussion and Analysis
For the Year Ended June 30, 2018

Notes to the financial statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents budgetary comparison schedules, the Schedule of the School Board's Proportionate Share of the Net Pension Liability, Schedule of School Board Contributions, Schedule of the District's Proportionate Share of the Total OPEB Liability, and Schedule of District Contributions (OPEB) as required supplementary information. The School Board adopts an annual operating budget for all governmental funds. A budgetary comparison schedule has been provided for the General Fund as required by the Governmental Accounting Standards Board.

Supplementary Information

Additionally, a Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, the combining nonmajor fund financial statements, Agency Fund - Schedule of Changes in Deposit Balances of Individual School Activity Funds, Capital Asset Information, Schedule of Compensation Paid Board Members, and the Schedule of Compensation, Benefits and Other Payments to Agency head or Chief Executive Officer can be found in this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

Net position may serve over time as a useful indicator of government's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$93,002,927 as of June 30, 2018.

The School Board's financial position is a product of several financial transactions including the net result of activities, the acquisition and payment of debt, the other post-employment benefits liability, the acquisition and disposal of capital assets and the depreciation of capital assets.

Table 1 presents a summary of the School Board's net position at June 30, 2018 and June 30, 2017.

Sabine Parish School Board
Management's Discussion and Analysis
For the Year Ended June 30, 2018

Table 1
Condensed Statement of Net Position

	June 30, 2018	June 30, 2017	Percentage Change
Current assets	\$ 31,717,196	33,220,373	-5%
Capital assets, net	35,618,434	35,913,837	-1%
Total assets	67,335,630	69,134,210	-3%
Deferred outflows of resources	10,758,597	10,926,825	-2%
Current liabilities	6,753,161	8,845,496	-24%
Long-term debt	21,884,091	23,431,634	-7%
Net Pension Liability and Other Postemployment Benefits	132,544,798	86,246,083	54%
Total liabilities	161,182,050	118,523,213	36%
Deferred inflows of resources	9,915,104	1,506,420	558%
Net position:			
Net investment in capital assets	14,650,435	13,343,837	10%
Restricted	9,889,103	9,944,326	-1%
Unrestricted	(117,542,465)	(63,256,761)	-86%
Total net position (deficit)	\$ (93,002,927)	(39,968,598)	-133%

Additional information on unrestricted net position:

In connection with the application of standards on accounting and financial reporting for pensions and OPEB, management presents the following additional information:

Total unrestricted net position (deficit)	\$ (117,542,465)
Less unrestricted deficit in net position resulting from recognition of the net pension liability and total OPEB liability including the related deferred outflows and deferred inflows	131,701,305
Unrestricted net position, exclusive of the net pension liability and total OPEB liability effect	\$ 14,158,840

The following are significant current year transactions that have had an impact on the Statement of Net Position.

- Decrease in net capital assets in the amount of \$295,403.
- The principal retirement of \$2,459,132 of long-term debt.
- Inception of capital leases totaling \$857,131.
- Implementation of GASB 75 which resulted in the recognition of the total OPEB liability in the amount of \$80,361,649.

Sabine Parish School Board
Management's Discussion and Analysis
For the Year Ended June 30, 2018

Changes in net position

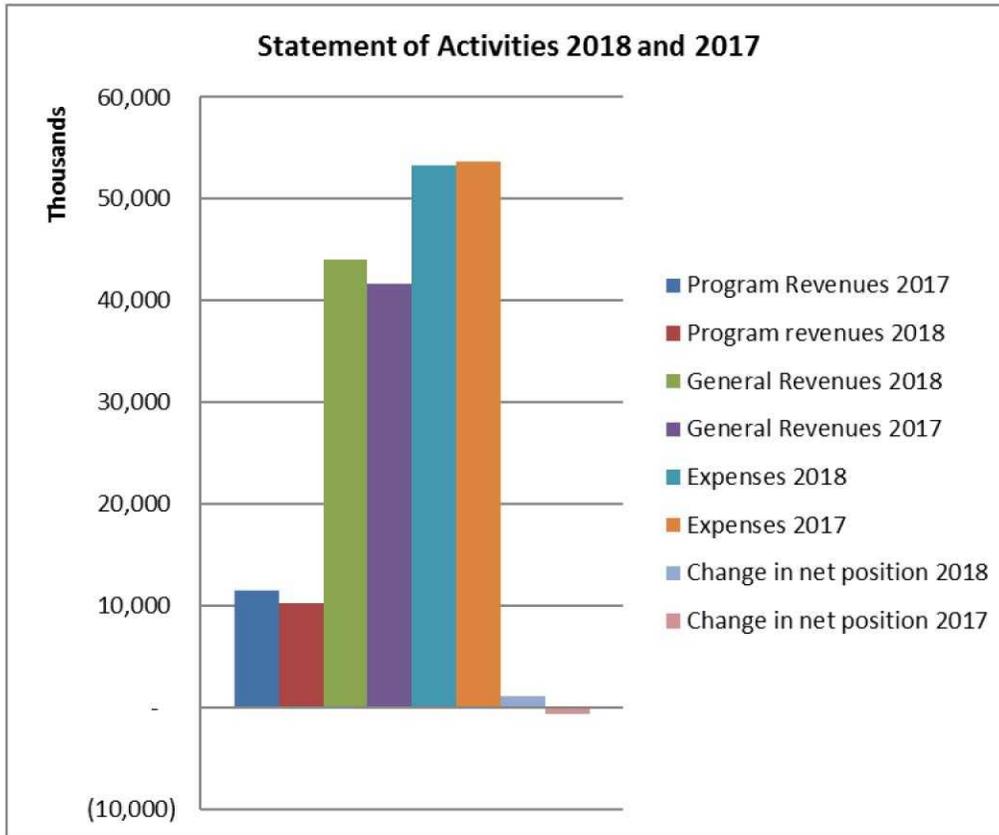
The School Board's total revenues for the fiscal years ended June 30, 2018 and 2017 were \$54,387,719 and \$53,067,601, respectively. The total cost of all programs and services was \$53,308,506 for 2018 and \$53,711,620 for 2017.

Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2018 and June 30, 2017.

Table 2
Changes in Net Position

	For the Year Ended June 30, 2018	For the Year Ended June 30, 2017	Percentage Change
Revenues:			
<u>Program revenues</u>			
Charges for services	\$ 579,156	\$ 1,065,607	-46%
Operating grants & contributions	9,715,188	10,383,879	-6%
Total program revenues	<u>10,294,344</u>	<u>11,449,486</u>	-10%
<u>General revenues</u>			
Property taxes	6,462,467	6,422,634	1%
Sales and use taxes	9,703,993	8,151,435	19%
State revenue sharing	147,562	151,918	-3%
Minimum foundation program	27,234,872	26,669,601	2%
Interest & investment earnings	358,323	165,193	117%
Miscellaneous	186,158	57,334	225%
Total general revenues	<u>44,093,375</u>	<u>41,618,115</u>	6%
Total Revenues	<u>54,387,719</u>	<u>53,067,601</u>	2%
Expenses:			
Instruction	23,537,451	21,381,197	10%
Support services	18,834,524	22,328,484	-16%
Food services	2,705,379	2,983,121	-9%
Community service programs	38,031	33,406	14%
Pension expense	3,057,628	6,063,735	-50%
OPEB expense	4,284,045	-	N/A
Interest on long-term debt	851,448	921,677	-8%
Total Expenses	<u>53,308,506</u>	<u>53,711,620</u>	-1%
Increase (decrease) in net position	<u>1,079,213</u>	<u>(644,019)</u>	-268%
Net position (Deficit), July 1, 2017, as previously reported	(39,968,598)	(41,705,349)	4%
Prior period adjustment	(54,113,542)	2,380,770	2373%
Net position (Deficit), July 1, 2017, as restated	<u>(94,082,140)</u>	<u>(39,324,579)</u>	-139%
Net position (Deficit), June 30, 2018	<u>\$ (93,002,927)</u>	<u>\$ (39,968,598)</u>	-133%

Sabine Parish School Board
Management's Discussion and Analysis
For the Year Ended June 30, 2018



Governmental activities

The following table presents the cost of the seven major School Board functional activities: instruction, support services, food services, community service programs, pension expense, OPEB expense and interest on long-term debt. The table also shows each functional activity's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost presents the financial burden that was placed on the State and School Board's taxpayers by each of these functions.

Sabine Parish School Board
Management's Discussion and Analysis
For the Year Ended June 30, 2018

Functional expenses	2018	2017	2018	2017
	Expenses	Expenses	Net (Expense)/ Revenue	Net (Expense)/ Revenue
Instruction	\$ 23,537,451	21,381,197	(20,697,022)	(17,774,657)
Support services	18,834,524	22,328,484	(11,983,472)	(15,077,090)
Food services	2,705,379	2,983,121	(2,102,516)	(2,391,569)
Community service programs	38,031	33,406	(38,031)	(33,406)
Pension expense	3,057,628	6,063,735	(3,057,628)	(6,063,735)
OPEB expense	4,284,045	-	(4,284,045)	-
Interest on long-term debt	851,448	921,677	(851,448)	(921,677)
Total	<u>\$ 53,308,506</u>	<u>53,711,620</u>	<u>(43,014,162)</u>	<u>(42,262,134)</u>

- Net cost of governmental activities (\$43,014,162), was financed by general revenues. General revenues consist of the Minimum Foundation Program funding, \$27,234,872, property taxes, \$6,462,467, sales and use taxes, \$9,703,993, investment earnings, \$358,323, state revenue sharing, \$147,562 and miscellaneous, \$186,158.

FINANCIAL ANALYSIS OF THE SCHOOL BOARD'S FUNDS

As noted earlier, the School Board uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the School Board's governmental funds is to provide information on current inflows, outflows and balances of spendable resources. Such information is useful in assessing the Board's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Board's net resources available for spending at the end of the fiscal year.

The financial performance of the Board as a whole is reflected in its governmental funds. As the Board completed the year, its governmental funds reported a combined fund balance of \$25,235,710, an increase of \$576,411, including a prior period adjustment of (\$21,077). \$15,074,932 or 60% of the fund balance is unassigned, which represents the residual classification for the general fund's fund balance that has not been assigned to other funds and that has not been restricted or assigned to specific purposes within the general fund. The remaining fund balance of \$10,160,778 or 40% is restricted to indicate that it is not available for spending except only for the purposes to which it is restricted.

The General Fund is the principal operating fund of the Board. The increase in fund balance in the General Fund for the fiscal year was \$647,571, including a prior period adjustment of (\$21,093). The fund balance of Other Governmental Funds decreased \$71,160, including a prior period adjustment of \$16.

Sabine Parish School Board
Management's Discussion and Analysis
For the Year Ended June 30, 2018

BUDGETARY HIGHLIGHTS

During the year, the School Board revised the annual operating budget. Historical data, tentative allocations of state and federal funds, legislative mandates, and anticipated needs are used to determine original budget amounts.

The Board's original budget was prepared with the Board's goals and long range commitments in mind, using historical data, tentative allocations or estimates of state and federal funds, legislative mandates, staffing studies, and current and anticipated needs. Over the course of the year, the Board revised the annual operating budget as changes occurred.

At the time the original budget was prepared only estimates were available for federal funding. Typically original budgets are prepared using prior year allocation as estimates. Once federal awards were known, budgets were amended to the actual grant award amount. Over the course of the year, the Board revised the annual operating budget.

A schedule showing the original and final budget amounts compared to the Board's actual financial activity for the General Fund is provided in this report as required supplementary information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2018, the Board's total capital assets were \$68,380,896, including land, school buildings, buses, other school vehicles, furniture and equipment. This amount represents an increase of \$1,347,656 from the previous year. Total accumulated depreciation as of June 30, 2018 was \$32,762,462, and total depreciation expense for the year was \$1,856,669, resulting in total net capital assets of \$35,618,434.

	2018	2017	Percentage Change
Land	\$ 329,343	350,343	-6%
Buildings & improvements	32,469,261	33,579,098	-3%
Vehicles & equipment	2,819,830	1,984,396	42%
Total	<u>\$ 35,618,434</u>	<u>35,913,837</u>	-1%

Additional information about the Board's capital assets can be found in Note 7 of this report.

Debt Administration. At June 30, 2018, the School Board had \$21,884,091 in long-term debt outstanding, \$19,979,000 constitutes bonds outstanding, \$676,999 capital leases, \$312,000 certificates of indebtedness and \$916,092 in compensated absences payable, of which \$2,084,741 is due within one year.

Sabine Parish School Board
Management's Discussion and Analysis
For the Year Ended June 30, 2018

	2018	2017	Percentage Change
Compensated absences	\$ 916,092	861,634	6%
Capital leases - Buses	676,999	-	N/A
Certificates of indebtedness	312,000	541,000	-42%
General obligation bonds	19,979,000	22,029,000	-9%
Total long-term debt	<u>\$ 21,884,091</u>	<u>23,431,634</u>	-7%

Additional information of the Board's long-term debt can be found in Note 12 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Sabine Parish School Board elected and appointed officials considered the following factors and indicators when setting next year's budget, rates, and fees.

1. Minimum foundation program revenues
2. Taxes (ad valorem and sales)
3. Intergovernmental revenues (federal and state grants)

The Sabine Parish School Board does not expect any significant changes in next year's results as compared to the current year.

CONTACTING THE SCHOOL BOARD'S FINANCIAL MANAGEMENT

The financial report is designed to provide citizens, taxpayers, parents, students, and investors and creditors with a general overview of the School Board's finances and to show the School Board's accountability for the financial resources it receives. If you have questions about this report, please contact Dr. Sara Ebarb, Superintendent or Mr. Rodney Wilson, Director of Finance, at the Sabine Parish School Board, PO Box 1079, Many, LA 71449, telephone number (318) 256-9228.

BASIC FINANCIAL STATEMENTS

SABINE PARISH SCHOOL BOARD
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 19,149,180
Cash with fiscal agents	283,683
Investments	7,845,242
Receivables	4,383,177
Inventory	52,133
Other current assets	3,781
Capital assets, non-depreciable:	
Land	329,343
Capital assets (net of accumulated depreciation):	
Buildings & building improvements	32,469,261
Furniture & equipment	2,819,830
Total Assets	<u>67,335,630</u>
Deferred Outflows of Resources	
Deferred outflows - pensions	8,232,091
Deferred outflows - OPEB	2,526,506
Total Deferred Outflows of Resources	<u>10,758,597</u>
Liabilities	
Accounts payable, salaries payable, and other payables	6,452,486
Other current liabilities	29,000
Accrued interest payable	271,675
Long-term liabilities (due within one year):	
Capital related liabilities	2,038,936
Non-capital related liabilities	45,805
Long-term liabilities (due beyond one year):	
Capital related liabilities	18,929,063
Non-capital related liabilities	870,287
Net pension liability	52,183,149
Other postemployment benefits liability	80,361,649
Total Liabilities	<u>161,182,050</u>
Deferred Inflows of Resources	
Deferred inflows - pensions	5,457,555
Deferred inflows - OPEB	4,457,549
Total Deferred Inflows of Resources	<u>9,915,104</u>
Net Position	
Net Investment in Capital Assets	14,650,435
Restricted For:	
Debt Service	1,156,618
Capital Projects	2,763,417
Food Service	1,096,002
Workers' Compensation	5,112
Other Purposes	4,867,954
Unrestricted	(117,542,465)
Total Net Position (Deficit)	<u>\$ (93,002,927)</u>

The accompanying notes are an integral part of this statement.

SABINE PARISH SCHOOL BOARD

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Instruction:				
Regular programs	13,685,081	455,539	105,882	(13,123,660)
Special programs	5,057,384	--	--	(5,057,384)
Vocational programs	1,210,709	--	--	(1,210,709)
All other programs	3,584,277	--	2,279,008	(1,305,269)
Support services:				
Student services	787,105	--	113,415	(673,690)
Instructional staff support	3,251,680	--	5,436,915	2,185,235
General administration	1,018,259	--	--	(1,018,259)
School administration	2,126,944	--	--	(2,126,944)
Business services	541,699	--	--	(541,699)
Plant services	7,421,185	--	--	(7,421,185)
Student transportation services	3,103,404	--	--	(3,103,404)
Central services	584,248	--	1,300,722	716,474
Food services	2,705,379	123,617	479,246	(2,102,516)
Community service programs	38,031	--	--	(38,031)
Pension expense	3,057,628	--	--	(3,057,628)
OPEB expense	4,284,045	--	--	(4,284,045)
Interest on long-term debt	851,448	--	--	(851,448)
Total Governmental Activities	<u>\$ 53,308,506</u>	<u>\$ 579,156</u>	<u>\$ 9,715,188</u>	<u>(43,014,162)</u>
Taxes:				
Property taxes, levied for general purposes				4,253,801
Property taxes, levied for debt services				2,202,780
Property taxes				5,886
Sales and use taxes, levied for general purposes				9,703,993
State revenue sharing				147,562
Grants and contributions not restricted to specific purposes:				
State Source - Minimum Foundation Program				27,234,872
Interest and investment earnings				358,323
Miscellaneous				186,158
Total general revenues				<u>44,093,375</u>
Change in net position				1,079,213
Net position (Deficit), Beginning, as previously reported				(39,968,598)
Prior period adjustment				(54,113,542)
Net position (Deficit), Beginning, as restated				<u>(94,082,140)</u>
Net position (Deficit), June 30, 2018				<u>\$ (93,002,927)</u>

The accompanying notes are an integral part of this statement.

SABINE PARISH SCHOOL BOARD
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 9,350,159	\$ 9,799,021	\$ 19,149,180
Cash with fiscal agents	283,683	--	283,683
Investments	7,845,242	--	7,845,242
Receivables	1,613,694	2,769,483	4,383,177
Due from other funds	1,713,801	109,523	1,823,324
Inventories	--	52,133	52,133
Other current assets	3,781	--	3,781
Total Assets	<u>\$ 20,810,360</u>	<u>\$ 12,730,160</u>	<u>\$ 33,540,520</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts payable, salaries payable, and other payables	\$ 5,701,316	\$ 751,170	\$ 6,452,486
Due to other funds	--	1,823,324	1,823,324
Deposits due others	29,000	--	29,000
Total Liabilities	<u>5,730,316</u>	<u>2,574,494</u>	<u>8,304,810</u>
Fund Balances:			
Restricted:			
Workers' Compensation	5,112	--	5,112
Debt Service	--	1,428,293	1,428,293
Capital Projects	--	2,763,417	2,763,417
Food Service	--	1,096,002	1,096,002
Other Purposes	--	4,867,954	4,867,954
Unassigned	<u>15,074,932</u>	<u>--</u>	<u>15,074,932</u>
Total Fund Balances	<u>15,080,044</u>	<u>10,155,666</u>	<u>25,235,710</u>
Total Liabilities and Fund Balances	<u>\$ 20,810,360</u>	<u>\$ 12,730,160</u>	<u>\$ 33,540,520</u>

The accompanying notes are an integral part of this statement.

SABINE PARISH SCHOOL BOARD*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**TO THE STATEMENT OF NET POSITION**JUNE 30, 2018*

Total fund balances for governmental funds	\$ 25,235,710
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	35,618,434
Liabilities due in one year are not recognized in the funds.	(2,084,741)
Payables for bond principal which are not due in the current period are not reported in the funds.	(18,277,000)
Payables for capital leases which are not due in the current period are not reported in the funds.	(514,063)
Payables for bond interest which are not due in the current period are not reported in the funds.	(271,675)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(870,287)
Other long-term liabilities which are not due and payable in the current period are not reported in the funds.	(138,000)
Recognition of the Sabine Parish 's proportionate share of the net pension liability is not reported in the funds.	(52,183,149)
Deferred Inflows of Resources related to the pension plan are not reported in the funds.	(5,457,555)
Deferred Outflows of Resources related to the pension plan are not reported in the funds.	8,232,091
Recognition of the Sabine Parish 's proportionate share of the total OPEB liability is not reported in the funds.	(80,361,649)
Deferred Inflows of Resources related to the OPEB plan are not reported in the funds.	(4,457,549)
OPEB contributions made after the measurement date but in current FY were de-expended & reduced NPL.	<u>2,526,506</u>
Net position of governmental activities	<u>\$ (93,002,927)</u>

The accompanying notes are an integral part of this statement.

SABINE PARISH SCHOOL BOARD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Local sources:			
Taxes:			
Ad valorem	\$ 1,074,905	\$ 5,387,562	\$ 6,462,467
Sales and use	7,762,897	1,941,096	9,703,993
Interest earnings	229,867	128,456	358,323
Charges for services	--	123,617	123,617
Other	501,769	79,834	581,603
Total Local Sources	<u>9,569,438</u>	<u>7,660,565</u>	<u>17,230,003</u>
State sources:			
Minimum Foundation Program	27,194,872	40,000	27,234,872
Other	747,884	111,288	859,172
Total State Sources	<u>27,942,756</u>	<u>151,288</u>	<u>28,094,044</u>
Federal Sources			
	--	8,877,514	8,877,514
Total Revenues	<u>37,512,194</u>	<u>16,689,367</u>	<u>54,201,561</u>
Expenditures:			
Current:			
Instruction:			
Regular programs	16,489,269	12,725	16,501,994
Special programs	5,490,853	412,185	5,903,038
Vocational programs	1,355,270	60,228	1,415,498
All other programs	1,311,221	2,730,772	4,041,993
Support services:			
Student services	2,014,406	264,470	2,278,876
Instructional staff support	1,674,502	2,111,159	3,785,661
General administration	798,264	264,369	1,062,633
School administration	2,440,522	77,111	2,517,633
Business services	621,587	20,638	642,225
Plant services	1,283,600	2,916,962	4,200,562
Student transportation services	2,764,895	301,906	3,066,801
Central services	866,248	83,765	950,013
School food services	109,514	2,883,627	2,993,141
Community service programs	21,381	16,650	38,031
Capital outlay	163,823	1,515,573	1,679,396
Debt service:			
Principal retirement	356,132	2,103,000	2,459,132
Interest and bank charges	6,868	851,513	858,381
Other	350	5,464	5,814
Total Expenditures	<u>37,768,705</u>	<u>16,632,117</u>	<u>54,400,822</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(256,511)</u>	<u>57,250</u>	<u>(199,261)</u>
Other Financing Sources (Uses):			
Inception of capital leases	857,131	--	857,131
Proceeds from disposal of real property	311	2,134	2,445
Transfers In	474,898	1,788,517	2,263,415
Transfers Out	(344,338)	(1,919,077)	(2,263,415)
Local Revenue Transfers - Charter Schools	(62,827)	--	(62,827)
Total Other Financing Sources (Uses)	<u>925,175</u>	<u>(128,426)</u>	<u>796,749</u>
Net Change in Fund Balances	668,664	(71,176)	597,488
July 1, 2017, as previously reported	14,432,473	10,226,826	24,659,299
Prior period adjustment	(21,093)	16	(21,077)
July 1, 2017, as restated	<u>14,411,380</u>	<u>10,226,842</u>	<u>24,638,222</u>
June 30, 2018	<u>\$ 15,080,044</u>	<u>\$ 10,155,666</u>	<u>\$ 25,235,710</u>

The accompanying notes are an integral part of this statement.

SABINE PARISH SCHOOL BOARD

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018*

Net change in fund balances - total governmental funds	\$ 597,488
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	1,626,873
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,856,669)
Trade-in or disposal of capital assets decrease net position in the SOA but not in the funds.	(58,472)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	2,050,000
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	180,132
Other long-term liabilities which are not due and payable in the current period are not reported in the funds.	229,000
(Increase) decrease in accrued interest from beginning of period to end of period.	12,747
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(54,458)
Proceeds of leases do not provide revenue in the SOA, but are reported as current resources in the funds.	(857,131)
Proportionate share of non-employer contributing entity revenue.	183,713
Pension contributions made after the measurement date but in current FY were de-expended & reduced NPL.	6,367,663
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	(3,057,628)
OPEB expense relating to GASB 75 is recorded in the SOA but not in the funds.	(4,284,045)
Change in net position of governmental activities	<u>\$ 1,079,213</u>

The accompanying notes are an integral part of this statement.

SABINE PARISH SCHOOL BOARD
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2018

	Agency Fund
Assets	
Cash and Cash Equivalents	\$ 498,416
Total Assets	<u>\$ 498,416</u>
Liabilities	
Amounts Due to Others	\$ 498,416
Total Liabilities	<u>\$ 498,416</u>

The accompanying notes are an integral part of this statement.

Sabine Parish School Board

Notes to the Financial Statements
For the Year Ended June 30, 2018

SABINE PARISH SCHOOL BOARD

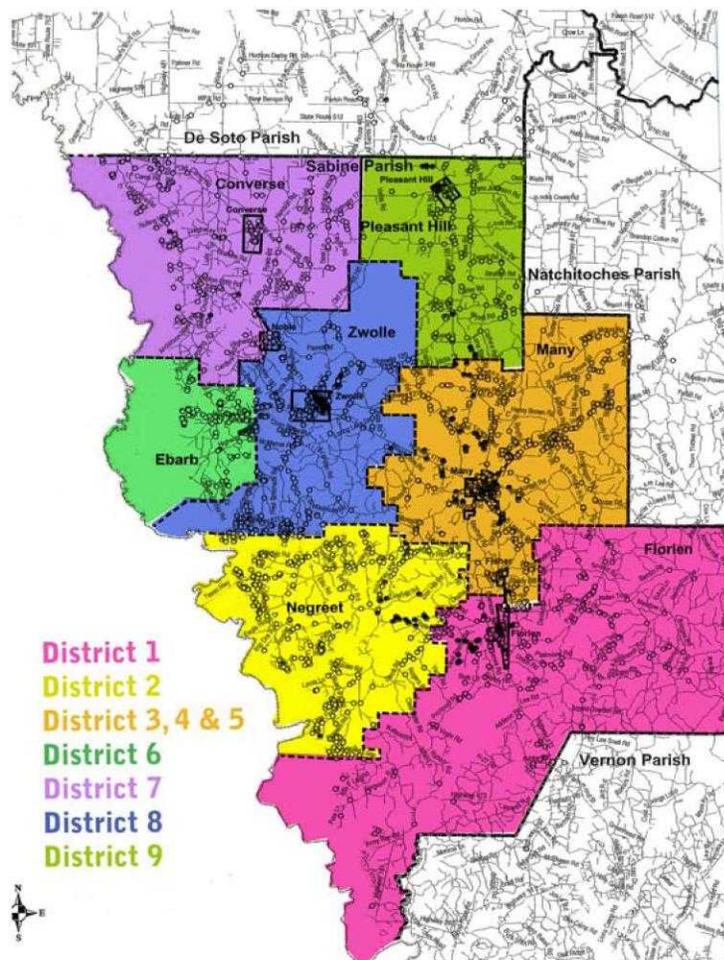
Notes to the Financial Statements

For the Year Ended June 30, 2018

INTRODUCTION

The Sabine Parish School Board was created by Louisiana Revised Statute (R.S.) 17:51 to provide public education for the children within Sabine 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 members who are elected from nine School Boards for terms of four years.

The School Board operates 10 schools within the parish with a total enrollment of 4,399 pupils. The School Board serves an area of approximately 1,012 square miles. In conjunction with the regular educational programs, some of these schools offer special education and/or adult education programs. In addition, the School Board provides transportation and school food services for the students.



SABINE PARISH SCHOOL BOARD

Many, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

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

This financial report has been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, issued in June 1999.

B. FINANCIAL REPORTING ENTITY

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, 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. Additionally, GASB Statement No. 80, *Blending Requirements for Certain Component Units*, clarifies the display requirements in GASB Statement No. 14 by requiring these component units to be blended into the primary state and local government’s financial statements in a manner similar to a department or activity of the primary government. The School Board also has no component units, defined by GASB Statements No. 14 and 80 as other legally separate organizations for which the elected School Board members are financially accountable. There are no other primary governments with which the School Board has a significant relationship.

C. FUNDS

The School Board uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain School Board functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Funds of the School Board are classified into two categories: governmental and fiduciary, as follows:

SABINE PARISH SCHOOL BOARD

Many, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

Governmental Funds

Governmental funds account for all or most of the School Board's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the School Board. The following are the School Board's primary governmental funds:

General fund - the primary operating fund of the School Board and it accounts for all financial resources, except those required to be accounted for in other funds. The General Fund's resources are available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to School Board policy.

Special revenue funds - account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes, or designated by the School Board to be accounted for separately.

Debt service funds - account for the accumulation of resources for, and the payment of long-term debt principal, interest, and related costs.

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

Fiduciary Funds

The only fund accounted for in this category by the School Board is the agency fund. The agency fund accounts for assets held by the School Board as an agent for schools, and school organizations. This fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. Consequently, the agency fund has no measurement focus, but uses the accrual basis of accounting.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Government-Wide Financial Statements (GWFS)

The Statement of Net Position (Exhibit A) and the Statement of Activities (Exhibit B) display information about the reporting government as a whole. These statements include all the financial activities of the School Board, except for the fiduciary fund. Fiduciary funds are reported only in the Statement of Fiduciary Assets and Liabilities at the fund financial statement level.

SABINE PARISH SCHOOL BOARD

Many, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

The GWFS were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

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

Allocation of Indirect Expenses - The School Board reports all direct expenses by function in the Statement of Activities (Exhibit B). Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Fund Financial Statements (FFS)

Governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental funds financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental funds statements.

Fund financial statements report detailed information about the School Board. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

Governmental funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School Board

SABINE PARISH SCHOOL BOARD

Many, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

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

Federal commodities are recognized as revenues in the accounting period they are received. Food service income is recorded when collected. All food service income applicable to an accounting period is collected during the fiscal year.

Ad valorem taxes are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December, January, and February of the fiscal year.

Sales and use tax revenues are recorded in the month collected by the tax collector.

Interest earnings are recorded when the investments have matured and the interest is available.

Revenues from rentals, leases, and oil royalties are recorded when earned. Substantially all other revenues are recorded when received.

Expenditures

Salaries are recorded as expenditures when earned. Teacher salaries are earned over a nine (9) month period, but are paid over a twelve (12) month period.

Purchases of various operating equipment and supplies are recorded as expenditures in the accounting period they are purchased.

Commitments under construction contracts are recognized as expenditures when earned by the contractor.

Food costs are recognized as expenditures in the period in which the food is consumed.

SABINE PARISH SCHOOL BOARD

Many, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

Substantially all other expenditures are recognized when the related fund liability has been incurred.

Other Financing Sources (Uses)

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

Unearned Revenues

The School Board reports unearned revenues on its FFS balance sheet. Unearned revenues arise when resources are received by the School Board before it has a legal claim to them, as when grant monies are received before the incurrence of qualifying expenditures. In subsequent periods, when the School Board has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and the revenue is recognized.

E. BUDGETS

The School Board adopts annual budgets on the General Fund and special revenue funds. The proposed budgets are prepared by the business manager, the superintendent, and the finance committee of the School Board during April and/or May of each year. During June and/or July, the availability of the proposed budgets for public inspection and the date of the public hearing on the budgets are advertised in an official journal. At its first meeting in June or July, the School Board holds a public hearing on the proposed budgets in order to receive comments from residents. Changes are made to the proposed budgets based on the results of the public hearing and the desires of the School Board as a whole. The budgets are then adopted, and notice is published in an official journal.

The budgets are prepared on the modified accrual basis of accounting and all appropriations lapse at year end. Encumbrances are not formally recognized within the accounting system for budgetary control purposes; however, outstanding purchase orders are taken into consideration before expenditures are incurred to ensure that applicable appropriations are not exceeded. Formal budgetary integration (within the accounting records) is employed as a management control device.

The superintendent of schools is authorized to transfer amounts between line items within a fund; however, when requested by the School Board, budgetary comparisons are prepared and presented to the School Board during a regular meeting. The School Board reviews these comparisons and proposed amendments, makes changes as it deems necessary, and formally adopts the amendments.

SABINE PARISH SCHOOL BOARD

Many, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

The adoption of the amendments is included in the School Board minutes published in the official journal. Budget amounts included in the accompanying financial statements include the originally adopted and the final amended budget amounts.

F. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those income-producing items with original maturities of 90 days or less. Under state law, the School Board may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

G. INVESTMENTS

Investments are limited by R.S. 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

In accordance with Louisiana Revised Statute (LSA-R.S.) 32:2955, the School Board, upon determination of the availability of funds in excess of immediate cash requirements by its treasurer or chief financial officer and in the exercise of prudent judgment, may invest in direct US Treasury Obligations, bonds, debentures, notes, or other evidence of indebtedness guaranteed by federal agencies or the US government instrumentalities, provided that such obligations are backed by the full faith and credit of the US government. The School Board may invest in savings accounts and certificates of deposit of state banks organized under the laws of Louisiana or national banks having their principal offices in the state of Louisiana. Additionally, the School Board may invest in mutual or trust fund institutions, limited to 25% of the funds considered available for investment under this section. These mutual or trust fund institutions must be registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940 and have underlying investments consisting solely of securities of the United States government or its agencies.

Investments are stated at fair value.

H. SHORT-TERM INTERFUND RECEIVABLES/ PAYABLES

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

SABINE PARISH SCHOOL BOARD

Many, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

I. INVENTORIES

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 (USDA) through the Louisiana Department of Agriculture and Forestry. Inventory items purchased are valued at the lower of cost, using the first-in, first-out (FIFO) method. Costs are recorded as expenditures at the time individual items are consumed (consumption method). Commodities are assigned values based on information provided by the USDA, also on a FIFO basis. The amount of commodity inventory is included in unearned revenue until consumed.

J. CAPITAL ASSETS

Capital assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The School Board maintains a threshold level of \$5,000 for equipment and vehicles, \$25,000 for land improvements, and \$50,000 for buildings and building improvements. Expenditures for maintenance, repairs and minor renewals are charged as an expenditure as incurred.

Capital assets are recorded in the GWFS, but are not reported in the FFS. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purposes by the School Board, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land improvements	N/A
Buildings and building improvements	10 - 40 years
Furniture and fixtures	5 - 10 years
Vehicles	5 - 10 years
Equipment	5 - 10 years

K. COMPENSATED ABSENCES

The School Board's policy relating to vacation leave is that all 12-month employees earn 12 days of vacation leave each year. Vacation time may be accumulated up to 20 days maximum. Upon separation, all unused vacation leave shall be paid to the employee at the next pay period at the employee's current rate of pay.

Dependent upon months employed anywhere from 10 to 12 days of sick leave can be accumulated per year and can be accumulated without limitation. Upon retirement or death, unused sick leave of up to 25 days is paid to the employee (or heirs) at the employee's current rate of pay. Under the Louisiana Teachers' Retirement, the total

SABINE PARISH SCHOOL BOARD

Many, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

unused accumulated sick leave, including the 25 days paid, is included in the retirement benefits calculation as earned service.

Sabbatical leave may be granted for medical leave or for professional and cultural improvement. Any employee with a teaching certificate is entitled, subject to approval by the School 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.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental funds financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

L. EQUITY CLASSIFICATION

In the government-wide statements, net position is classified, and displayed in three components:

1. Net investment in capital assets—consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowing attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net position—consists of net position with constraints placed on use either by (a) external groups such as creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation. At June 30, 2018, Sabine Parish School Board reported \$9,889,103 in restricted net position.
3. Unrestricted net position—all other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

GASB Statement 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*” provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

SABINE PARISH SCHOOL BOARD

Many, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

- Nonspendable fund balance—amounts that are not in a spendable form (such as prepaid items) or are required to be maintained intact; currently there is no nonspendable fund balance for this School Board;
- Committed fund balance—amounts constrained to a specific purpose by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint; currently there is no committed fund balance for this School Board;
- Restricted fund balance—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Assigned fund balance—amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority; currently there is no assigned fund balance for this School Board;
- Unassigned fund balance—amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Board establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board through adoption or amendment of the budget as intended for a specific purpose (such as for the purchase of capital assets, construction, debt service, or other purposes).

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available, it is the School Board's general policy to use restricted resources first. When expenditures/expense are incurred for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the School Board's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

M. 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 reductions of expenditures in the fund that is reimbursed.

SABINE PARISH SCHOOL BOARD

Many, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transactions are reported as transfers.

N. SALES TAXES

The Sabine Parish Sales Tax Commission is authorized to collect, within Sabine Parish, the following sales and use taxes for the benefit of the Sabine Parish School Board:

1. A 1% parish-wide sales and use tax with the net proceeds, after deducting cost of collection, administration, and the portion dedicated to supplement salaries of School Board employees and/or operations of the public schools within the parish.
2. A one-half of 1% sales and use tax within the territorial boundaries of the Many School District Number 34 (Sales Tax School Board No. 1) with the net proceeds, after deducting costs of collection, administration, and proceeds dedicated to construction, improving, operating and maintaining the public school building and facilities of Many School District Number 34. Additionally, the School Board is authorized to fund the net proceeds of the tax in bonds to be issued for any capital purpose of Sales Tax School Board No. 34.
3. A one-half of 1% sales and use tax within the territorial boundaries of the Sabine Parish, excluding the Many School District Number 34 (Sales Tax School Board No. 2), with the net proceeds, after deducting costs of collection, administration, and proceeds dedicated to construction, improving, operating and maintaining the public school building and facilities of Sales Tax School Board Number 2. The proceeds of the tax are to be allocated for expenditures within the various schools, underlying the School Board, on a per pupil basis. Additionally, the School Board is authorized to fund the net proceeds of the tax in bonds to be issued for any capital purpose of the Sales Tax School Board Number 2.
4. A 1% parish-wide sales and use tax with the net proceeds, after deducting costs of collection, administration, and the portion dedicated to supplement salaries of School Board employees.

O. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State and School Employees' Life and Health Plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market

SABINE PARISH SCHOOL BOARD

Many, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

P. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

Q. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial 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 and so will not be recognized as an outflow of resources (expense) until then. The school board has deferred outflows which are presented as deferred outflows for pension and OPEB.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time. The school board has deferred inflows which are presented as deferred inflows for pension and OPEB.

See Note 18 for further details.

R. NEW PRONOUNCEMENTS

In June 2017, the GASB issued GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This statement is effective for fiscal years beginning after June 15, 2017.

SABINE PARISH SCHOOL BOARD

Many, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

2. LEVIED TAXES

The following ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. During the fiscal year ended June 30, 2018, taxes were levied by the School Board in August 2009, and were billed to taxpayers by the Assessor in November. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year.

The taxes are based on assessed values determined by the Tax Assessor of Sabine Parish and are collected by the Sheriff. The taxes are remitted to the School Board net of deductions for Pension Fund contributions.

For the year ended June 30, 2018, taxes were levied on property with net assessed valuations totaling \$175,497,712, and were dedicated as follows:

Parish-wide Taxes:

Constitutional 5.35 mills

Maintenance 9.02 mills

School Board Taxes:

School Board No. 20 (South Sabine) - maintenance 7.82 mills, debt service 10.47 mills

School Board No. 62 (Negreet) - maintenance 6.63 mills, debt service 11.26 mills

School Board No. 34 (Many) - maintenance 7.23 mills, debt service 30.25 mills

School Board No. 17 (Ebarb) - maintenance 16.09 mills, debt service 19.25 mills

School Board No. 8 (Converse) - maintenance 12.90 mills, debt service 6.02 mills

School Board No. 42 (Pleasant Hill) - maintenance 11.82 mills, debt service 2.85 mills

School Board No. 61 (Zwolle) - maintenance 11.17 mills, debt service 12.80 mills

Gross taxes levied for the current fiscal year totaled \$6,284,274. After deductions for various pension distributions and uncollectible taxes and collections of back taxes, net taxes remitted to the School Board amounted to \$6,462,467.

3. CASH AND CASH EQUIVALENTS AND CASH WITH FISCAL AGENTS

At June 30, 2018, the School Board has cash and cash equivalents (book balances) totaling \$19,149,180 in governmental funds and \$498,416 in fiduciary funds in interest-bearing demand deposits. These deposits are stated at cost, which approximates market.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that, in the event of the failure of a financial institution, the School Board's deposits may not be recovered or will not be able to recover the collateral securities that are in possession of an outside party. 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

SABINE PARISH SCHOOL BOARD

Many, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

custodial bank that is mutually acceptable to both parties.

At June 30, 2018, the School Board had \$20,246,154 in deposits (collected bank balances). These deposits are secured from risk by \$500,000 of federal deposit insurance and \$19,746,154 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

The carrying amount of School Board's cash with fiscal agents held by financial institutions was \$283,683.

4. INVESTMENTS

As of June 30, 2018, the Sabine Parish School Board had the following investments:

<u>Investment type</u>	<u>Rating</u>	<u>Maturity</u>	<u>Fair Value</u>
Certificate of deposit	n/a	less than one year	\$ 1,100,000
Certificate of deposit	n/a	more than one year	5,032,375
United States Treasury Notes	n/a	more than one year	962,820
United States Treasury Notes	n/a	less than one year	<u>750,047</u>
			\$ <u>7,845,242</u>

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 in puts.

The School Board has the following recurring fair value measurements as of June 30, 2018:

- Level 1 type of investments of \$7,845,242 are valued using quoted market prices (Level 1 inputs)

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The School Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School Board does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

Custodial Credit Risk - Investments. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, 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 does not have a formal investment policy that addresses custodial credit risk.

SABINE PARISH SCHOOL BOARD

Many, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

Concentration of Credit Risk. Concentration of credit risk for investments is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. GASB Statement No. 40 requires disclosure by issuer and amount of investments for any one issuer that represents five percent (5%) or more of total investments for the School Board. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of June 30, 2018, the School Board did not have any investments to which this would apply.

5. RECEIVABLES

The receivables of \$4,383,177 at June 30, 2018, are as follows:

Class of Receivable	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total
Taxes:					
Sales and use	\$ 767,898	\$ 191,991	\$ -	\$ -	\$ 959,889
Intergovernmental grants:					
Federal	-	2,119,347	-	-	2,119,347
State	194,567	-	-	-	194,567
Local accounts	541,706	109,523	447,384	10,761	1,109,374
	\$1,504,171	\$2,420,861	\$ 447,384	\$ 10,761	\$ 4,383,177

The School Board expects to collect the full amount; therefore, no allowance for doubtful accounts has been established.

6. DUE TO/FROM FUNDS

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

Receiving Fund	Paying Fund	Amount
General Fund	Other Governmental	\$ 1,713,801
Other Governmental	Other Governmental	109,523
Total		\$ 1,823,324

The purpose of the due from/to other funds was to cover deficit cash balances. All balances are expected to be repaid within one year from the date of the financial statements.

SABINE PARISH SCHOOL BOARD

Many, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

7. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2018, is as follows:

	Balance, July 1, 2017	Additions	Retirements	Adjustments	Balance, June 30, 2018
Land	\$ 350,343	9,000	30,000	-	\$ 329,343
Buildings and improvements	61,790,699	381,062	-	-	62,171,761
Vehicles and equipment	4,892,198	1,236,811	177,842	(71,375)	5,879,792
Total capital assets	<u>67,033,240</u>	<u>1,626,873</u>	<u>207,842</u>	<u>(71,375)</u>	<u>68,380,896</u>
Accumulated depreciation:					
Buildings and improvements	28,211,601	1,490,899	-	-	29,702,500
Vehicles and equipment	2,907,802	365,770	149,370	(64,240)	3,059,962
Total accumulated depreciation	<u>31,119,403</u>	<u>1,856,669</u>	<u>149,370</u>	<u>(64,240)</u>	<u>32,762,462</u>
Net capital assets	<u>\$35,913,837</u>	<u>(229,796)</u>	<u>58,472</u>	<u>(7,135)</u>	<u>35,618,434</u>

Adjustments were made to properly present capital assets at year end.

Depreciation expense of \$1,856,669 for the year ended June 30, 2018, was charged to the following governmental functions:

<u>Depreciation Expense:</u>	<u>Amount</u>
Instruction	\$ 8,504
Support services	1,834,050
Food services	14,115
Total depreciation expense	<u>\$ 1,856,669</u>

8. RETIREMENT SYSTEMS

Substantially all employees of the School Board are members of two statewide retirement systems. In general, professional employees (such as teachers and principals) and lunchroom workers are members of the Teachers' Retirement System of Louisiana; other employees, such as custodial personnel and bus drivers, are members of the Louisiana School Employees' Retirement System. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

A. Teachers' Retirement System of Louisiana (TRSL)**Plan Description**

Employees of Sabine Parish School Board are provided with pensions through a cost-sharing multiple-employer defined benefit plan administered by the Teachers' Retirement System of

SABINE PARISH SCHOOL BOARD

Many, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

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.

The System's employer pension schedules were prepared using the accrual basis of accounting. Member and employer contributions are recognized when due, pursuant to formal commitments as well as statutory or contractual requirements. The member's earnable compensation is attributed to the employer(s) for which the member is employed as of June 30, 2017.

Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's plan fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues, expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated amounts.

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, survivor's benefits, permanent benefit increases/cost-of-living adjustments and optional retirement plan (ORP). Participants should refer to the appropriate statutes for more complete information.

1. 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 or are eligible for an actuarially reduced benefit with at least 20 years of service credit 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 or are eligible for an actuarially reduced benefit with 20 years of service credit at any age. Members hired between **July 1, 1999 and December 31, 2010**, are eligible for a 2.5% benefit factor at the earliest of age 60 with 5 years of service credit, age 55 with 25 years of service credit, or at any age with 30 years of service. Members may retire with an actuarially reduced benefit with 20 years of service credit at any age. If hired before **July 1, 1999**, members are eligible for a 2% benefit factor at the earliest of age 60 with at least 5 years of service credit or at any age with 20 years of service credit, or a 2.5% benefit factor, age 55 with 25 years of service credit, age 65 with 20 years of service credit, or at any age with 30 years of service credit.

SABINE PARISH SCHOOL BOARD

Many, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

Plan A - Members may retire with a 3.0% benefit factor at age 55 with 25 years of service credit, age 60 with at least five years of service credit, or any age with 30 years of service credit. Plan A is closed to new entrants.

Plan B - Members may retire with a 2.0% benefit factor at age 55 with at least 30 years of service credit, or age 60 (hired before July 1, 2015) with at least 5 years of service credit, or age 62 (after July 1, 2015) with 5 years of service credit, or an actuarially reduced benefit with at least 20 years of service credit 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 monthly benefit payable until the member's death. In lieu of the maximum monthly benefit, the member can elect to receive a reduced monthly benefit payable in the form of a Joint and Survivor Option, or a monthly benefit 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 monthly 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.

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

Upon termination of DROP participation, the member can continue employment and earn additional accruals to be added to the fixed pre-DROP benefit.

SABINE PARISH SCHOOL BOARD

Many, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

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.

3. DISABILITY RETIREMENT 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.

4. SURVIVOR BENEFITS

A surviving spouse with minor children of a deceased active member with at least 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% benefit factor for all creditable service.

5. 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 ad hoc 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.

SABINE PARISH SCHOOL BOARD

Many, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

6. 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.

Employer 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.

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 for the year ended June 30, 2018, are as follows:

SABINE PARISH SCHOOL BOARD

Many, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

TRSL Sub Plan	Total Employer Contribution
	2018
K-12 Regular Plan	26.6%
Higher Ed Regular Plan	25.4%
Plan A	26.6%
Plan B	26.6%
ORP	Employer UAL
2018	22.2%

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 \$5,878,240 for the year ended June 30, 2018.

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

At June 30, 2018, the School Board reported a liability of \$48,404,034 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School Board's proportion of the net pension liability 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 entities, actuarially determined. The School Board's proportionate share used to calculate the June 30, 2018 net pension liability was 0.47394 percent, which was based on a measurement date of June 30, 2017. This was a decrease of 0.01242 percent from its proportionate share used to calculate the June 30, 2017 net pension liability, which was based on a measurement date of June 30, 2016.

For the year ended June 30, 2018, the School Board recognized pension expense of \$2,691,870.

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

SABINE PARISH SCHOOL BOARD

Many, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 905,742	\$ 2,816,930
Changes of Assumptions	512,359	
Net difference between projected and actual earnings on pension plan investments		1,254,935
Changes in Proportionate Share	249,126	1,103,870
School Board contributions subsequent to the measurement date	5,878,240	
Total	<u>\$ 7,545,467</u>	<u>\$ 5,175,735</u>

\$5,878,240 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 Ending June 30:	
2019	(\$2,246,196)
2020	566,416
2021	(320,250)
2022	<u>(1,508,478)</u>
Total	<u>\$ (3,508,508)</u>

Actuarial Assumptions

The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	June 30, 2017
Actual 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.

SABINE PARISH SCHOOL BOARD

Many, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

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. The resulting expected long-term rate of return was 8.33% for 2017. 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 2017	Long Term Expected Real Rate of Return
Domestic Equity	27.00%	4.28%
International Equity	19.00%	4.96%
Domestic Fixed Income	13.00%	1.98%
International Fixed Income	5.50%	2.75%
Private Equity	25.50%	8.47%
Other Private Assets	10.00%	3.51%

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 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 to Changes in Discount Rate

The following presents the proportionate share of the net pension liability of the school board calculated using the discount rate of 7.70%, as well as what the School Board's net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage point higher than the current rate.

SABINE PARISH SCHOOL BOARD

Many, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

	<u>1.0% Decrease (6.70%)</u>	<u>Current Discount Rate (7.70%)</u>	<u>1.0% Increase (8.70%)</u>
School Board's proportionate share of the net pension liability for 2018	\$ 62,606,420	\$ 48,587,747	\$ 36,662,400

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.

B. Louisiana School Employees' Retirement System (LSERS)

General Information about the Pension Plan

Plan Description

Employees of Sabine Parish School Board are provided with pension through a cost-sharing multiple-employer defined benefit plan administered by the State of Louisiana School Employees' Retirement System (LSERS). Section 11:1001 of the Louisiana Revised Statutes grants to LSERS Board of Trustees and the Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the plan.

The System's Employer Pension Schedules are prepared using the accrual basis of accounting. Members' earnable compensation, for which the employer allocations are based, is recognized in the period in which the employee is compensated for services performed and attributed to the employer for which the member is employed during the period.

Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues, and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily related to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated amounts.

Benefits Provided

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

SABINE PARISH SCHOOL BOARD

Many, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

Benefits

Benefit provisions are authorized and amended by Louisiana Revised Statutes 11:1141 – 11:1153.

A member who joined the System on or before June 30, 2010, is eligible for normal retirement if he has at least 30 years of creditable service regardless of age, 25 years of creditable service and is at least age 55, 20 years of creditable service regardless of age with an actuarially reduced benefit, or 10 years of creditable service and is at least age 60. A member who joined the System on or after July 1, 2010, is eligible for normal retirement if he has at least 5 years of creditable service and is at least age 60, or 20 years of creditable service regardless of age with an actuarially reduced benefit. A member who joined the System on or after July 1, 2015 is eligible for normal retirement if he has at least five years of creditable service and is at least age 62, 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 plus a supplementary allowance of \$2.00 per month for each year of service limited to 100% of final average compensation. 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.

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, who has withdrawn from active service prior to the age at which he is eligible for retirement benefits, is eligible for a disability benefit until normal retirement age. A member who joins the System on or after July 1, 2006, must have at least ten years of service to qualify for disability 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.

SABINE PARISH SCHOOL BOARD

Many, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

Deferred Retirement Option Plan (DROP)

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, 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 DROP. 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 System. 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 System and employment, a participant may receive his DROP monies either in a lump sum payment from the account or disbursements in a manner approved by the board.

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.

Initial Benefit Retirement Plan (IBRP)

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 certain benefit options. 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).

EMPLOYER CONTRIBUTIONS

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 contribution rate for the year ended June 30, 2017, was 27.3%.

Contributions to the pension plan from the School Board were \$489,423 for the year ended June 30, 2018.

SABINE PARISH SCHOOL BOARD

Many, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

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

At June 30, 2018, the Employer reported a liability of \$3,779,115 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School Board's proportion of the net pension liability was based on a projection of the School Board's long-term share of contribution to the pension plan relative to the projected contributions of all participating entities actuarially determined. The School Board's proportionate share used to calculate the June 30, 2018 net pension liability was 0.590554 percent, which was based on a measurement date of June 30, 2017. This was an increase of 0.025391 percent from its proportionate share used to calculate the June 30, 2017 net pension liability, which was based on a measurement date of June 30, 2016.

For the year ended June 30, 2018, the School Board recognized pension expense of \$365,758.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,612	\$ 88,125
Changes in assumptions	79,240	58,872
Net difference between projected and actual investments earnings on pension plan investments		59,093
Changes in proportionate share	115,349	75,730
School Board contributions subsequent to the measurement date	489,423	
Total	<u>\$ 686,624</u>	<u>\$ 281,820</u>

\$489,423 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 to 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 Ending June 30:	
2019	\$ (142,904)
2020	170,874
2021	24,909
2022	<u>(137,498)</u>
Total	<u>\$ (84,619)</u>

SABINE PARISH SCHOOL BOARD

Many, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

ACTUARIAL ASSUMPTIONS

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

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return (discount rate)	7.125%, per annum; net of plan investment expenses, including inflation
Inflation Rate	2.625% per annum
Mortality Rate	RP-2000 Sex Distinct Mortality Table RP-2000 Disabled Lives Mortality Table
Expected Remaining Service Lives	3 years, closed period
Cost of Living Adjustments (COLA)	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.
Salary Increases, including inflation and merit increase	2008-2012 experience study, ranging from 3.075% to 5.375%

The total pension liability has been changed to recognize that a portion of future investment gains will be used to fund the System's Experience Account. Since neither the existing funds in the account nor future deposits to the account may be used to pay for existing benefits the liability was added for one future cost of living increase to the system's liabilities. However, since it will take an act of the legislature to pay a cost of living increase from the Experience Account and such an act will be dependent upon a range of economic and political factors, no pattern of future increases can be forecast on a reliable basis. Hence, no liability for payments beyond that of one future COLA is included in the total pension liability.

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

SABINE PARISH SCHOOL BOARD

Many, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

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 resulting 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:

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income		
Core Fixed Income	8.00%	2.02%
High Yield	5.00%	4.43%
Emerging Markets Debt	7.00%	4.71%
Global Fixed Income	10.00%	1.38%
Equity		
US Equity	20.00%	6.44%
Developed Equity	18.00%	7.40%
Emerging Markets Equity	10.00%	9.42%
Global REITs	3.00%	5.77%
Alternative		
Private Equity	5.00%	10.47%
Hedge Fund of Funds	3.00%	3.75%
Real Estate	5.00%	5.00%
Real Assets		
Timber	2.00%	5.67%
Oil & Gas	2.00%	10.57%
Infrastructure	2.00%	6.25%
Total	<u>100.00%</u>	

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 Public Employees' Retirement Systems Actuarial Committee, taking into consideration the recommendation of the pension plan's actuary. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

SABINE PARISH SCHOOL BOARD

Many, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

SENSITIVITY TO CHANGES IN DISCOUNT RATE

The following presents the School Board’s proportionate share of the net pension liability calculated using the discount rate of 7.125%, as well as what the School Board’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

	<u>1% Decrease (6.125%)</u>	<u>Current Discount Rate (7.125%)</u>	<u>1% Increase (8.125%)</u>
School Board's proportionate share of the net pension liability	\$ 5,180,722	\$ 3,779,115	\$ 2,575,462

RETIREMENT SYSTEM AUDIT REPORT

The System issued a stand-alone audit report on its financial statements for the year ended June 30, 2017. Access to the audit report can be found on the Louisiana Legislative Auditor’s official website at www.lla.la.gov and on the System’s website at www.lasers.net.

9. STATE OF LOUISIANA POST-RETIREMENT BENEFIT PLAN

Plan Description

The Sabine Parish School Board's (SPSB) employees participate in the State of Louisiana's OPEB plan. The Office of Group Benefits (OGB) administers the State of Louisiana Post-Retirement Benefit Plan – a defined-benefit, multiple-employer other post-employment benefit plan that is not administered as a formal trust. The plan provides medical, prescription drug and life insurance benefits to retirees, disabled retirees, and their eligible beneficiaries through premium subsidies. Current employees, who participate in an OGB health plan while active, are eligible for plan benefits if they enrolled in the OGB health plan immediately before the date of retirement and retire under one of the state sponsored retirement systems (Louisiana State Employees’ Retirement System, Teachers’ Retirement System of Louisiana, Louisiana School Employees’ Retirement System, or Louisiana State Police Retirement System) or they retire from a participating employer that meets the qualifications in the Louisiana Administrative Code 32:3.303. Benefit provisions are established under RS 42:821 for life insurance benefits and LRS 42:851 for health insurance benefits. The obligations of the plan members, employer(s), and other contributing entities to contribute to the plan are established or may be amended under the authority of R.S. 42:802.

Premium amounts vary depending on the health plan selected and if the retired member has Medicare coverage. OGB offers several different plan options for both active and retired employees. OGB offered to retirees under age 65 four self-insured healthcare plans and one fully insured plan. Retired employees who have Medicare Part A and Part B coverage had access to

SABINE PARISH SCHOOL BOARD

Many, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

these plans and an additional four fully insured Medicare Advantage plans.

Employer contributions are based on plan premiums and the employer contribution percentage. This percentage is based on the date of participation in an OGB plan (before or after January 1, 2002) and employee years of service at retirement. Employees who begin participation or rejoin the plan before January 1, 2002, pay approximately 25% of the cost of active coverage (except single retirees under age 65 who pay approximately 25% of the active employee cost). Employees who begin participation or rejoin on or after January 1, 2002, the percentage of premiums contributed by the employer and retiree is based on the following schedule:

<u>OGB Participation</u>	<u>Employer Contribution Percentage</u>	<u>Employee Contribution Percentage</u>
Under 10 years	19%	81%
10-14 years	38%	62%
15-19 years	56%	44%
20+ years	75%	25%

In addition to healthcare benefits, retirees may elect to receive life insurance benefits. Basic and supplemental life insurance is available for the individual retirees and spouses of retirees subject to maximum values. Employers pay approximately 50% of monthly premiums for individual retirees. Participating retirees paid \$0.54 each month for each \$1,000 of life insurance and \$0.98 each month for each \$1,000 of spouse life insurance. Life insurance amounts are reduced to 75% of the initial value at age 65 and to 50% of the original amount at age 70. The retiree is responsible for 100% of the premium for dependents. Effective January 1, 2018, the total monthly premium for retirees varies according to age group.

Employer contributions for health premiums of retired employees for the fiscal year ended June 30, 2018, totaled \$2,526,506.

Funding Policy

The plan is currently financed on a pay-as-you-go basis under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments due.

Total Collective OPEB Liability, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the School Board reported a liability of \$80,361,649 for its proportionate share of the collective OPEB Liability. The total collective OPEB liability was measured as of July 1, 2017, and was determined by an actuarial valuation as of that date. The School Board's proportionate share of the restated total collective OPEB liability at June 30, 2017 was \$83,061,658. The total OPEB liability as of July 1, 2016 was determined based on a roll backward of the July 1, 2017 valuation assuming no gains or losses due to experience. As of July 1, 2017, the College's current year proportion was 0.014779 percent. This was an

SABINE PARISH SCHOOL BOARD

Many, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

increase of 0.000014 percent from the proportionate share as of the measurement date of June 30, 2016.

For the year ended June 30, 2018, the College recognized total OPEB expense of \$4,284,045 and reported deferred outflows of resources and deferred inflows of resources related to OPEB from the followings sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$	\$ 4,457,549
School board contributions subsequent to the measurement date	2,526,506	
Total	\$ <u>2,526,506</u>	\$ <u>4,457,549</u>

Deferred outflows of resources related to OPEB resulting from the School Board's benefit payments subsequent to the measurement date will be recognized as a reduction of the total collective OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:

2019	\$ (819,402)
2020	(819,402)
2021	(819,402)
2022	(819,402)
2023	(819,402)
Thereafter	<u>(360,539)</u>
Total	\$ <u>(4,457,549)</u>

Actuarial Assumptions

The total collective 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.

SABINE PARISH SCHOOL BOARD

Many, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

Valuation Date	July 1, 2017
Actuarial Cost Method	Entry Age Normal, level percent of pay
Inflation Rate	2.80%
Discount Rate	3.13% based on the June 30, 2017 S&P 20 year municipal bond index rate
Healthcare cost trend rates	7.0% for pre-Medicare eligible employees decreasing by .25% each year, beginning in 2020-2021, to an ultimate rate of 4.5% in 2029; 5.5% for post-Medicare eligible employees, beginning in 2020-2021, decreasing 0.25% per year through 2024, to an ultimate rate of 4.5% for 2023-2024 and later years. The initial trend was developed using the National Health Care Trend Survey; the ultimate trend was developed using a building block approach which considers Consumer Price Index, Gross Domestic Product, and technology growth.
Retirees' share of benefit-related costs	Baseline per capita cost (PCCs) reflect 2017 claims and enrollment and retiree contributions were based on 2018 premiums. Claims experience was trended to the valuation date.
Age Related Morbidity	Per capita cost (PCCs) were adjusted to reflect expected cost differences due to age and gender. The expected impact of the increase in Coverage Gap Brand Discounts from 50% to 70% in 2019 has been incorporated in the PCCs.
Mortality – Non-disabled	RP-2014 Combined Healthy Mortality Table, projected on a fully generational basis by Mortality Improvement Scale MP-2017
Mortality – Disabled	RP-2014 Disabled Retiree Mortality Table, projected on a fully generational basis by Mortality Improvement Scale MP-2017

The average of the expected remaining service lives of all employees that are provided with benefits through the plan (active and inactive employees) determined as of July 1, 2017, is 4.48 years.

The actuarial assumptions used by the pension plans covering the same participants were used for the retirement, termination, disability and salary scale assumptions.

Changes of assumptions and other inputs

The discount rate has been decreased from 3.80% to 3.13% since the previous valuation. Additionally, a discount rate of 2.71% was used to measure the liability using a measurement date of July 1, 2016. Under GASB 75, unfunded plans are required to use a discount rate that reflects the 20 year tax-exempt municipal bond yield or index rate. Thus, the discount rates of 3.13% and 2.71% are based on S&P Municipal Bond 20-year High Grade Rate Index as of June 30, 2017 and June 30, 2016, respectively. The discount rate used under the GASB 45 valuation was selected by the plan sponsor.

Sensitivity of the proportionate share of the total collective OPEB liability to changes in the discount rate

The following chart presents the School Board's proportionate share of the total collective OPEB

SABINE PARISH SCHOOL BOARD

Many, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

liability using the current discount rate, as well as what the School Board’s proportionate share of the total collective OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	Current	
	Discount Rate	1.0% Increase
1.0% Decrease	-3.13%	-4.13%
	-2.13%	
\$ 94,329,055	80,361,649	69,299,694

Sensitivity of the proportionate share of the total collective OPEB liability to changes in the Healthcare cost trend rates

The following chart presents the School Board’s proportionate share of the total collective OPEB liability using the current healthcare cost trend rate, as well as what the School Board’s proportionate share of the total collective OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage-point lower or one percentage-point higher than the current rate:

	Current	
	Trend Rates	1.0% Increase
1.0% Decrease	80,361,649	95,370,121
\$ 68,739,962	80,361,649	95,370,121

Participation

The percentage of employees and their dependents who are eligible for early retiree benefits that will participate in the retiree medical plan is outlined in the table below. This assumes that a one-time irrevocable election to participate is made at retirement. Retirees are assumed to participate in the life insurance benefit at a 52% rate. It is assumed that future retirees will continue their current life insurance coverage, if any. Active participants who have been covered continuously under the OGB medical plan since before January 1, 2002, are assumed to participate at a rate of 93%.

<u>Years of Service</u>	<u>Participation Percentage</u>
<10	56%
10-14	78%
15-19	90%
20+	93%

The State of Louisiana issued an actuarial valuation report as of July 1, 2017. Access to the audit report can be found on the Statement of Louisiana Division of Administration official website at www.doa.la.gov/osrap.

SABINE PARISH SCHOOL BOARD

Many, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

10. ACCOUNTS PAYABLE, SALARIES PAYABLE, AND OTHER PAYABLES

Payables of \$6,452,486 at June 30, 2018, are as follows:

	General Fund	Other Governmental Funds	Total
Salaries and withholdings	\$ 5,662,108	\$ 581,935	\$6,244,043
Accounts payable	22,245	167,000	189,245
Other	16,963	2,235	19,198
Total	\$ 5,701,316	\$ 751,170	\$6,452,486

11. COMPENSATED ABSENCES

At June 30, 2018, employees of the School Board have accumulated and vested \$916,092 of employee leave benefits. These employee leave benefits were computed in accordance with GASB Codification Section C60.

12. LONG-TERM OBLIGATIONS

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

	Balance, July 1, 2017	Additions	Principal Payments	Balance, June 30, 2018	Due within one year
Bonds payable	\$ 22,029,000	-	2,050,000	19,979,000	1,702,000
Certificates of Indebtedness	541,000	-	229,000	312,000	174,000
Lease Purchase - Buses		857,131	180,132	676,999	162,936
Compensated Absences	861,634	54,458	-	916,092	45,805
Total	\$ 23,431,634	911,589	2,459,132	21,884,091	2,084,741

All School Board bonds outstanding at June 30, 2018, for \$19,979,000, are general obligation or sales tax bonds. The individual issues are as follows:

Bond Issue	Original Issue Amount	Interest Rates	Final Due	Interest to Maturity	Principal Outstanding	Funding Source
General Obligation:						
Zwolle #61 Refunding, 5/25/2006	\$ 1,520,000	.1% to 4.75%	3/1/2020	\$ 25,413	\$ 355,000	Sabine State Bank
Zwolle, 10/20/2010	1,000,000	.1% to 4.95%	3/1/2030	237,916	788,000	Sabine State Bank
Converse #8A Refunding, 7/18/2003	519,000	.1% to 4.95%	3/1/2021	8,959	98,000	Sabine State Bank
Converse #8A Refunding, 12/20/2007	1,465,000	.1% to 4.5%	3/1/2019	7,875	175,000	Sabine State Bank
Ebarb #17 Refunding 02/03/2017	941,000	.1% to 3.95%	3-1-2037	357,939	903,000	Sabine State Bank
Many #34 Refunding, 4/3/2006	3,240,000	3.95% to 4.15%	3/1/2020	47,310	755,000	Whitney Bank
Pleasant Hill #42 Refunding, 8/11/2003	712,000	.1% to 4.95%	2/1/2020	6,534	94,000	Sabine State Bank
South Sabine #20, 03/01/2011	2,300,000	2.25% to 4%	3/1/2026	260,505	1,465,000	Whitney Bank
Many School District#34, 03/19/14	17,225,000	2% to 4	3/1/2034	5,511,138	15,145,000	Whitney Bank
Sales Tax:						
Zwolle #2 Refunding, 5/1/2001	1,100,000	5.10%	8/1/2020	8,671	201,000	Bank of NY Trust
Total Bonds				\$ 6,472,260	\$19,979,000	

SABINE PARISH SCHOOL BOARD

Many, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

All principal and interest requirements are funded in accordance with Louisiana law by the annual ad valorem tax levy on taxable property within the parish (or other as indicated). At June 30, 2018, the School Board has accumulated \$1,428,293 in the debt service funds for future debt requirements. The bonds are due as follows:

Year Ending June 30,	Principal Payments	Interest Payments	Total
2019	\$ 1,702,000	763,427	2,465,427
2020	1,564,000	695,864	2,259,864
2021	1,122,000	634,306	1,756,306
2022	1,074,000	593,540	1,667,540
2023	1,112,000	552,595	1,664,595
2024-2028	5,834,000	2,125,880	7,959,880
2029-2033	6,091,000	1,037,481	7,128,481
2034-2037	1,480,000	69,167	1,549,167
Total	<u>\$ 19,979,000</u>	<u>\$ 6,472,260</u>	<u>\$ 26,451,260</u>

In accordance with R.S. 39:562, the School Board is legally restricted from incurring long-term bonded debt in excess of 35% of the assessed value of taxable property. At June 30, 2018, the statutory limit is \$61,424,199, and outstanding bonded debt totals \$19,979,000.

In addition, the School Board is legally restricted from incurring long-term bonded debt secured by sales and use taxes in excess of 75% of the avails of the tax. The School Board was within this 75% limitation in 2001 and 2006, when the sales tax bonds were issued.

The individual Certificates of Indebtedness are as follows:

Certificate of Indebtedness	Original Issue Amount	Interest Rates	Final Due	Interest to Maturity	Principal Outstanding	Funding Source
GF Excess Revenue, 7/31/2008	\$ 500,000	3.77%	7/1/2018	1,820	112,000	Hancock Bank, LPFA
Ebarb School Improvement, 7/31/2008	500,000	4.09%	8/1/2021	12,395	180,000	Hancock Bank, LPFA
Sabine Parish SB, Refunding	631,000	0.9 to 3.25%	1/1/2019	-	20,000	Argent Trust
				<u>\$ 14,215</u>	<u>\$ 312,000</u>	

SABINE PARISH SCHOOL BOARD

Many, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

The certificates are due as follows:

Year Ending June 30,	Principal Payments	Interest Payments	Total
2019	\$ 174,000	7,147	181,147
2020	44,000	3,886	47,886
2021	46,000	3,181	49,181
2022	48,000	-	48,000
Total	<u>\$ 312,000</u>	<u>\$ 14,214</u>	<u>\$ 326,214</u>

The Lease Purchase – Buses is as follows:

Lease Purchase - Buses	Original Issue Amount	Interest Rates	Final Due	Interest to Maturity	Principal Outstanding	Funding Source
Leased Property - Buses	\$ 857,131	2.54%	8/8/2021	43,529	676,999	Municipal Capital Markets Group, Inc.

The lease is due as follows:

Year Ending June 30,	Principal Payments	Interest Payments	Total
2019	\$ 162,936	17,196	180,132
2020	167,075	13,057	180,132
2021	171,318	8,814	180,132
2022	175,670	4,462	180,132
Total	<u>\$ 676,999</u>	<u>\$ 43,529</u>	<u>\$ 720,528</u>

Defeased Debt:

In prior years, the School Board defeased certain general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the School Board's financial statements. On June 30, 2018, a total of \$2,218,000 of bonds outstanding is considered defeased.

SABINE PARISH SCHOOL BOARD

Many, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

13. INTER-FUND TRANSFERS

The following is a summary of inter-fund transfers:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Governmental	\$ 474,898
Other Governmental	General Fund	344,338
Other Governmental	Other Governmental	1,444,179
Total		<u>\$ 2,263,415</u>

The purpose of the transfers was to provide funds for general operating activities. All transfers were routine and consistent with the fund making the transfer.

14. RISK MANAGEMENT

The School Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. With respect to the aforementioned risks, with the exception of property losses below the policy deductibles, and for injuries to employees (worker’s compensation), the School Board has obtained commercial insurance, and settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

With respect to injuries to employees (worker’s compensation), the School Board has initiated a risk management program for worker’s compensation insurance. Operation of this program is accounted for within the General Fund and funds are available to pay claims, claim reserves, and administrative costs of the program. An excess coverage insurance policy covers claims in excess of \$400,000 with an aggregate limit of \$3,000,000. Interfund premiums are based primarily on the individual funds’ payroll and are reported as expenditures in the individual funds.

15. CONTINGENCIES

Federal Grants - The school board has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowances resulting from the grantor audit may become a liability of the school board.

Litigation - The school board is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate the outcome or liability, if any, of the school board with respect to the various proceedings. However, the school board’s legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the school board.

SABINE PARISH SCHOOL BOARD

Many, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

16. ECONOMIC DEPENDENCY

Statement of Financial Accounting Standards (SFAS) No. 14 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenue.

The Minimum Foundation funding provided by the state to all public school systems in Louisiana is primarily based on October 1 student count. The state provided \$27,234,872 to the School Board, which represents approximately 50% of the School Board's total revenue for the year.

17. PERFORMANCE-BASED ENERGY EFFICIENCY CONTRACT

In prior years, the School Board entered into an energy performance contract with Siemens Building Technologies, Inc. (Energy Service Company or ESCO) for the purpose of the purchase and installation of an energy saving scope of work. ESCO installed equipment designed to save energy and reduce related costs for certain property and buildings owned by the School Board. The Louisiana Attorney General issued an opinion (A.G. Opinion Number 07-0002) regarding a similar contract with another School Board and concluded that because the operational stipulated savings are not guaranteed by the contractor, the contract does not meet the statutory definition of a performance-based energy efficiency contract.

The contractor sued the other School Board in the 18th Judicial School Board Court for payment relating to the contract. The court for the School Board found and determined that the contract was not fully guaranteed and was found to be null and void. Siemen's requests for review and reversal by the Fifth Circuit Court of Appeals and the Supreme Court were rejected.

The contract of the Sabine Parish School Board, in addition to the operational stipulated savings clause, the contract also contains a verifiable (measured) energy savings clause. The School Board entered into the contract based solely on the savings provided by the verifiable (measured) energy savings clause without consideration for the amount of the stipulated savings clause. Management of the School Board determined that their verifiable (measured) savings is more than the annual payments being made, and they will continue to monitor the performance of the contract.

18. EFFECT ON DEFERRED AMOUNTS ON NET POSITION

The unrestricted net position amount of (\$117,542,465) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflows of resources related to pension in the amount of \$6,367,663 resulting from the school board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. The \$1,864,428 balance of deferred outflow of resources, at June 30, 2018 will be recognized as an expense and will decrease the unrestricted net position over the next few years.

SABINE PARISH SCHOOL BOARD

Many, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

The unrestricted net position amount of (\$117,542,465) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$5,457,555 balance of deferred inflow of resources, at June 30, 2018 will be recognized as a revenue and will increase the unrestricted net position over the next few years.

The unrestricted net position amount of (\$117,542,465) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from OPEB. A portion of the deferred outflows of resources related to OPEB in the amount of \$2,526,506 resulting from the amount paid by the school board as benefits come due subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2019.

The unrestricted net position amount of (\$117,542,465) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$4,457,549 balance of deferred inflow of resources at June 30, 2018 will be recognized as a revenue and will increase the unrestricted net position over the next few years.

19. PRIOR PERIOD ADJUSTMENTS

A summary of significant Net Position/Fund Balance adjustments is as follows:

Exhibit B - Statement of Activities

<u>Explanation</u>	<u>Amount</u>
1 Adjustments were made to properly present capital assets at year end.	\$ (7,135)
2 To adjust assets and liabilities for prior year.	(21,077)
3 To adjust net pension liability and its components (DIR/DOR) for prior year.	(976,052)
4 Implementation of GASB 75:	
Total OPEB liability (06-30-17)	(55,635,784)
Deferred outflows/Deferred inflows	<u>2,526,506</u>
Total prior period adjustment related to GASB 75	<u>(53,109,278)</u>
Total	<u>\$ (54,113,542)</u>

Exhibit E - Statement of Revenues, Expenditures, and Changes in Fund Balances

<u>Fund</u>	<u>Explanation</u>	<u>Amount</u>
General Fund	See explanation above	\$ (21,093)
Other Governmental Funds	See explanation above	<u>16</u>
Total		<u>\$ (21,077)</u>

SABINE PARISH SCHOOL BOARD

Many, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

20. SUBSEQUENT EVENTS

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Sabine Parish School Board evaluated the activity of the board through the date the financial statements were available to be issued and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

The school issued general obligation bonds on July 20, 2018 in the amount of \$4,700,000. This note will bear interest at a rate ranging from 2.00% to 5.00% and will mature on March 1, 2038.

The school issued sales tax bonds on August 9, 2018 in the amount of \$1,500,000. This note will bear interest at a rate ranging from 1.75% to 4.00% and will mature on August 1, 2028.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

Budgetary Comparison Schedule

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

SABINE PARISH SCHOOL BOARD
Many, Louisiana
GENERAL FUND
Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	BUDGETED AMOUNTS		ACTUAL AMOUNTS (Budgetary Basis)	VARIANCE WITH FINAL BUDGET Positive (Negative)
	ORIGINAL	FINAL		
Revenues:				
Local sources:				
Taxes:				
Ad valorem	\$ 1,065,786	1,074,905	1,074,905	-
Sales and use	7,225,000	7,762,897	7,762,897	-
Interest earnings	210,903	229,867	229,867	-
Other	441,782	501,769	501,769	-
Total local sources	<u>8,943,471</u>	<u>9,569,438</u>	<u>9,569,438</u>	<u>-</u>
State sources:				
Minimum Foundation Program	27,009,429	27,194,872	27,194,872	-
Other	857,761	747,884	747,884	-
Total state sources	<u>27,867,190</u>	<u>27,942,756</u>	<u>27,942,756</u>	<u>-</u>
Total Revenues	<u>36,810,661</u>	<u>37,512,194</u>	<u>37,512,194</u>	<u>-</u>
Expenditures:				
Instruction:				
Regular programs	16,344,554	16,093,092	16,489,269	396,177
Special programs	4,652,295	4,633,722	5,490,853	857,131
Vocational programs	1,403,523	1,355,270	1,355,270	-
All other programs	1,506,298	1,311,221	1,311,221	-
Support services:				
Student services	2,030,588	2,014,406	2,014,406	-
Instructional staff support	1,768,838	1,674,502	1,674,502	-
General administration	819,837	798,264	798,264	-
School administration	2,497,456	2,440,522	2,440,522	-
Business services	655,850	621,587	621,587	-
Plant services	1,375,325	1,283,600	1,283,600	-
Student transportation services	3,028,097	2,945,027	2,764,895	(180,132)
Central services	916,607	866,248	866,248	-
School food services	113,963	109,514	109,514	-
Community service programs	21,933	21,381	21,381	-
Capital outlay	182,915	163,823	163,823	-
Debt service:				
Principal retirement	176,000	176,000	356,132	180,132
Interest and bank charges	6,868	6,868	6,868	-
Other	350	350	350	-
Total Expenditures	<u>37,501,297</u>	<u>36,515,397</u>	<u>37,768,705</u>	<u>1,253,308</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(690,636)</u>	<u>996,797</u>	<u>(256,511)</u>	<u>(1,253,308)</u>
Other Financing Sources (Uses)				
Inception of capital leases	0	0	857,131	857,131
Proceeds from disposal of real property	311	311	311	-
Transfers in	8,252,157	8,299,227	474,898	(7,824,329)
Transfers out	(8,220,066)	(8,168,667)	(344,338)	7,824,329
Local revenue transfers - charter schools	(72,700)	(62,827)	(62,827)	-
Total Other Financing Sources (Uses)	<u>(40,298)</u>	<u>68,044</u>	<u>925,175</u>	<u>857,131</u>
Net Change in Fund Balances	(730,934)	1,064,841	668,664	(396,177)
July 1, 2017	14,432,473	14,432,473	14,432,473	0
Prior period adjustments	0	(21,093)	(21,093)	0
July 30, 2018	<u>\$ 13,701,539</u>	<u>15,476,221</u>	<u>15,080,044</u>	<u>(396,177)</u>

The notes to the required supplementary information are an integral part of this schedule.

This page is left blank intentionally.

Sabine Parish School Board

Schedule of the School Board's Proportionate Share of the Net Pension Liability

LSERS

Last 10 Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
School Board's proportionate share of the net pension liability (asset) \$	3,779,115	4,263,292	3,795,941	3,389,516
School Board's proportion of the net pension liability (asset)	0.5906%	0.5652%	0.5986%	0.5847%
School Board's covered payroll	1,701,037	1,643,113	1,662,479	1,674,768
School Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	222.17%	259.46%	228.33%	202.39%
Plan fiduciary net position as a percentage of the total pension liability	74.44%	75.03%	74.49%	76.18%

The notes to the required supplementary information are an integral part of this schedule.

* The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the year prior to the fiscal year presented.

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 6/30/15, and, until a full 10-year trend is compiled, the School Board has only presented information for the years in which information is available.

Sabine Parish School Board

Schedule of the School Board's Proportionate Share of the Net Pension Liability

TRSL

Last 10 Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Board's proportionate share of the net pension liability (asset) \$	48,404,034	57,083,422	51,280,836	48,752,152
Board's proportion of the net pension liability (asset)	0.47394%	0.48636%	0.47693%	0.47696%
Board's covered payroll	22,079,722	21,872,627	21,964,825	19,227,783
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	219.22%	260.98%	233.47%	253.55%
Plan fiduciary net position as a percentage of the total pension liability	68.17%	59.90%	62.47%	63.65%

The notes to the required supplementary information are an integral part of this schedule.

* The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the year prior to the fiscal year presented.

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 6/30/15, and, until a full 10-year trend is compiled, the School Board has only presented information for the years in which information is available.

Sabine Parish School Board
Schedule of the School Board Contributions
LSERS
Last 10 Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 489,423	464,383	496,220	548,618
Contributions in relation to the contractually required contribution	489,423	464,383	496,220	548,618
Contribution deficiency (excess)	\$ <u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>
School Board's covered payroll	1,483,100	1,701,037	1,643,113	1,662,479
Contributions as a percentage of covered payroll	33.00%	27.30%	30.20%	33.00%

The notes to the required supplementary information are an integral part of this schedule.

Sabine Parish School Board

Schedule of School Board Contributions

TRSL

Last 10 Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 5,878,240	5,630,329	5,752,501	6,150,151
Contributions in relation to the contractually required contribution	5,878,240	5,630,329	5,752,501	6,150,151
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
School Board's covered payroll	20,993,714	22,079,722	21,872,627	21,964,825
Contributions as a percentage of covered payroll	28.00%	25.50%	26.30%	28.00%

The notes to the required supplementary information are an integral part of this schedule.

Sabine Parish School Board

Schedule of the School Board's Proportionate Share of the Total OPEB Liability

OPEB

Last 10 Fiscal Years*

	<u>2018</u>
School Board's proportionate share of the total OPEB liability (asset)	\$ 80,361,649
School Board's proportion of the total OPEB liability	0.014779%
School Board's covered-employee payroll	19,140,749 **
School Board's proportionate share of the total OPEB liability (asset) as a percentage of its covered-employee payroll	420%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%

The notes to the required supplementary information are an integral part of this schedule.

* The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the year prior to the fiscal year presented.

** The amount used to calculate this figure was based on the Plan's covered payroll as of the measurement date.

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

Sabine Parish School Board
 Schedule of School Board Contributions
 OPEB
 Last 10 Fiscal Years*

Contractually required contribution	\$ <u>2018</u> 2,526,506
Contributions in relation to the contractually required contribution	2,526,506
Contribution deficiency (excess)	\$ <u><u>-</u></u>
School Board's covered-employee payroll	23,187,153
Contributions as a percentage of covered-employee payroll	10.90%

The notes to the required supplementary information are an integral part of this schedule.

* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 75 was implemented in FYE 6/30/18, and, until a full 10-year trend is compiled, the School Board has only presented information for the years in which information is available.

Sabine Parish School Board

Notes to the Required Supplementary Information
For the Year Ended June 30, 2018

A. BUDGETS

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

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

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

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

Formal budget integration (within the accounting records) is employed as a management control device. All budgets are controlled at the function level. Budget amounts included in the accompanying financial statements include the original and adopted budget and all subsequent amendments. These revisions were not considered significant.

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

B. PENSION SCHEDULES

Louisiana School Employees' Retirement System (LSERS)

2015

1. Changes of benefit provisions

None.

Sabine Parish School Board

Notes to the Required Supplementary Information (Continued)

For the Year Ended June 30, 2018

2. Changes of assumptions

The expectation of retired life mortality was changed to the RP-2000 Combined Healthy Sex Distinct Mortality Table, rather than the RP-2000 Sex Distinct Mortality Table.

2016

1. Changes of benefit provisions

None

2. Changes of assumptions

The price inflation and investment rate of return assumptions were changed from 2.75% to 2.625% per annum and from 7.0% to 7.125%, respectively.

The expectation of retired life mortality was changed to the RP-2000 Sex Distinct Mortality Table rather than the RP-2000 Combined Healthy Sex Distinct Mortality Table.

The assumed rates of salary from the 2008-2012 experience study increased to a range of 3.075% to 5.375% from 3.2% to 5.5% in 2015.

2017

1. Changes of benefit provisions

None

2. Changes of assumptions

The expectation of retired life mortality was changed to the RP-2000 Sex Distinct Mortality Table and RP-2000 Disabled Lives Mortality Table rather than just the RP-2000 Sex Distinct Mortality Table.

Teachers' Retirement System of Louisiana (TRSL)

2015

1. Changes of benefit provisions

None

Sabine Parish School Board

Notes to the Required Supplementary Information (Continued)
For the Year Ended June 30, 2018

2. Changes of assumptions

None

2016

1. Changes of benefit provisions

None

2. Changes of assumptions

None

2017:

1. Changes of benefit provisions

None

2. Changes of assumptions

The investment rate of return assumptions were changed from 7.75% to 7.70%.

Other Post-Employment Benefits (OPEB) Schedules

2017:

1. Benefit Changes

None.

2. Changes of assumptions

The discount rate changed from 2.71% as of July 1, 2016 to 3.13% as of July 1, 2017.

SUPPLEMENTARY INFORMATION

SABINE PARISH SCHOOL BOARD
Many, Louisiana
NONMAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2018

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets				
Cash and cash equivalents	\$ 5,565,678	\$ 1,422,123	\$ 2,811,220	\$ 9,799,021
Receivables	2,311,338	10,761	447,384	2,769,483
Due from other funds	109,523	-	-	109,523
Inventory	52,133	-	-	52,133
Total Assets	<u>\$ 8,038,672</u>	<u>\$ 1,432,884</u>	<u>\$ 3,258,604</u>	<u>\$ 12,730,160</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts, salaries, and other payables	251,392	4,591	495,187	751,170
Due to other funds	1,823,324	-	-	1,823,324
Total Liabilities	<u>2,074,716</u>	<u>4,591</u>	<u>495,187</u>	<u>2,574,494</u>
Fund Balances:				
Restricted:				
Debt Service	-	1,428,293	-	1,428,293
Capital Projects	-	-	2,763,417	2,763,417
Food Service	1,096,002	-	-	1,096,002
Other purposes	4,867,954	-	-	4,867,954
Total Fund Balances	<u>5,963,956</u>	<u>1,428,293</u>	<u>2,763,417</u>	<u>10,155,666</u>
Total Liabilities and Fund Balances	<u>\$ 8,038,672</u>	<u>\$ 1,432,884</u>	<u>\$ 3,258,604</u>	<u>\$ 12,730,160</u>

SABINE PARISH SCHOOL BOARD
Many, Louisiana
NONMAJOR GOVERNMENTAL FUNDS
Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 2018

	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES				
Local sources:				
Taxes:				
Ad valorem	\$ 2,029,014	\$ 2,915,741	\$ 442,807	\$ 5,387,562
Sales and use	846,311	691,500	403,285	1,941,096
Interest earnings	67,473	21,461	39,522	128,456
Charges for services	123,617	-	-	123,617
Other	79,834	-	-	79,834
Total Local Sources	<u>3,146,249</u>	<u>3,628,702</u>	<u>885,614</u>	<u>7,660,565</u>
State sources:				
Minimum Foundation Program	40,000	-	-	40,000
Other	111,288	-	-	111,288
Total State Sources	<u>151,288</u>	<u>-</u>	<u>-</u>	<u>151,288</u>
Federal Sources	<u>8,877,514</u>	<u>-</u>	<u>-</u>	<u>8,877,514</u>
TOTAL REVENUES	<u>12,175,051</u>	<u>3,628,702</u>	<u>885,614</u>	<u>16,689,367</u>
EXPENDITURES				
Current:				
Instruction:				
Regular programs	12,725	-	-	12,725
Special programs	412,185	-	-	412,185
Vocational programs	41,552	-	18,676	60,228
All other programs	2,730,772	-	-	2,730,772
Support services:				
Student services	264,470	-	-	264,470
Instructional staff support	2,111,159	-	-	2,111,159
General administration	194,287	69,632	450	264,369
School administration	77,111	-	-	77,111
Business services	20,638	-	-	20,638
Plant services	2,881,143	-	35,819	2,916,962
Student transportation services	298,240	-	3,666	301,906
Central services	83,765	-	-	83,765
School food services	2,883,627	-	-	2,883,627
Community service programs	16,650	-	-	16,650
Capital outlay	771,250	-	744,323	1,515,573
Debt service:				
Principal retirement	12,000	2,091,000	-	2,103,000
Interest and bank charges	495	851,018	-	851,513
Other	-	5,464	-	5,464
Total expenditures	<u>12,812,069</u>	<u>3,017,114</u>	<u>802,934</u>	<u>16,632,117</u>
EXCESS (Deficiency) OF REVENUES OVER (UNDER) EXPENDITURES	(637,018)	611,588	82,680	57,250
OTHER FINANCING SOURCES (Uses)				
Proceeds from disposal of real property	2,134	-	-	2,134
Operating transfers in	1,677,676	4,582	106,259	1,788,517
Operating transfers out	(1,682,336)	(236,741)	-	(1,919,077)
Total other financing sources (uses)	<u>(2,526)</u>	<u>(232,159)</u>	<u>106,259</u>	<u>(128,426)</u>
NET CHANGES IN FUND BALANCES	(639,544)	379,429	188,939	(71,176)
FUND BALANCES - JULY 1, 2017, AS PREVIOUSLY REPORTED	5,447,718	1,761,825	3,017,283	10,226,826
PRIOR PERIOD ADJUSTMENT	14	-	2	16
FUND BALANCES - JULY 1, 2017, AS RESTATED	5,447,732	1,761,825	3,017,285	10,226,842
FUND BALANCES - JUNE 30, 2018	\$ 4,808,188	\$ 2,141,254	\$ 3,206,224	\$ 10,155,666

SABINE PARISH SCHOOL BOARD
Many, Louisiana
SUPPLEMENTARY INFORMATION SCHEDULES
As of and for the Year Ended June 30, 2018

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue:

Food Service Fund: To assist, through cash grants and food donations, in providing a nutritious breakfast and lunch service for school students and to encourage the domestic consumption of nutritious agricultural commodities.

Preschool Grants: To provide grants to states to assist them in providing a free appropriate public education to preschool disabled children from 3 to 5 years old.

Title II: The purpose of the program is to increase academic achievement by improving the quality and effectiveness of teachers, principals and other school leaders. This program is carried out by: increasing the number of teachers, principals and other school leaders who are effective in improving student academic achievement in schools.

Head Start: To provide comprehensive health, educational, nutritional, social and other services primarily to economically disadvantaged preschool children, including Indian children on federally-recognized reservations, and children of migratory workers and their families; and to involve parents in activities with their children so that the children will attain overall social competence.

School-Based Mental Health: This program provides grants to SEAs, LEAs, and Indian tribes for the purpose of increasing student access to quality mental health care by developing innovative programs that link school systems with local mental health systems.

Indian Education: This program is designed to address the unique education and culturally related academic needs of American Indian and Alaska Native students, including preschool children, so that these students can achieve to the same challenging state performance standards expected of all students. The program is the Department's principal vehicle for addressing the particular needs of Indian children.

IDEA (Special Education Grants): Funds are used by State and local educational agencies, in accordance with the IDEA, to help provide the special education and related services needed to make a free appropriate public education available to all eligible children and, in some cases, early intervening services.

Adult Education: To fund local programs of adult education and literacy services, including workplace literacy services, family literacy services, and English literacy and civics education programs. Participation in these programs is limited to adults and out-of-school youths aged 16 and older who do not have a high school diploma or equivalent.

Vocational Education: To develop more fully the academic, career, and technical skills of secondary and post-secondary students who elect to enroll in career and technical education programs.

Temporary Assistance to Needy Families: To provide grants to assist needy families with children so that children can be cared for in their own homes; to reduce dependency by promoting job preparation, work, and marriage; to reduce and prevent out-of-wedlock pregnancies; and to encourage the formation and maintenance of two-parent families.

English Language Acquisition: To ensure that limited English proficient children (LEP) and youth, including immigrant children and youth, attain English proficiency and meet the same challenging State academic content and student academic achievement standards as all children and youth are expected to meet; to provide assistance to Native American, Native Hawaiian, Native American Pacific Islander, and Alaska Native children with certain modifications relative to the unique status of native American language under Federal Law; to award competitive grants in order to provide professional development activities to improve classroom instruction for LEP children.

Title I: To help local educational agencies (LEAs) and schools improve the teaching and learning of children failing, or most at-risk of failing, to meet challenging State academic achievement standards.

Gaining Early Awareness and Readiness for Undergraduate Programs: Provides 6-year grants to States and partnerships to provide support and maintain a commitment to eligible low-income students, including students with disabilities, to help the students obtain a secondary school diploma (or its recognized equivalent) and to prepare for and succeed in post-secondary education. GEAR UP has two major service components. All projects provide a comprehensive set of early intervention services including mentoring, tutoring, academic and career counseling, parental involvement, and other college preparation activities like exposure to college campuses and financial aid information and assistance. Some projects provide college scholarships to participating students.

Debt Service:

Florien (School Board 1)
Negreet (School Board 2)
Many (School Board 3-5)
Pleasant Hills (School Board 6)
Converse (School Board 7)
Zwolle (School Board 8)
Ebarb (School Board 9)

The debt service funds are used to account for the accumulation of resources to pay the principal and interest on the School Board's long-term debt.

Capital Projects Funds:

Negreet (School Board 1)
Many (School Boards 3-5)
Converse (School Board 7)
Zwolle (School Board 8)
Ebarb (School Board 9)

The capital projects funds for these School Boards are used to account for major capital acquisitions or construction.

AGENCY FUND

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

SABINE PARISH SCHOOL BOARD

Many, Louisiana

AGENCY FUND

**Schedule of Changes in Deposit Balances of Individual School Activity Funds
For the Year Ended June 30, 2018**

<u>School</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Converse	\$ 72,230	\$ 215,506	\$ 229,677	\$ 58,059
Ebarb	115,822	210,327	214,373	111,776
Florien	59,244	213,509	207,932	64,821
Headstart	905	4,669	4,527	1,047
Many	117,577	752,127	746,645	123,059
Negreet	38,977	334,948	316,784	57,141
Pleasant Hill	13,787	193,620	182,243	25,164
Spark	2,177	1,782	1,426	2,533
Zwolle	73,486	319,561	338,231	54,816
Total School Activity Funds	<u>\$ 494,205</u>	<u>\$ 2,246,049</u>	<u>\$ 2,241,838</u>	<u>\$ 498,416</u>

SABINE PARISH SCHOOL BOARD
 Many, Louisiana
CAPITAL ASSETS

Schedule of Capital Assets by Function
 June 30, 2018

Function	Land	Buildings and Improvements	Furniture and Equipment	Total
Instructional services	\$ 273,984	\$ 57,870,354	\$ 2,954,863	\$ 61,099,201
Support services	52,806	3,978,800	1,896,523	5,928,129
School food services	2,553	322,607	171,275	496,435
Total	\$ 329,343	\$ 62,171,761	\$ 5,022,661	\$ 67,523,765

Schedule of Changes in Capital Assets by Function
 For the Year Ended June 30, 2018

Function	Balance, July 1, 2017	Additions	Retirements	Adjustments	Balance, June 30, 2018
Instructional services	\$ 60,739,139	\$ 381,062	\$ 30,000	\$ -	\$ 61,090,201
Support services	5,846,050	340,296	177,842	(71,375)	5,937,129
School food services	448,051	48,384	-	-	496,435
Total	\$ 67,033,240	\$ 769,742	\$ 207,842	\$ (71,375)	\$ 67,523,765

SABINE PARISH SCHOOL BOARD

Many, Louisiana

Schedule of Compensation Paid Board Members

For the Year Ended June 30, 2018

The schedule of compensation paid to the School Board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the School Board members is included in the general administrative expenditures of the General Fund. In accordance with Louisiana Revised Statute 17:56, the School Board members have elected the monthly payment of compensation. Under this method, each member of the School Board receives \$600 per month. In addition, the president receives \$100 per month for exercising the duties of the office.

James Daron Chandler	\$ 7,200
Spencer Faust	7,200
James R. Martin	7,200
Roderick Davis	7,200
Terrell Snelling	8,400
William D. Garcie	7,200
Leah V. Byles	7,200
Jessie Dale Skinner	7,200
Donald Remedies	<u>7,200</u>
Total	<u>\$66,000</u>

SABINE PARISH SCHOOL BOARD
Many, Louisiana

Schedule of Compensation, Benefits and Other Payments
to Agency Head or Chief Executive Officer
Year Ended June 30, 2018

Agency Head Name: Dr. Sara P. Ebarb, Superintendent

Purpose		Amount
Salary	\$	137,118
Benefits - insurance		13,011
Benefits - retirement		38,069
Benefits - life		247
Car allowance		6,000
Vehicle provided by government		-
Per diem		-
Reimbursements		4,311
Travel		493
Registration fees		900
Conference travel		-
Continuing professional education fees		-
Housing		892
Unvouchered expenses		-
Special meals		-

SABINE PARISH SCHOOL BOARD
 Many, Louisiana
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2018

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE</u>	<u>IDENTIFYING NUMBERS</u>	<u>FEDERAL CFDA NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
UNITED STATES DEPARTMENT OF AGRICULTURE			
Passed through Louisiana Department of Education:			
National School Lunch Program		10.555	\$ 2,410,184
Total United States Department of Agriculture			<u>2,410,184</u>
UNITED STATES DEPARTMENT OF EDUCATION			
Direct program:			
Indian Education - Grants to Local Educational Agencies		84.060	218,539
Subtotal			<u>218,539</u>
Passed through Louisiana Department of Education:			
Adult Education - Basic Grants to States	LCTCS-211106	84.002	41,989
Title I Grants to Local Educational Agencies	28-18-T1-43	84.010	1,258,919
Migrant Education - State Grant Program	28-18-MI-43	84.011A	16,773
Career and Technical Education - Basic Grants to States	28-18-02-43	84.048	41,552
Twenty-First Century Community Learning Centers	28-17-2C-43	84.287	239,257
Twenty-First Century Community Learning Centers	28-18-2C-43	84.287	145,113
Indian Education - Demonstration Grants for Indian Children	S299A160055	84.299A	770,500
Special Education - State Personnel Development	28-18-P718-43	84.323	37,934
Student Support and Academic Enrichment Program	28-18-71-43	84.424	25,030
Gaining Early Awareness and Readiness for Undergraduate Programs	LA GEAR UP	84.334	288,240
Rural Education	28-18-RE-43	84.358	81,262
Supporting Effective Instruction State Grant	28-18-50-43	84.367	226,028
Striving Readers/Comprehensive Literacy Development	28-17-SR01-43	84.371C	6,690
Striving Readers/Comprehensive Literacy Development	28-17-SR02-43	84.371C	30,155
Striving Readers/Comprehensive Literacy Development	28-17-SR03-43	84.371C	15,039
Striving Readers/Comprehensive Literacy Development	28-17-SR04-43	84.371C	14,608
Subtotal			<u>3,239,089</u>
Special Education Cluster:			
Special Education - Grants to States	28-18-B1-43	84.027	1,039,655
Special Education - Grants to States	28-18-RH-43	84.027	15,871
Special Education - Grants to States	28-18-PA-43	84.027	43,191
Special Education - Preschool Grants	28-18-CY-43	84.173	1,536
Special Education - Preschool Grants	28-18-P1-43	84.173	25,818
Total Special Education Cluster			<u>1,126,071</u>
Total Passed-through Louisiana Department of Education			<u>4,365,160</u>
Total United States Department of Education			<u>4,583,699</u>
UNITED STATES DEPARTMENT OF HEALTH & HUMAN SERVICES			
Direct Programs:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund		93.575	5,667
Head Start		93.600	1,303,810
Subtotal			<u>1,309,477</u>
Passed through the Louisiana Department of Education:			
Temporary Assistance for Needy Families	28-18-36-43	93.558	574,154
Subtotal			<u>574,154</u>
Total United States Department of Health & Human Services			<u>1,883,631</u>
Total Expenditures of Federal Awards			\$ <u>8,877,514</u>

The accompanying notes are an integral part of this schedule.

SABINE PARISH SCHOOL BOARD

Many, Louisiana

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2018

Note 1. Basis of Presentation

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

Note 2. Noncash Programs

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

Donated commodities of \$196,163 are included in the National School Lunch Program.

Note 3. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are presented on the same basis of accounting and the same significant accounting policies, as applicable, as those used for the financial statements; however, the expenditures include transfers out. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Sabine Parish School Board has not elected to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

The identifying numbers for the School Board for the remaining were not available.

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
Sabine Parish School Board

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sabine Parish School Board, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Sabine Parish School Board's basic financial statements, and have issued our report thereon dated December 12, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Sabine Parish 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 Sabine Parish 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sabine Parish School Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance

with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
December 12, 2018

Certified Public Accountants

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
Sabine Parish School Board

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

Report on Internal Control Over Compliance

Management of the Sabine Parish School Board is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Sabine Parish 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.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
December 12, 2018

Certified Public Accountants

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SABINE PARISH SCHOOL BOARD
Many, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Section 1: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued: Unmodified.
2. Internal control over financial reporting:
 - a. Material weakness(es) identified? No.
 - b. Significant deficiency(ies) identified? None reported.
3. Noncompliance material to financial statements noted? No.

Federal Awards:

4. Internal control over major programs:
 - a. Material weakness(es) identified? No.
 - b. Significant deficiency(ies) identified? None reported.
5. Type of auditor's report issued on compliance for major programs: Unmodified.
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No.
7. Identification of major programs:
 - a. National School Lunch Program
CFDA# 10.555
 - b. Title I Grants to Local Educational Agencies
CFDA# 84.010
8. Dollar threshold used to distinguish between type A and type B programs: \$750,000.
9. Auditee qualified as low-risk auditee? Yes.

Section 2: Financial Statement Findings

The results of our tests did not disclose any findings related to the financial statements which is required to be reported by *Government Auditing Standards*.

Section 3: Federal Award Findings and Questioned Costs

The results of our tests did not disclose any findings and questioned costs related to the federal awards.

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

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING
AGREED-UPON PROCEDURES TO THE
MANAGEMENT OF SABINE PARISH SCHOOL BOARD

Superintendent and School Board

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

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

The procedures and associated findings are as follows:

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

1. We selected a random sample of 25 transactions, reviewed supporting documentation, and observed that the sampled expenditures/revenues are classified correctly and are reported in the proper amounts among the following amounts reported on the schedule:

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

Comment: No findings were noted as a result of applying agreed upon procedures.

Class Size Characteristics (Schedule 2)

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

1929 SPILLWAY ROAD, SUITE B
BRANDON, MISSISSIPPI 39047
TELEPHONE (601) 992-5292 FAX (601) 992-2033

Comment: No findings were noted as a result of applying agreed upon procedures.

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.

Comment: No findings were noted as a result of applying agreed upon procedures.

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).

Comment: No findings were noted as a result of applying agreed upon procedures.

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

The purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of the Sabine Parish School Board, as required by Louisiana Revised Statute 24:514.1, 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 Legislature Auditor as a public document.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
December 12, 2018

Certified Public Accountants

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

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$	13,115,862	
Other Instructional Staff Activities		1,429,823	
Instructional Staff Employee Benefits		7,819,064	
Purchased Professional and Technical Services		5,321	
Instructional Materials and Supplies		812,495	
Total Teacher and Student Interaction Activities	\$		23,182,565

Other Instructional Activities		150,727	
--------------------------------	--	---------	--

Pupil Support Activities		2,014,406	
Less: Equipment for Pupil Support Services		-	
Net Pupil Support Activities			2,014,406

Instructional Staff Services		1,671,779	
Less: Equipment for Instructional Staff Services		-	
Net Instructional Staff Services			1,671,779

School Administration		2,440,522	
Less: Equipment for School Administration		-	
Net Instructional Staff Services			2,440,522

Total General Fund Instructional Expenditures			<u>29,459,999</u>
---	--	--	-------------------

Total General Fund Equipment Expenditures			<u>179,702</u>
---	--	--	----------------

Certain Local Revenue Sources

Local Taxation Revenues:

Constitutional Ad Valorem Taxes	\$	905,295	
Renewable Ad Valorem Taxes		3,180,258	
Debt Service Ad Valorem Taxes		2,202,780	
Up to 1% of Collections by the Sheriff on Taxes			
Other than School Taxes		168,248	
Result of Court Ordered Settlement (Ad Valorem)		1,385	
Penalties/Interest on Ad Valorem Taxes		4,501	
Sales and Use Taxes		9,669,593	
Penalties/Interest on Sales/Use Taxes		34,400	
Total Local Taxation Revenues	\$		<u>16,166,460</u>

Local Earnings on Investment in Real Property:

Earnings from 16th Section Property	\$	6,218	
Earnings from Other Real Property		1,117	
Total Local Earnings on Investment in Real Property	\$		<u>7,335</u>

State Revenue in Lieu of Taxes:

Revenue Sharing - Constitutional Tax		32,664	
Revenue Sharing - Other Taxes		111,288	
Total State Revenue in Lieu of Taxes			<u>143,952</u>

Nonpublic Textbook Revenue	\$		<u>0</u>
----------------------------	----	--	----------

Nonpublic Transportation Revenue	\$		<u>0</u>
----------------------------------	----	--	----------

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	13%	196	13%	49	0%	-	9%	2
Elementary Activity Classes	1%	16	2%	6	2%	1	17%	4
Middle / Jr. High	1%	19	13%	49	24%	13	0%	-
Middle / Jr. High Activity Classes	1%	11	1%	2	6%	3	17%	4
High	17%	245	18%	65	9%	5	13%	3
High Activity Classes	7%	96	3%	11	0%	-	0%	-
Combination	49%	723	42%	154	46%	25	27%	6
Combination Activity Classes	11%	157	8%	29	13%	7	17%	4
Other	0%	-	0%	-	0%	-	0%	-
	100%	1,463	100%	365	100%	54	100%	23

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING
AGREED-UPON PROCEDURES REQUIRED BY THE
LOUISIANA LEGISLATIVE AUDITOR

School Board and the Louisiana Legislature Auditor
Sabine Parish School Board

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

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

The procedures and associated findings are as follows:

Written Policies and Procedures

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

1929 SPILLWAY ROAD, SUITE B
BRANDON, MISSISSIPPI 39047
TELEPHONE (601) 992-5292 FAX (601)992-2033

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

Comment: No findings were noted as a result of applying agreed upon procedures.

Board or Finance Committee

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

Comment: No findings were noted as a result of applying agreed upon procedures.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Comment: No findings were noted as a result of applying agreed upon procedures.

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Comment: No findings were noted as a result of applying agreed upon procedures.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
- a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Comment: No findings were noted as a result of applying agreed upon procedures.

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and
- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Comment: No findings were noted as a result of applying agreed upon procedures.

Travel and Travel-Related Expense Reimbursements

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

Comment: No findings were noted as a result of applying agreed upon procedures.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Comment: No findings were noted as a result of applying agreed upon procedures.

Payroll and Personnel

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

Comment: No findings were noted as a result of applying agreed upon procedures.

Ethics

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

Comment: No findings were noted as a result of applying agreed upon procedures.

Debt Service

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

Comment: No findings were noted as a result of applying agreed upon procedures.

Other

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

Comment: No findings were noted as a result of applying agreed upon procedures.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those control and compliance areas identified in the Statewide Agreed-Upon Procedures. 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 control and compliance areas identified in the Statewide Agreed-Upon Procedures, 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 LLA as a public document.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
December 12, 2018

Certified Public Accountants