
RED RIVER PARISH SCHOOL BOARD

COUSHATTA, LOUISIANA

JUNE 30, 2018



Postlethwaite & Netterville

A Professional Accounting Corporation

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RED RIVER PARISH SCHOOL BOARD

BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

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Independent Auditors' Report

The Members of the
Red River Parish School Board
Coushatta, Louisiana

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Red River 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 described in Note 5 to the financial statements, the School Board adopted Governmental Accounting Standards Board (GASB) Statement Number 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for the year ended June 30, 2018. This new standard requires the School Board to recognize and report its total other postemployment benefit liability, measured according to actuarial methods and approaches prescribed within the standard along with certain disclosures. 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, Schedule of Changes in Total Post-Employment Benefit Obligation and Related Ratios, Schedule of Proportionate Share of the Net Pension Liability, and Schedule of Employer Contributions presented on pages 4 through 10, pages 44 through 46, and pages 47, 48, and 49 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 Red River Parish School Board's basic financial statements. The Schedule of Board Members' Compensation and the Schedule of Compensation, Benefits, and Other Payments to Agency Head are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Schedule of Board Members' Compensation, the Schedule of Compensation, Benefits, and Other Payments to Agency Head, and the Schedule of Expenditures of Federal Awards (Other Supplemental Information) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplemental Information 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 21, 2018, on our consideration of the School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Board's internal control over financial reporting and compliance.

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 21, 2018

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

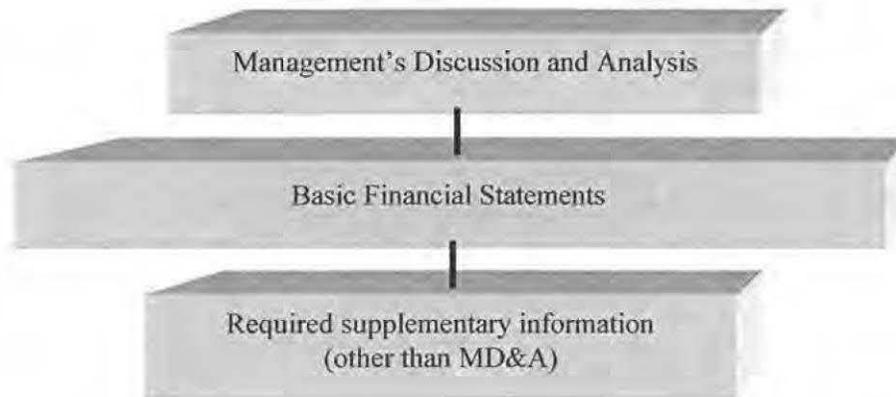
The Management's Discussion and Analysis of the Red River Parish School Board's financial performance presents a narrative overview and analysis of Red River Parish School Board's financial activities for the year ended June 30, 2018. This document focuses on the current year's activities, resulting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

FINANCIAL HIGHLIGHTS

- ★ The Red River Parish School Board's liabilities plus deferred inflows of resources exceeded its assets plus deferred outflows of resources at the close of fiscal year 2018 by approximately \$4.2 million. Approximately \$7.4 million of the previously reported net assets decreased as a result of a restatement due to the implementation of GASB 75.
- ★ During the year, the School Board's revenues exceeded expenses by approximately \$665,000.
- ★ Total revenue increased approximately \$1,028,000, which was primarily due to an increase in tax revenue of approximately \$934,000.
- ★ The General Fund operated at a surplus of approximately \$151,000 and ended the fiscal year with an accumulated fund balance of approximately \$16.8 million. The fund balance signifies that the financial condition of the School Board remains favorable.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments.



These financial statements consist of four sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), required supplementary information, and an optional section that presents combining statements for nonmajor governmental funds.

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Government -wide financial statements

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

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

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

Both of the government-wide financial statements present functions of the School Board that are principally supported by taxes and intergovernmental revenues (governmental activities). The School Board has no functions or activities which are business-like in nature, meaning that they are primarily supported by user fees and charges for services, such as a municipally owned utility system. The governmental activities of the School Board include regular and special education programs, support services, administration, maintenance, student transportation, and school food services. The School Board contains no other units of government (component units) nor is it contained as a component unit of any other level of local or state government.

Fund financial statements

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

Governmental funds

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

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Governmental funds (continued)

The School Board adopts annual appropriated budgets for the General Fund, Employee Salaries & Benefits Fund, School Lunch Fund, Sales Tax Fund, Construction, Repair, & Equipment Fund, and all Special Revenue Funds.

Fiduciary funds

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

Notes to the financial statements

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

FINANCIAL ANALYSIS OF THE ENTITY

Statements of Net Position
as of June 30, 2018 and 2017

	<u>2018</u>	<u>(Restated) 2017</u>	<u>Change</u>
Assets:			
Cash and cash equivalents	\$ 26,434,271	\$ 26,753,800	\$ (319,529)
Receivables	1,541,076	1,338,470	202,206
Investments in certificates of deposits	23,331,139	555,625	22,775,514
Inventory	19,196	26,730	(7,534)
Capital assets, net of accumulated depreciation	<u>11,068,781</u>	<u>10,783,695</u>	<u>285,086</u>
Total Assets	<u>62,394,463</u>	<u>39,458,320</u>	<u>22,936,143</u>
Total deferred outflows of resources	<u>5,012,818</u>	<u>7,027,071</u>	<u>(2,014,253)</u>
Liabilities:			
Accounts, salaries and other payables	2,923,048	2,274,128	648,920
Interest payable	210,707	9,007	201,700
Current portion of general obligation bonds	350,000	930,000	(580,000)
Long-term portion of general obligation bonds	23,047,791	-	23,047,791
Compensated absences payable	1,114,419	1,063,562	50,857
Net post-employment benefit obligations	16,059,871	16,593,192	(533,321)
Net pension liability	<u>24,711,880</u>	<u>28,279,496</u>	<u>(3,567,616)</u>
Total Liabilities	<u>68,417,716</u>	<u>49,149,385</u>	<u>19,268,331</u>
Total deferred inflows of resources	<u>3,234,902</u>	<u>2,246,687</u>	<u>988,215</u>

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

FINANCIAL ANALYSIS OF THE ENTITY (continued)

Statements of Net Position (continued)
as of June 30, 2018 and 2017

	<u>2018</u>	<u>(Restated) 2017</u>	<u>Change</u>
Net Position:			
Net investment in capital assets	10,173,211	9,853,695	319,516
Restricted for debt service	41,655	501,358	(459,703)
Restricted for food service	1,058,803	981,313	77,490
Restricted for compensation	8,270,652	8,279,092	(8,440)
Unrestricted	<u>(23,789,658)</u>	<u>(24,526,139)</u>	<u>736,481</u>
Total net position	\$ (4,245,337)	\$ (4,910,681)	\$ 665,344

- Cash and cash equivalents and investments account for approximately 74% of the total assets and deferred outflows of the School Board. Cash has remained consistent year over year. Investments increased significantly in 2018 as the School Board invested the proceeds received under the newly issued \$22.1 million bond. Capital assets, which are reported net of accumulated depreciation, account for approximately 16% of the total assets and deferred outflows of the School Board for the most recent year end.
- Accounts payable, salaries, and other payables increased approximately \$649,000 or 28.6% from the prior year and accounts for approximately 4% of total liabilities and deferred inflows reported. This is due to an increase in the accruals related to ongoing capital projects. The net post-employment benefit obligation accounts for approximately 22% of total liabilities and deferred inflows of the School Board and increased approximately \$533,000 or 3% from the prior year. The change is due to current year activity and calculated amounts by the actuary.
- Net pension liability is approximately \$24.7 million and accounts for approximately 34% of total liabilities and deferred inflows and decreased approximately \$3.6 million or 12.6% from the prior year.
- Unrestricted net position at year end reflects a deficit of approximately \$24.0 million.
- Total net position has increased by approximately \$665,000 from prior year.

	<u>2018</u>	<u>2017</u>	<u>Change</u>
Revenues			
Charges for services	\$ -	\$ 23,002	\$ (23,002)
Operating grants and contributions	3,334,820	3,261,817	73,003
General revenues			
Taxes	15,210,421	14,276,276	934,145
Minimum funding program (MFP)	5,063,846	5,080,471	(16,625)
Interest earnings	307,432	302,764	4,668
Other	200,916	144,737	56,179
	<u>\$ 24,117,435</u>	<u>\$ 23,089,067</u>	<u>\$ 1,028,368</u>

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

FINANCIAL ANALYSIS OF THE ENTITY (continued)

For the Year ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>	<u>Change</u>
Expenses:			
Regular education	\$ 7,960,731	\$ 7,705,277	\$ 255,454
Special education	1,455,610	1,514,037	(58,427)
Other education	2,392,407	2,376,491	15,916
Pupil support services	1,479,668	1,354,739	124,929
Instructional staff support	1,206,600	1,160,742	45,858
General administrative	1,088,802	1,068,837	19,965
School administrative	1,700,319	1,780,814	(80,495)
Business services	390,642	415,846	(25,204)
Plant operation and maintenance	2,169,814	2,201,709	(31,895)
Student transportation	1,328,719	1,286,499	42,220
Central services	118,085	89,554	28,531
Facility acquisition and construction	341,415	-	341,415
Food service	1,322,077	1,496,807	(174,730)
Interest, bank charges and bond issuance costs	497,202	50,027	447,175
Total Expenses	<u>23,452,091</u>	<u>22,501,379</u>	<u>950,712</u>
Change in net position	<u>\$ 665,344</u>	<u>\$ 587,688</u>	<u>\$ 77,656</u>

- Taxes increased approximately \$934,000 or 6.5% from prior year, primarily due to increased sales tax revenue of approximately \$958,000 offset by a slight decrease in ad valorem tax revenue of approximately \$24,000.
- Total expenses increased approximately \$951,000. This is primarily due to interest, bank and bond issuance costs of approximately \$447,000 associated with newly issued general obligation bonds as well as approximately \$341,000 in facility and acquisition costs associated with capital projects.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2018, the Red River Parish School Board had \$11.1 million (net of depreciation) invested in a broad range of capital assets, including land, building, and equipment. (See table below)

This amount represents a net increase (including additions, deductions, and changes in depreciation) from the prior year of approximately \$285,000, or approximately 2.6%.

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Capital Assets (continued)

	Capital Assets at Year-end (Net of Depreciation)		
	<u>2018</u>	<u>2017</u>	<u>Change</u>
Land	\$ 437,105	\$ 150,657	\$ 286,448
Buildings & improvements	9,624,215	10,130,833	(506,618)
Automobiles & equipment	459,311	502,205	(42,894)
Construction in progress	<u>548,150</u>	<u>-</u>	<u>548,150</u>
Total Capital Assets, net	<u>\$ 11,068,781</u>	<u>\$ 10,783,695</u>	<u>\$ 285,086</u>

- There was approximately \$1,013,000 in purchases of capital assets made by the School Board during 2018. The increase in total capital assets is predominantly due to ongoing construction in progress (HVAC renovations).

Long-term debt

The School Board's long-term debt consists of general obligation bonds and related premium, other post-employment benefit obligation, and its net pension liability. The general obligation debt increased as a result of the School Board issuing \$22.1 million in new bonds (Series 2018) at a premium of approximately \$1.3 million. The other post-employment benefit obligation decreased approximately \$533,000 resulting from the actuary's calculation. The net pension liability decreased by approximately \$3.6 million primarily resulting from the actuary's calculation.

Long-Term Liability at June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>	<u>Change</u>
General Obligation Bonds	\$23,397,791	\$ 930,000	\$22,467,791
Compensated absences	1,114,419	1,063,562	50,857
Net other post-employment benefit obligation	9,210,643	9,210,643	-
Net pension liability	<u>24,711,880</u>	<u>28,279,496</u>	<u>(3,567,616)</u>
Total	<u>\$58,434,733</u>	<u>\$39,483,701</u>	<u>\$18,951,032</u>

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Budget amendments were adopted during the year ended June 30, 2018 for the General Fund and other funds to better reflect actual operations as they evolved through the fiscal year.

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The financial stability that is necessary to fund services provided by the School Board is achieved through federal, state, and local funding. In the General Fund, State revenues (primarily MFP) make up 34%, or approximately \$5.0 million, of total projected 2019 proceeds. Local revenues (primarily sales and use and ad valorem taxes) represent approximately 52%, or approximately \$7.5 million, of total projected proceeds.

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

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

The School Board expects revenues to remain consistent in the coming year.

CONTACTING THE RED RIVER PARISH SCHOOL BOARD'S MANAGEMENT

This financial report is designed to provide a general overview of the School Board's finances for those with an interest in the government's financial position and operations. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Alison Hughes, Superintendent, Post Office Box 1369, Coushatta, Louisiana 71019.

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2018

ASSETS

Cash and cash equivalents	\$ 26,434,271
Receivables	1,541,076
Investments	23,331,139
Inventory	19,196
Capital assets, net of accumulated depreciation	<u>11,068,781</u>
TOTAL ASSETS	<u>62,394,463</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred amounts related to pension liability	<u>5,012,818</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>5,012,818</u>

LIABILITIES

Accounts, salaries and other payables	2,923,048
Accrued interest payable	210,707
Long-term liabilities	
Bonds payable	
Due within one year	350,000
Due in more than one year	23,047,791
Compensated absences payable	1,114,419
Net post-employment benefit obligations	16,059,871
Net pension liability	<u>24,711,880</u>
TOTAL LIABILITIES	<u>68,417,716</u>

DEFERRED INFLOWS OF RESOURCES

Deferred amounts related to post-employment benefit obligations	695,817
Deferred amounts related to pension liability	<u>2,539,085</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>3,234,902</u>

NET POSITION

Net investment in capital assets	10,173,211
Restricted for:	
Debt service	41,655
Food service	1,058,803
Compensation	8,270,652
Unrestricted (deficit)	<u>(23,789,658)</u>
TOTAL NET POSITION	<u>\$ (4,245,337)</u>

The accompanying notes are an integral part of this financial statement.

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA
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 Unit
Instruction:				
Regular education programs	\$ 7,960,731	\$ -	\$ 658,622	\$ (7,302,109)
Special education programs	1,455,610	-	66,034	(1,389,576)
Other instructional programs	2,392,407	-	659,237	(1,733,170)
Support Services:				
Pupil support services	1,479,668	-	225,511	(1,254,157)
Instructional staff services	1,206,600	-	491,597	(715,003)
General administration services	1,088,802	-	1,498	(1,087,304)
School administration services	1,700,319	-	164,677	(1,535,642)
Business services	390,642	-	586	(390,056)
Plant operation and maintenance	2,169,814	-	5,021	(2,164,793)
Student transportation	1,328,719	-	2,290	(1,326,429)
Technical Support	118,085	-	167	(117,918)
Facility acquisition and construction	341,415	-	13,711	(327,704)
Non-Instruction Services:				
Food service	1,322,077	-	1,045,869	(276,208)
Debt Service:				
Interest, bank charges and bond issuance costs	497,202	-	-	(497,202)
Total Governmental Activities	\$ 23,452,091	\$ -	\$ 3,334,820	(20,117,271)
General Revenues				
Taxes:				
				10,564,713
				4,645,708
				-
				5,108,923
				307,432
				155,839
			Total general revenues	20,782,615
			Change in Net Position	665,344
			Net Position - June 30, 2017 (restated)	(4,910,681)
			Net Position - June 30, 2018	\$ (4,245,337)

The accompanying notes are an integral part of this financial statement.

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2018

	General Fund	Employee Salaries and Benefits	Capital Projects	Other Non-major Governmental	Total
ASSETS					
Cash and cash equivalents	\$ 17,820,007	\$ 8,034,394	\$ 2,000	\$ 577,870	\$ 26,434,271
Receivables	282,030	236,258	-	1,022,788	1,541,076
Investments	376,989	-	22,772,166	181,984	23,331,139
Due from other funds	618,227	-	-	-	618,227
Inventory	-	-	-	19,196	19,196
TOTAL ASSETS	19,097,253	8,270,652	22,774,166	1,801,838	51,943,909
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	108,501	-	531,960	83,153	723,614
Salaries and benefits payable	2,199,434	-	-	-	2,199,434
Due to other funds	-	-	-	618,227	618,227
TOTAL LIABILITIES	2,307,935	-	531,960	701,380	3,541,275
Fund balances:					
Nonspendable	-	-	-	19,196	19,196
Spendable:					
Restricted	-	8,270,652	22,242,206	1,081,262	31,594,120
Assigned	3,852,263	-	-	-	3,852,263
Unassigned	12,937,055	-	-	-	12,937,055
TOTAL FUND BALANCES	16,789,318	8,270,652	22,242,206	1,100,458	48,402,634
TOTAL LIABILITIES AND FUND BALANCES	\$ 19,097,253	\$ 8,270,652	\$ 22,774,166	\$ 1,801,838	\$ 51,943,909

The accompanying notes are an integral part of this financial statement.

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Total Fund Balances at June 30, 2018 - Governmental Funds		\$ 48,402,634
Cost of capital assets at June 30, 2018	\$ 22,052,931	
Less: Accumulated depreciation as of June 30, 2018	<u>(10,984,150)</u>	11,068,781
Accrued interest on long-term debt		(210,707)
Long-term liabilities at June 30, 2018:		
Bonds payable	(22,100,000)	
Unearned premium	(1,297,791)	
Compensated absences payable	<u>(1,114,419)</u>	(24,512,210)
Net post-employment benefit obligation and deferrals recorded in in accordance with GASB 75		
Post-employment benefit obligation	(16,059,871)	
Deferred inflow of resources - related to post-employment benefit obligation	<u>(695,817)</u>	<u>(16,755,688)</u>
Net pension obligation and deferrals recorded in accordance with GASB 68		
Deferred outflow of resources - related to net pension liability	5,012,818	
Net pension liability	(24,711,880)	
Deferred inflow of resources - related to net pension liability	<u>(2,539,085)</u>	<u>(22,238,147)</u>
 Total net position at June 30, 2018 - Governmental Activities		 <u>\$ (4,245,337)</u>

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Employee Salaries and Benefits	Capital Projects	Other Non-major Governmental	Total
REVENUES					
Local sources:					
Ad valorem taxes	\$ 6,270,320	\$ 3,770,120	\$ -	\$ 524,273	\$ 10,564,713
Sales and use taxes	2,322,861	2,322,847	-	-	4,645,708
Earnings on investments	307,062	1,291	-	1,883	310,236
Food Services	-	-	-	-	-
Other	155,837	-	-	-	155,837
State sources:					
Unrestricted grants-in-aid, MFP	5,043,846	-	-	20,000	5,063,846
Restricted grants-in-aid	24,966	-	-	183,242	208,208
Revenue Sharing	45,077	-	-	-	45,077
Federal sources:					
Grants	-	-	-	3,126,612	3,126,612
TOTAL REVENUES	14,169,969	6,094,258	-	3,856,010	24,120,237
EXPENDITURES					
Current:					
Instruction:					
Regular education programs	5,741,540	1,935,397	-	631,769	8,308,706
Special education programs	1,100,876	394,681	-	61,956	1,557,513
Other education programs	1,381,002	408,218	-	732,305	2,521,525
Support:					
Pupil support services	1,053,482	296,423	-	216,086	1,565,991
Instructional staff services	624,554	183,680	-	474,540	1,282,774
General administration services	860,479	217,911	-	19,408	1,097,798
School administration services	1,245,008	374,292	-	157,161	1,776,461
Business services	319,235	86,209	-	-	405,444
Plant operation and maintenance	1,536,781	177,938	-	3,774	1,718,493
Central Services	91,126	21,503	-	-	112,629
Student transportation	1,111,034	283,423	-	372	1,394,829
Food services	157,192	223,023	-	989,196	1,369,411
Facility acquisition and construction	269,571	-	895,570	13,674	1,178,815
Debt service:					
Principal	-	-	-	930,000	930,000
Interest	-	-	-	35,487	35,487
Bond issuance costs	-	-	260,015	-	260,015
TOTAL EXPENDITURES	15,491,880	4,602,698	1,155,585	4,265,728	25,515,891
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (1,321,911)	\$ 1,491,560	\$ (1,155,585)	\$ (409,718)	\$ (1,395,654)

(continued)

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Employee Salaries and Benefits	Capital Projects	Other Non-major Governmental	Total
Transfers in	\$ 2,419,657	\$ -	\$ -	\$ 99,137	\$ 2,518,794
Transfers out	(947,162)	(1,500,000)	-	(71,632)	(2,518,794)
Proceeds from bonds	-	-	22,100,000	-	22,100,000
Premium from issuance of bonds	-	-	1,297,791	-	1,297,791
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,472,495</u>	<u>(1,500,000)</u>	<u>23,397,791</u>	<u>27,505</u>	<u>23,397,791</u>
NET CHANGES IN FUND BALANCE	<u>150,584</u>	<u>(8,440)</u>	<u>22,242,206</u>	<u>(382,213)</u>	<u>22,002,137</u>
Fund balances, June 30, 2017	<u>16,638,734</u>	<u>8,279,092</u>	<u>-</u>	<u>1,482,671</u>	<u>26,400,497</u>
FUND BALANCES, JUNE 30, 2018	<u>\$ 16,789,318</u>	<u>\$ 8,270,652</u>	<u>\$ 22,242,206</u>	<u>\$ 1,100,458</u>	<u>\$ 48,402,634</u> (concluded)

The accompanying notes are an integral part of this financial statement.

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS -
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE TO STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2018

Total Net Changes in Fund Balance - Governmental Funds		\$ 22,002,137
Capital Assets:		
Capital outlay and other expenditures capitalized	\$ 1,012,968	
Depreciation expense for year ended June 30, 2018	<u>(727,882)</u>	285,086
Change in accrued interest payable		(201,700)
Long Term Obligations:		
Principal portion of debt service payments	930,000	
Proceeds from bonds issued during the year	(22,100,000)	
Premium on bond issuance	(1,297,791)	
Change in compensated absences payable	<u>(50,857)</u>	<u>(22,518,648)</u>
Change in net post employment benefits and deferred inflows and outflows in accordance with GASB 75		(162,496)
Change in net pension liability and deferred inflows and outflows in accordance with GASB 68		<u>1,260,965</u>
Change in Net Position - Governmental Activities		<u>\$ 665,344</u>

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and cash equivalents - School Activity Accounts	\$ <u>155,247</u>
TOTAL ASSETS	\$ <u><u>155,247</u></u>
<u>LIABILITIES</u>	
Amounts held for others	\$ <u>155,247</u>
TOTAL LIABILITIES	\$ <u><u>155,247</u></u>

The accompanying notes are an integral part of this financial statement.

RED RIVER PARISH SCHOOL BOARD

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of Red River Parish School Board (the School Board) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standards standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the School Board's significant policies.

A. Financial Reporting Entity

The School Board was created by Louisiana Revised Statute (LSA-R.S.) 17:51 for the purpose of providing public education for the residents of Red River Parish (the Parish). The School Board is authorized by LSA-R.S. 17:81 to establish policies and regulations for its own government consistent with the laws of the State of Louisiana and the regulations of the Louisiana Board of Elementary and Secondary Education. The School Board is authorized to establish public schools as it deems necessary, to provide adequate school facilities for the children of the parish, to determine the number of teachers to be employed, and to determine local supplement to their salaries. The School Board is currently comprised of 7 members who are elected from 7 districts for a term of four years.

The School Board operates 4 schools within the Parish with a total enrollment of approximately 1,500 pupils. In conjunction with the regular educational programs, some of these schools offer special education and/or adult education programs. Additionally, the School Board provides transportation and school food services for the students.

The Governmental Accounting Standards Board (GASB) *Codification of Government Accounting and Financial Reporting Standard* establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under the provisions, 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. 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. The School Board also has no *component units*, defined by GASB 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.

B. Fund Accounting

The financial transactions of the School Board are recorded in individual funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures. 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.

Emphasis of fund financial reporting is on the major funds. Non-major funds (by category) or fund type are summarized into a single column. The major funds of the School Board consist of the General Fund and Employee Salaries and Benefits.

RED RIVER PARISH SCHOOL BOARD

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Fund Accounting (continued)

Funds of the School Board are classified into two broad categories: Governmental and Fiduciary, as discussed below.

Governmental Fund Types:

Governmental funds are used to account for all or most of the School Board's general operating activities. These funds focus on the sources, uses and balances of the current financial resources. Expendable assets are assigned to 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 General Fund is the general operating fund of the School Board. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for and the payment of general long-term debt principal, interest and related costs.

Capital Projects Fund – The Capital Projects Fund is used to provide resources for school improvements and major renovations.

Fiduciary Fund:

Fiduciary fund reporting focuses on net position and changes in the net position. The only fund accounted for in this category by the school board is the Agency Fund. Agency Funds are used to account for assets held by the board in a trustee capacity or as an agent for individuals, private organizations or other governmental units and/or other funds. Consequently, the Agency Fund has no measurement focus, but utilizes the accrual basis of accounting.

C. Basis of Presentation

The School Board's basic financial statements consist of the government-wide statements and fund financial statements (individual major fund, combined non-major fund, and fiduciary fund). The statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units and promulgated by the GASB *Codification of Accounting and Financial Reporting Standards*. Both the government-wide financial statements and the proprietary fund financial statements follow the guidance included in GASB Statement No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained In Pre-November 30, 1989 FASB and AICPA Pronouncements*.

Certain reclassifications have been made in the 2017 financial statements to conform to the current year presentation.

RED RIVER PARISH SCHOOL BOARD

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus/Basis of Accounting

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. These statements include all the financial activities of the School Board, except for those which are fiduciary in nature. Those activities are reported in the statement of fiduciary assets and liabilities at the fund financial statement level.

The GWFS were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability has been incurred, regardless of the timing of the related cash flows. Sales taxes are recognized when the underlying sales transactions occur and property taxes are recognized when a legally enforceable claim arises. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Program Revenues

Program revenues included in the Statement of Activities are derived directly from parties outside of 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, generally taxes.

Allocation of Indirect Expenses

The School Board reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable by 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. Depreciation on the buildings is assigned to the general administration function due to the fact that school buildings serve multiple purposes. Interest on long term debt is considered an indirect expense and is reported separately on the Statement of Activities. OPEB costs and pension costs not recorded on the fund financial statements are direct expenses and are allocated based on the respective contributions accounted for in each function.

Fund Financial Statements (FFS)

Governmental Funds

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

Governmental Funds are accounted for on the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized in the accounting period in which they become susceptible to accrual - that is, when they become measurable and available to pay current period liabilities. Such revenue items are ad valorem taxes, sales taxes and state and federal entitlements. Sales and use taxes and ad valorem taxes are considered "available" when expected to be collected within the next two months. Revenue from state and federal grants is recorded when the reimbursable expenditures have been incurred and is considered available if collected within six months after year end.

RED RIVER PARISH SCHOOL BOARD

NOTES TO THE FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus/Basis of Accounting (continued)

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Costs of accumulated unpaid vacation, sick leave and other employee benefit amounts are reported in the period due and payable rather than the period earned by employees and general long-term obligations principal and interest payments are recognized only when due.

The School Board reports the following governmental funds as major funds:

General Fund – The General Fund is used to account for resources traditionally associated with the School Board which are not legally required or required by sound accounting practices to be accounted for in another fund.

Employee Salaries and Benefits Fund – The Employee Salaries and Benefits Fund is used to account for payroll and payroll related expenditures funded by a 1% sales tax and a 15% millage Ad Valorem tax.

Capital Projects Funds – The Capital Projects Fund is used to provide resources for school improvements and major renovations.

E. Budget and Budgetary Accounting

Formal budgetary accounting is employed as a management control. The School Board prepares and adopts a budget prior to July 1 of each year for its general and all special revenue funds in accordance with Louisiana Revised Statutes. The operating budget is prepared based on prior year's revenues and expenditures and the estimated increase therein for the current year, using the full accrual basis of accounting. The School Board amends its budget when projected revenues are expected to be less than budgeted revenues by five percent or more. The School Board approves the overall budget at the function level and management has authority to transfer amounts between line items within a function. All budget appropriations lapse at year end.

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits and certificates of deposits with maturity dates within three months of the dates acquired.

G. Investments

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

Investment income includes interest earned, realized gains and losses, and unrealized gains and losses.

H. Inventory

Inventory is stated at the lower of cost or market based on information provided by the United States Department of Agriculture. Inventory consists of expendable supplies and food items held for consumption. The costs of inventory items are recognized as expenditures when used.

RED RIVER PARISH SCHOOL BOARD

NOTES TO THE FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Capital Assets

Capital assets are carried at historical costs. Depreciation of all exhaustible capital assets used by the School Board is charged as an expense against operations in the Statement of Activities. Capital assets net of accumulated depreciation are reported on the Statement of Net Position. Depreciation is computed using the straight line method over the estimated useful life of the assets, generally 10 to 40 years for buildings and building improvements and 5 to 10 years for moveable property. Expenditures for maintenance, repairs and minor renewals are charged to earnings as incurred. Major expenditures for renewals and betterments are capitalized.

J. Interfund Transactions

During the course of normal operations, the School Board has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets and service debt. The accompanying financial statements generally reflect such transactions as operating transfers.

K. Sales and Use Tax

The School Board collects a one percent parish-wide sales and use tax with the net proceeds, after deducting costs of collection and administration, dedicated to supplement salaries of School Board employees and/or operations of the public schools within the parish. In accordance with a School Board resolution adopted on March 14, 2016, the proceeds of the tax are committed as follows: 40 percent for salaries, 5 percent for transportation, 10 percent for classroom activities, 5 percent for technology and 40 percent for general purposes, which was assigned by management for classroom activities. The tax, authorized under the provisions of LSA-R.S. 33:2737 and approved by the voters on June 24, 1974, has no expiration date. The School Board also collects a one percent parish-wide sales and use tax with the net proceeds, after deducting the reasonable and necessary cost of administering and collecting the tax, dedicated to employee salaries and benefits. The tax receipts and expenditures are accounted for in a special revenue fund entitled Employee Salaries and Benefits.

L. Compensated Absences

The School Board employees earn annual and sick leave at various rates depending on the number of years in service. The maximum amount of annual and sick leave that may be accumulated and carried forward is 480 hours and unlimited, respectively. Several employees have been allowed accumulated annual leave in excess of the 480 hours for time accumulated under previous policies, which allowed for unlimited annual leave. Upon termination, an employee is compensated for up to 640 hours of unused annual leave. Upon retirement or death, an employee is compensated for up to 200 hours of sick leave. Compensation is provided at the employee's hourly rate of pay at the time of termination, retirement or death.

Under the Louisiana Teachers Retirement System, the total unused accumulated sick leave, including the 200 hours paid, is used in the retirement benefit computation as earned service for leave earned prior to July 1, 1988. For sick leave earned after July 1, 1988, under the Louisiana Teachers Retirement System, and for sick leave earned under the Louisiana School Employees Retirement System, all unpaid sick leave which excludes the 200 hours paid, is used in the retirement benefit computation as earned service.

Sabbatical leave may be granted for the rest and recuperation and 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 services and two semesters of sabbatical leave after six or more years of continuous service. Sabbatical leave benefits are recorded as expenditures in the period paid.

RED RIVER PARISH SCHOOL BOARD

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. 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 and liabilities 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.

N. Pension Plans

The Red River Parish School Board is a participating employer in two defined benefit pension plans (plans) as described in Note 4. For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of each of the plans, and additions to/deductions from each plans' fiduciary net position have been determined on the same basis as they are reported by each of the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within each plan.

O. Restricted Net Position

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

- Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributed to the acquisition, construction, or improvements of those assets.
- Restricted net position – net position with constraints placed on the use either by a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or b) law through constitutional provisions or enabling legislation.
- Unrestricted – all other net position is reported in this category.

P. Fund Balance of Fund Financial Statements

Accounting standards require governmental fund balances to be reported in as many as five classifications as listed below in accordance with Governmental Accounting Standards.

- Nonspendable – Represents permanently nonspendable balances that are not expected to be converted to cash.
- Restricted – Represents balances where constraints have been established by parties outside the School Board or by enabling legislation.
- Committed – Represents balances where constraints have been established by formal action of the School Board. A simple majority vote in a public meeting is required to establish, modify, or rescind a fund balance commitment.

RED RIVER PARISH SCHOOL BOARD

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Fund Balance of Fund Financial Statements (continued)

- Assigned – Represents balances where informal constraints have been established by the School Board or committee or delegate thereof, but are not restricted nor committed.

- Unassigned – Represents balances for which there are no constraints.

When expenditures are incurred for purposes for which both restricted and unrestricted amounts are available, the School Board reduces restricted amounts first, followed by unrestricted amounts. When expenditures are incurred for purposes for which committed, assigned, and unassigned amounts are available, the School Board reduces committed amounts first, followed by assigned amounts and then unassigned amounts.

Q. Current Year Adoption of New Accounting Standard and Restatement of Net Position

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

	<u>Governmental Activities</u>
Total Net Position, June 30, 2017 as previously reported	\$ 2,471,868
Reverse post-employment benefit obligation June 30, 2017	9,210,643
Record total post-employment benefit liability June 30, 2017	<u>(16,593,192)</u>
Net effect	<u>(7,382,549)</u>
Total Net Position, June 30, 2017, Restated	<u><u>\$ (4,910,681)</u></u>

R. Current Accounting Standards to be Implemented

The Governmental Accounting Standards Board recently issued GASB Statement No. 84 – *Fiduciary Activities*, which supersedes accounting standards that currently exist regarding fiduciary activities. Under the new standard, governments will recognize a liability to the beneficiaries in a fiduciary fund when an event occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets. The Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. The standard is effective for annual reporting periods beginning after December 15, 2018. The School Board is currently assessing the impact of this pronouncement on its financial statements.

RED RIVER PARISH SCHOOL BOARD

NOTES TO THE FINANCIAL STATEMENTS

2. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

A. Deposits

At June 30, 2018, the School Board had cash (book balance) totaling \$26,589,518. Deposits including cash and cash equivalents and investments on the balance sheet at June 30, 2018, are as follows:

	<u>Governmental Funds</u>	<u>Agency Funds</u>
Cash and Cash Equivalents – Demand Deposits	\$ 26,434,271	\$ 155,247
Investments – Certificates of Deposit	558,973	-
Total deposits	<u>\$ 26,993,244</u>	<u>\$ 155,247</u>

Deposits in financial institutions can be exposed to custodial credit risk. Custodial credit risk is the risk that in the event of a financial institution failure, the School Board's deposits may not be returned to them. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. As of June 30, 2018, the School Board's bank balance of these deposits and certificates of deposit included in investments totaled \$27,646,826 and was fully collateralized or FDIC insured and therefore not exposed to custodial credit risk.

B. Investments

As of June 30, 2018, the School Board has the following investments and maturities:

Investment Type	<u>Current Value</u>	<u>Less than 1</u>	<u>1 to 5</u>
Investment at fair values:			
US Treasury Securities	\$ 2,500,130	\$ 1,498,700	\$ 1,001,430
US Government Agency Securities			
Federal Farm Credit Bank	7,744,535	2,000,040	5,744,495
Federal Home Loan Bank	8,199,490	3,456,145	4,743,345
Investment measured at net asset value:			
Louisiana Asset Management Pool	4,328,011	4,328,011	-
Investments carried at cost:			
Certificates of Deposit	558,973	558,973	-
Total Investments	<u>\$ 23,331,139</u>	<u>\$ 11,841,869</u>	<u>\$ 11,489,270</u>

RED RIVER PARISH SCHOOL BOARD

NOTES TO THE FINANCIAL STATEMENTS

2. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (continued)

B. Investments (continued)

The School Board categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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

Level 1 inputs – U.S. treasury notes and cash equivalents totaling \$3,059,130 are valued based on quoted prices (unadjusted) for identical assets in active markets that a government can access at the measurement date.

Level 2 inputs – U.S. government agency securities totaling \$15,944,025 are valued using a market based approach comprised of a combination of directly observable quoted prices and a matrix pricing technique that relies on the securities' relationship to other benchmark quoted securities.

Interest Rate Risk – Interest rate risk is the risk applicable to debt instruments with fair values that are sensitive to changes in interest rates. One indicator of the measure of interest rate risk is the dispersion of maturity dates of debt instruments. The School Board's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Under Louisiana R.S. 33:2955, as amended, the School Board may invest in obligations of the U.S. Treasury, U.S. Agencies and instrumentalities, repurchase agreements, certificates of deposits, Louisiana Asset Management Pool (LAMP), and other investments as provided in the statute. The Board's investment policy does not further limit its investment choices. As of June 30, 2018, the School Board's investments in U.S. Government Agencies were rated Aaa by Moody's Investors Service and AA+ by Standard & Poor's and investments in U.S. Treasury Notes were rates Aaa by Moody's Investors Service.

Concentration of Credit Risk – The School Board's investment policy does not limit the amount the School Board may invest in any one issuer. More than 5% of the Board's investments are in U.S. Treasury securities, Federal Farm Credit Bank and Federal Home Loan Bank. These investments represent 11%, 33% and 35% of total investments, respectively.

At June 30, 2018, the School Board invested \$4,328,011 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33.2955. In accordance with GASB Codification Section I50.126, the investment in LAMP is not categorized into the three risk categories provided by GASB Codification Section I50.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

RED RIVER PARISH SCHOOL BOARD

NOTES TO THE FINANCIAL STATEMENTS

2. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (continued)

B. Investments (continued)

The following facts are relevant for investment pools:

- Credit risk: LAMP is rated AAAM by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirements.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments is 47 days as of June 30, 2018.
- Foreign currency risk: Not applicable.

The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and board of directors. LAMP is not registered with the SEC as an investment company. An annual audit of LAMP is conducted by an independent certified public accountant. The Legislative Auditor of the State of Louisiana has full access to the records of LAMP. LAMP issues financial reports which can be obtained by writing: LAMP, Inc., 228 St. Charles Avenue, Suite 1123, New Orleans, LA 70130.

Certificates of deposit are carried at cost.

3. AD VALOREM TAXES

Ad valorem (property) taxes were levied for the fiscal year 2018 by the School Board on August 14, 2017 based on the assessed valuation of property as of January 1, 2017. These taxes become due and payable on November 15 of each year and become delinquent after December 31 of the year levied.

The following are the School Board authorized and levied ad valorem taxes for 2017:

	<u>Levied Millage</u>	<u>Expiration</u>
Parish-wide taxes:		
Constitutional	4.970	Statutory
Maintenance	16.320	2023
Construction, repair and maintenance	5.620	2027
Employee salary and benefits	16.180	2023
Consolidation	2.25	2027
	<u>45.34</u>	

RED RIVER PARISH SCHOOL BOARD

NOTES TO THE FINANCIAL STATEMENTS

3. AD VALOREM TAXES (continued)

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

All property taxes are recorded in the General Fund and the Employee Salaries and Benefits Fund. Revenues in such funds are recognized in the accounting period in which they become measurable and available. Property taxes are considered measurable in the calendar year of the tax levy. Estimated uncollectible taxes are those taxes based on past experience which will not be collected in the subsequent year and are primarily due to subsequent adjustments to the tax roll. Available means due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. The remaining property taxes receivable are considered available because they are substantially collected within 60 days subsequent to year end.

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

4. DEFINED BENEFIT PENSION PLANS

The Red River Parish School Board (the School Board) is a participating employer in two cost-sharing defined benefit pension plans. These plans are administered by two public employee retirement systems, the Teachers' Retirement System of Louisiana (TRSL) and the Louisiana School Employees' Retirement System (LSERS). Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of these plans to the State Legislature. Each system is administered by a separate board of trustees and all Systems are component units of the State of Louisiana.

Each of the Systems issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. These reports may be obtained by writing, calling or downloading the reports as follows:

TRSL:
8401 United Plaza Blvd.
P. O. Box 94123
Baton Rouge, Louisiana 70804-9123
(225) 925-6446
www.trsl.org

LSERS:
8660 United Plaza Blvd.
Baton Rouge, Louisiana 70804
(225) 925-6484
www.lsers.net

The School Board implemented Government Accounting Standards Board (GASB) Statement 68 on Accounting and Financial Reporting for Pensions and Statement 71 on Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB 68. These standards require the School Board to record its proportional share of each of the pension plans Net Pension Liability and report the following disclosures:

RED RIVER PARISH SCHOOL BOARD

NOTES TO THE FINANCIAL STATEMENTS

4. DEFINED BENEFIT PENSION PLANS (continued)

Plan Descriptions:

Teachers' Retirement System of Louisiana (TRSL)

The Teachers' Retirement System of Louisiana (TRSL) is the administrator of a cost-sharing defined benefit plan. The plan provides retirement, disability, and survivor benefits to employees who meet the legal definition of a "teacher" as provided for in LRS 11:701. Eligibility for retirement benefits and the calculation of retirement benefits are provided for in LRS 11:761.

Louisiana School Employees' Retirement System (LSERS)

The Louisiana School Employees' Retirement System (LSERS) is the administrator of a cost-sharing defined benefit pension plan. The plan provides retirement, disability, and survivor benefits to school employees as defined in LRS 11:1002. Eligibility for retirement benefits and the calculation of retirement benefits are provided for in LRS 11:1141.

Cost of Living Adjustments

The pension plans in which the School System participates have the authority to grant cost-of-living adjustments (COLAs) on an ad hoc basis. COLAs may be granted to these systems, (TRSL or LSERS,) if approved with a two-thirds vote of both houses of the Legislature, provided the plan meets certain statutory criteria related to funded status and interest earnings.

Funding Policy

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee. In accordance with state statute, TRSL receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations.

Contributions to the plans are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended June 30, 2018, for the School Board and covered employees were as follows:

	<u>School Board</u>	<u>Employees</u>
Teachers' Retirement System:		
Regular Plan	26.60%	8.00%
Plan B	26.60%	5.00%
School Employees' Retirement System	27.30%	7.50% - 8.00%

RED RIVER PARISH SCHOOL BOARD

NOTES TO THE FINANCIAL STATEMENTS

4. DEFINED BENEFIT PENSION PLANS (continued)

The contributions made to the Systems for the past three fiscal years, which equaled the required contributions for each of these years, were as follows:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Teachers' Retirement System:			
Regular Plan	\$ 2,936,667	\$ 2,546,753	\$ 2,636,858
Plan B	112,861	105,666	111,851
School Employees' Retirement System	301,158	278,324	315,257

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

The following schedule lists the School Board's proportionate share of the Net Pension Liability allocated by each of the pension plans based on the June 30, 2017 measurement date. The School Board uses this measurement to record its Net Pension Liability and associated amounts as of June 30, 2018 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2017 along with the change compared to the June 30, 2016 rate. The School Board's proportion of the Net Pension Liability was based on a projection of the School Board's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

	<u>Net Pension Liability at June 30, 2018</u>	<u>Rate at June 30, 2017</u>	<u>Increase (Decrease) to June 30, 2016 Rate</u>
Teachers' Retirement System	\$ 22,438,795	0.2189%	(0.0015%)
School Employees' Retirement System	2,273,085	0.3552%	(0.0121%)
	<u>\$ 24,711,880</u>		

The following schedule list each pension plan's recognized pension expense plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions by the School Board for the year ended June 30, 2018:

Teachers' Retirement System	\$ 1,787,191
School Employees' Retirement System	302,527
	<u>\$ 2,089,718</u>

RED RIVER PARISH SCHOOL BOARD

NOTES TO THE FINANCIAL STATEMENTS

4. DEFINED BENEFIT PENSION PLANS (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (790,605)
Changes of assumptions	284,280	(35,411)
Net difference between projected and actual earnings on pension plan investments	-	(615,097)
Changes in proportion and differences between Employer contributions and proportionate share of contributions	1,377,852	(1,097,972)
Employer contributions subsequent to the measurement date	3,350,686	-
Total	<u>\$ 5,012,818</u>	<u>\$ (2,539,085)</u>

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Teachers' Retirement System	\$ 4,637,556	\$ (2,358,603)
School Employees' Retirement System (LSERS)	375,262	(180,482)
	<u>\$ 5,012,818</u>	<u>\$ (2,539,085)</u>

The School Board reported a total of \$3,350,686 as deferred outflow of resources related to pension contributions made subsequent to the measurement period ended June 30, 2017 which will be recognized as a reduction in Net Pension Liability in the year ended June 30, 2019. The following schedule list the pension contributions made subsequent to the measurement period for each pension plan:

	Subsequent Contributions
Teachers' Retirement System	\$ 3,049,528
School Employees' Retirement System (LSERS)	301,158
	<u>\$ 3,350,686</u>

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

Year	TRSL	LSERS	Total
2018	\$ (493,304)	\$ (78,998)	\$ (572,302)
2019	580,256	40,341	620,597
2020	(315,969)	14,983	(300,986)
2021	(541,558)	(82,704)	(624,262)
	<u>\$ (770,575)</u>	<u>\$ (106,378)</u>	<u>\$ (876,953)</u>

RED RIVER PARISH SCHOOL BOARD

NOTES TO THE FINANCIAL STATEMENTS

4. DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability for each pension plan as of June 30, 2018 are as follows:

	<u>TRSL</u>	<u>LSERS</u>
Valuation Date	June 30, 2017	June 30, 2017
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Expected Remaining		
Service Lives	5 years	3 years
Investment Rate of Return	7.70% net of investment expenses	7.125% net of investment expenses
Inflation Rate	2.5% per annum	2.625 per annum%
Mortality	Mortality rates were projected based on the RP-2000 Mortality Table with projection to 2025 using Scale AA	Mortality rates based on the RP-2000 Combined Healthy Sex Distinct Mortality Table. RP-2000 Disabled Lives Mortality Table
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a five year (2008-2012) experience study of the System's members.	
Salary Increases	3.50% - 10.0% varies depending on duration of service	Salary increases were projected based on the 2008-2012 experience study of the Plan's members ranging from 3.075% to 5.375%
Cost of Living Adjustments	None	Note 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 do not include provisions for potential future increases not yet authorized by the Board of Trustees

RED RIVER PARISH SCHOOL BOARD

NOTES TO THE FINANCIAL STATEMENTS

4. DEFINED BENEFIT PENSION PLANS (continued)

The following schedule list the methods used by each of the retirement systems in determining the long term rate of return on pension plan investments:

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

RED RIVER PARISH SCHOOL BOARD

NOTES TO THE FINANCIAL STATEMENTS

4. DEFINED BENEFIT PENSION PLANS (continued)

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in each of the Retirement Systems target asset allocations as of June 30, 2016:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
	TRSL	LSERS	TRSL	LSERS
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%	-
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%
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%
Private Equity	25.50%	5.00%	8.47%	10.47%
Other Private Assets	10.00%	-	3.51%	-
Hedge Fund of Funds	-	3.00%	-	3.75%
Real Estate	-	5.00%	-	5.00%
Timber	-	2.00%	-	5.67%
Oil and Gas	-	2.00%	-	10.57%
Infrastructure	-	2.00%	-	6.25%
Total	100%	100%	N/A	N/A

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of 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. The discount rate used to measure the total pension liability for TRSL and LSERS was 7.70% and 7.125%, respectively for the measurement period ended June 30, 2017.

RED RIVER PARISH SCHOOL BOARD

NOTES TO THE FINANCIAL STATEMENTS

4. DEFINED BENEFIT PENSION PLANS (continued)

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

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

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
TRSL			
Rates	6.70%	7.70%	8.70%
RRPSB Share of NPL	\$ 28,912,901	\$ 22,438,795	\$ 16,931,432
LSERS			
Rates	6.125%	7.125%	8.125%
RRPSB Share of NPL	\$ 3,116,132	\$ 2,273,085	\$ 1,549,105

Payables to the Pension Plan

The School Board recorded accrued liabilities to each of the Retirement Systems for the year ended June 30, 2018 mainly due to the accrual for payroll at the end of each of the fiscal years. The amounts due are included in liabilities under the amounts reported as accounts, salaries and other payables. The balance due to each for the retirement systems at June 30, 2018 is as follows:

TRSL	\$ 1,017,176
LSERS	87,270
	<u>\$ 1,104,446</u>

5. POST-EMPLOYMENT BENEFIT OBLIGATION (OPEB)

General Information about the OPEB Plan

Plan description – The School Board provides certain continuing health care and life insurance benefits for its retired employees. The School Board's administers a single employer defined benefit Other Postemployment Benefit Plan (OPEB Plan). The School's board has the authority to establish and/or amend the obligation of the employer, employees and retirees as provided by Louisiana Revised Statute Title 17 Sections 1221 through 1224. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board (GASB) Statement No. 75.

Benefits Provided – The School Board offers health and life insurance post-employment benefits to employees who retire under one of the systems sponsored retirement systems. The benefits include premium subsidies and member contributions. The retirees are offered multiple health plan options for pre-Medicare and additional Medicare options to eligible retirees. The School Board obtains both health and life insurance through the State of Louisiana Office of Group Benefits (OGB).

RED RIVER PARISH SCHOOL BOARD

NOTES TO THE FINANCIAL STATEMENTS

5. POST-EMPLOYMENT BENEFIT OBLIGATION (OPEB) (continued)

Life insurance coverage under the OGB program is available to retirees by election and the blended rate (active and retired) is used. The employer pays 50% of the cost of the retiree life insurance based on that blended rate. Insurance coverage amounts are reduced by 25% at age 65 and by an additional 25% at age 70 according to the OGB plan provisions.

Employees covered by benefit terms – The June 30, 2018 total OPEB liability was determined using the July 1, 2017 actuarial valuation that included the following employees covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	83
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	182
	<u>265</u>

Total OPEB Liability

The Entity's total OPEB liability of \$16,059,871 was measured as of June 30, 2018 and was determined by an actuarial valuation as of July 1, 2017.

Actuarial Assumptions and other inputs – The total OPEB liability as of June 30, 2018 was based on an actuarial valuation dated July 1, 2017 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	3.0%, including inflation
Discount rate	3.87%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Flat 5.5% annually

The discount rate was based on the Bond Buyers' 20 Year General Obligation municipal bond index as of the applicable measurement date.

Mortality rates were based on the SOA RP-2000 without projections table, based on a 50% unisex blend.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2008 to June 30, 2018.

Changes in the Total OPEB Liability

Balance at June 30, 2017	\$ 16,593,192
Changes for the year:	
Service cost	334,653
Interest	582,958
Changes in Assumption/Inputs	(716,995)
Differences between expected and actual experience	(48,403)
Benefit payments	(685,534)
Net changes	<u>(533,321)</u>
Balance at June 30, 2018	<u>\$ 16,059,871</u>

RED RIVER PARISH SCHOOL BOARD

NOTES TO THE FINANCIAL STATEMENTS

5. OTHER POST-EMPLOYMENT BENEFITS (continued)

The amount due within one year for the total OPEB liability is estimated to be \$702,000.

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

	<u>1.0% Decrease</u>	<u>Current Discount</u>	<u>1.0% Increase</u>
Total OPEB liability	\$ 18,775,693	\$ 16,059,871	\$ 13,882,416

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

	<u>1.0% Decrease</u>	<u>Current Discount</u>	<u>1.0% Increase</u>
Total OPEB liability	\$ 13,845,714	\$ 16,059,871	\$ 18,791,797

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

For the year ended June 30, 2018, the Entity recognized OPEB expense of \$848,029. At June 30, 2018, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (44,003)
Changes in Assumptions	-	(651,814)
Total	\$ -	\$ (695,817)

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

<u>Years ending June 30:</u>	
2019	\$ (69,582)
2020	(69,582)
2021	(69,582)
2022	(69,582)
2023	(69,582)
Thereafter	(347,907)
	<u>\$ (695,817)</u>

RED RIVER PARISH SCHOOL BOARD

NOTES TO THE FINANCIAL STATEMENTS

6. GENERAL LONG-TERM OBLIGATIONS

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

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2018</u>
Bond Debt				
General Obligation Bonds	\$ 930,000	\$ 22,100,000	\$ 930,000	\$ 22,100,000
Unamortized Premium on Bonds	-	1,297,791	-	1,297,791
Total Bond Debt	<u>930,000</u>	<u>23,397,791</u>	<u>930,000</u>	<u>23,397,791</u>
Compensated Absences	<u>1,063,561</u>	<u>493,783</u>	<u>442,925</u>	<u>1,114,419</u>
Total	<u>\$ 1,993,561</u>	<u>\$ 23,891,574</u>	<u>\$ 1,372,925</u>	<u>\$ 24,512,210</u>

The School Board issues general obligation bonds to provide funds for the acquisition of land for schools, to build new facilities and to improve capital assets. General obligation bonds are paid from the Debt Service Fund from funds provided by an ad valorem tax.

A schedule of the individual issues outstanding as of June 30, 2018 is as follows:

<u>Bond Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Final Payment Due</u>	<u>Interest to Maturity</u>	<u>Principal Outstanding</u>
General Obligation bonds - Series 2018	March 6, 2018	3.00% - 5.00%	March 1, 2038	\$ 10,255,179	\$ 22,100,000
			Total	<u>\$ 10,255,179</u>	<u>\$ 22,100,000</u>

At June 30, 2018, the School Board has accumulated \$41,655 in the debt service fund for future debt retirement as well as \$22,242,206 in the Capital Projects Fund for school improvements and major renovations.

The debt service requirements for the School Board, including interest to maturity, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Amount</u>
2019	\$ 350,000	\$ 842,829	\$ 1,192,829
2020	785,000	844,200	1,629,200
2021	810,000	820,650	1,630,650
2022	835,000	796,350	1,631,350
2023	865,000	771,300	1,636,300
Thereafter	<u>18,455,000</u>	<u>6,179,850</u>	<u>24,634,850</u>
	22,100,000	<u>\$ 10,255,179</u>	<u>\$ 32,355,179</u>
Add: Unamortized Premium	<u>1,297,791</u>		
Total plus unamortized bond premium	<u>\$ 23,397,791</u>		

RED RIVER PARISH SCHOOL BOARD

NOTES TO THE FINANCIAL STATEMENTS

6. GENERAL LONG-TERM OBLIGATIONS (continued)

In accordance with LSA – 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 within the parish. At June 30, 2018, the statutory limit is \$86,724,022.

Compensated absences payable consist of the portion of accumulated sick leave of the governmental funds that is not expected to require current resources.

New Debt Issuances

On March 6, 2018, the School Board issued \$22,100,000 of Series 2018 General Obligation Bonds for the purpose of acquiring and/or improving lands for building sites and playgrounds, purchasing, erecting and/or improving school buildings and other school related facilities within and for the District and acquiring the necessary equipment and furnishings therefor and paying for the costs of issuance of the bonds. The Bonds payments are due on March 1st of each year beginning 2019 through 2038 with interest ranging from 3.00 percent to 5.00 percent. The bonds are secured by and payable in principal and interest from the revenues of the Constitutional ad valorem tax levied at 9.60 mills beginning in the 2018 tax year.

7. CAPITAL ASSETS

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

	<u>Land</u>	<u>Buildings & Improvements</u>	<u>Automobiles & Equipment</u>	<u>Construction In Progress</u>	<u>Total</u>
<u>Cost</u>					
at June 30, 2017	\$ 150,657	\$ 17,004,905	\$ 3,914,401	\$ -	\$ 21,069,963
Additions	286,448	17,324	161,046	548,150	1,012,968
Disposals	-	(30,000)	-	-	(30,000)
at June 30, 2018	437,105	16,992,229	4,075,447	548,150	22,052,931
<u>Accumulated Depreciation</u>					
at June 30, 2017	-	6,874,072	3,412,196	-	10,286,268
Additions	-	523,942	203,940	-	727,882
Disposals	-	(30,000)	-	-	(30,000)
at June 30, 2018	-	7,368,014	3,616,136	-	10,984,150
Capital Assets, net of depreciation	<u>\$ 437,105</u>	<u>\$ 9,624,215</u>	<u>\$ 459,311</u>	<u>\$ 548,150</u>	<u>\$ 11,068,781</u>

Construction commitments at June 30, 2018 are composed of the following:

<u>Fund</u>	<u>Project Authorization</u>	<u>Expended to June 30, 2018</u>	<u>Committed</u>
Capital Projects Fund	\$ 865,700	\$ 548,150	\$ 317,550

RED RIVER PARISH SCHOOL BOARD

NOTES TO THE FINANCIAL STATEMENTS

7. CAPITAL ASSETS (continued)

* Depreciation expense of \$727,882 for the year ended June 30, 2018 was charged to the following governmental functions:

Regular education programs	\$ 72,550
Special education programs	13,577
Other education programs	21,981
Pupil support services	13,651
Instructional staff services	11,182
General administrative services	9,570
School administration services	15,486
Business services	3,692
Plant operation and maintenance	540,201
Student transportation services	13,072
Technical support	982
Food services	11,938
	<u>\$ 727,882</u>

8. LITIGATION AND CLAIMS

The School Board is a defendant in various lawsuits. Management and legal counsel for the School Board believe that the potential claims against the School Board not covered by insurance would not materially affect the School Board's financial position.

9. RECEIVABLES

Receivables as of June 30, 2018 for the School Board are as follows:

	General Fund	Employee Salaries and Benefits	Capital Project Fund	Other Governmental Funds	Total
<u>Receivables:</u>					
Taxes	\$ 281,695	\$ 235,043	\$ -	\$ -	\$ 516,738
Due from other governments	-	-	-	1,022,788	1,022,788
Other	335	1,215	-	-	1,550
Gross receivables	<u>\$ 282,030</u>	<u>\$ 236,258</u>	<u>\$ -</u>	<u>\$ 1,022,788</u>	<u>\$ 1,541,076</u>

10. CHANGES IN AGENCY DEPOSITS DUE OTHERS

A summary of changes in agency fund deposits due others for the year ended June 30, 2018 are as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
School Activity Agency Fund	<u>\$ 130,531</u>	<u>\$ 550,623</u>	<u>\$ (525,907)</u>	<u>\$ 155,247</u>

RED RIVER PARISH SCHOOL BOARD

NOTES TO THE FINANCIAL STATEMENTS

11. INTERFUND TRANSACTIONS

Interfund Receivable/Payable:

<u>Interfund Receivable</u>		<u>Interfund Payable</u>	
General	\$ 618,227	General	\$ -
Employee salaries & benefits	-	Employee salaries & benefits	-
Capital Projects Fund	-	Capital Projects Fund	-
Other non-major	-	Other non-major	618,227
Total	<u>\$ 618,227</u>	Total	<u>\$ 618,227</u>

The primary purpose of interfund advances is to cover expenditures on cost reimbursement grant programs until reimbursements are received from the granting agencies.

Transfers:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 2,419,657	\$ 947,162
Employee salaries & benefits	-	1,500,000
Other non-major	99,137	71,632
	<u>\$ 2,518,794</u>	<u>\$ 2,518,794</u>

The purpose of interfund transfers is to cover operating expenditures of the general fund through indirect cost recoveries charged to grant programs and through transfers from the Employee salaries and benefits fund.

12. 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. The School Board maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the School Board.

13. TAX REVENUE ABATED

The Louisiana Industrial Ad Valorem Tax Exemption program (Louisiana Administrative Code, Title 13, Chapter 5) is a state incentive program which abates, up to ten years, local ad valorem taxes on a manufacturer's new investment and annual capitalized additions related to the manufacturing site. Applications to exempt qualified property for five years are approved by the Board of Commerce and Industry. The exemption may be renewed for an additional five years. For the fiscal year ending June 30, 2018, approximately \$805,000 in Red River Parish School Board ad valorem tax revenues were abated by the state of Louisiana through the Louisiana Industrial Ad Valorem Tax Exemption program.

RED RIVER PARISH SCHOOL BOARD

MAJOR FUND DESCRIPTIONS

GENERAL FUND

The General Fund is used to account for resources traditionally associated with the School Board which are not legally required or required by sound accounting practices to be accounted for in another fund.

EMPLOYEE SALARIES AND BENEFITS FUND

The Employee Salaries and Benefits Fund is used to account for payroll and payroll related expenditures funded by a 1% sales tax and a 15 millage Ad Valorem tax.

CAPITAL PROJECTS FUND

The Capital Projects Fund is used to provide resources for school improvements and major renovations.

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>				
Local sources:				
Ad valorem taxes	\$ 5,950,000	\$ 5,950,000	\$ 6,270,320	\$ 320,320
Sales and use taxes	1,650,000	2,440,000	2,322,861	(117,139)
Earnings on investments	96,310	156,356	307,062	150,706
Other	453,623	478,408	155,837	(322,571)
State sources:				
Unrestricted grants-in-aid, MFP	5,282,744	5,143,359	5,043,846	(99,513)
Restricted grants-in-aid	53,145	33,145	24,966	(8,179)
Revenue sharing	42,125	41,542	45,077	3,535
Total revenues	<u>13,527,947</u>	<u>14,242,810</u>	<u>14,169,969</u>	<u>(72,841)</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular education programs	5,481,918	5,970,453	5,741,540	228,913
Special education programs	1,005,328	1,115,848	1,100,876	14,972
Other education programs	1,276,266	1,411,203	1,381,002	30,201
Support services:				
Pupil support services	1,031,273	1,046,656	1,053,482	(6,826)
Instructional staff services	666,651	664,987	624,554	40,433
General administration services	614,259	626,940	860,479	(233,539)
School administration services	1,200,439	1,248,764	1,245,008	3,756
Business services	309,328	339,207	319,235	19,972
Plant operation and maintenance	1,871,795	1,832,214	1,536,781	295,433
Central services	75,176	91,788	91,126	662
Student Transportation	1,146,334	1,226,171	1,111,034	115,137
Food services	125,740	163,579	157,192	6,387
Capital Outlay				
Facilities acquisition and construction	-	-	269,571	(269,571)
Total expenditures	<u>14,804,507</u>	<u>15,737,810</u>	<u>15,491,880</u>	<u>245,930</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (1,276,560)</u>	<u>\$ (1,495,000)</u>	<u>\$ (1,321,911)</u>	<u>\$ 173,089</u> (continued)

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>Other financing sources (uses):</u>				
Operating transfers in	\$ 2,320,000	\$ 2,560,000	\$ 2,419,657	\$ (140,343)
Operating transfers out	(660,000)	(960,000)	(947,162)	12,838
Total other financing sources (uses)	1,660,000	1,600,000	1,472,495	(127,505)
Excess of revenues and other financing sources over expenditures and other financing sources (uses)	383,440	105,000	150,584	45,584
Fund balances, June 30, 2017	16,011,797	16,638,734	16,638,734	-
FUND BALANCES, JUNE 30, 2018	\$ 16,395,237	\$ 16,743,734	\$ 16,789,318	\$ 45,584 (concluded)

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA

EMPLOYEE SALARIES AND BENEFITS
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>				
Local sources:				
Ad valorem taxes	\$ 3,600,000	\$ 3,560,000	\$ 3,770,120	\$ 210,120
Sales and use taxes	1,650,000	2,440,000	2,322,847	(117,153)
Earnings on investments	925	1,250	1,291	41
Total revenues	<u>5,250,925</u>	<u>6,001,250</u>	<u>6,094,258</u>	<u>93,008</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular education programs	1,563,492	1,977,520	1,935,397	42,123
Special education programs	294,932	425,658	394,681	30,977
Other education programs	331,682	371,575	408,218	(36,643)
Support services:				
Pupil support services	230,708	272,322	296,423	(24,101)
Instructional staff services	153,417	176,643	183,680	(7,037)
General administration services	65,121	78,719	217,911	(139,192)
School administration services	346,922	363,939	374,292	(10,353)
Business administration services	66,108	83,326	86,209	(2,883)
Plant operation and maintenance	144,138	183,630	177,938	5,692
Central services	15,435	21,192	21,503	(311)
Student Transportation	244,176	281,303	283,423	(2,120)
Food services	194,794	225,423	223,023	2,400
Total expenditures	<u>3,650,925</u>	<u>4,461,250</u>	<u>4,602,698</u>	<u>(141,448)</u>
Excess (deficiency) of revenues over expenditures	1,600,000	1,540,000	1,491,560	(48,440)
<u>Other financing sources (uses):</u>				
Operating transfers out	<u>(1,600,000)</u>	<u>(1,540,000)</u>	<u>(1,500,000)</u>	<u>40,000</u>
Total other financing sources (uses)	<u>(1,600,000)</u>	<u>(1,540,000)</u>	<u>(1,500,000)</u>	<u>40,000</u>
Excess of revenues and other financing sources over expenditures and other financing sources (uses)	-	-	(8,440)	(8,440)
Fund balances, June 30, 2017	<u>8,295,066</u>	<u>8,279,092</u>	<u>8,279,092</u>	<u>-</u>
FUND BALANCES, JUNE 30, 2018	<u>\$ 8,295,066</u>	<u>\$ 8,279,092</u>	<u>\$ 8,270,652</u>	<u>\$ (8,440)</u>

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA

SCHEDULE OF CHANGES IN
TOTAL POST-EMPLOYMENT BENEFIT OBLIGATION AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2018

Financial statement reporting date	Measurement date	Service cost	Interest	Differences between expected and actual experience	Changes of assumptions	Benefit payments	Net change in total OPEB liability	Total OPEB liability - beginning	Total OPEB liability - ending	Covered-employee payroll	Total OPEB liability as a percentage of covered-employee payroll
6/30/2018	6/30/2018	\$ 334,653	\$ 582,958	\$ (48,403)	\$ (716,995.00)	\$ (685,534)	\$ (533,321)	\$ 16,593,192	\$ 16,059,871	\$ 9,858,100	162.91%

Notes to Schedule:

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

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

There are no assets accumulated in a trust that meets the criteria of paragraph 4 of GASB 75 for this OPEB plan

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

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
COST SHARING PLANS ONLY
FOR THE YEAR ENDED JUNE 30, 2018 (*)

<u>Pension Plan</u>	<u>Year</u>	<u>Employer's Proportion of the Net Pension Liability (Asset)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Employer's Covered- Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
Teachers Retirement System of Louisiana						
	2018	0.2189%	\$ 22,438,795	\$ 10,362,011	216.5487%	65.55%
	2017	0.2173%	25,508,932	10,418,385	244.8454%	59.90%
	2016	0.2284%	24,554,223	10,716,034	229.1354%	62.50%
	2015	0.2073%	21,189,749	9,471,738	223.7155%	63.70%
Louisiana School Employees Retirement System						
	2018	0.3552%	\$ 2,273,085	\$ 1,091,149	208.3203%	75.03%
	2017	0.3673%	2,770,564	1,043,897	265.4059%	70.09%
	2016	0.3555%	2,254,448	1,085,443	207.6984%	74.49%
	2015	0.3200%	1,854,806	897,574	206.6466%	76.18%

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

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

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA

SCHEDULE OF THE EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2018

<u>Pension Plan</u>	<u>Year</u>	<u>Contractually Required Contribution¹</u>	<u>Contributions in Relation to Contractually Required Contribution²</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll³</u>	<u>Contributions as a % of Covered Payroll</u>
Teachers Retirement System of Louisiana						
	2018	\$ 3,049,528	\$ 3,049,528	\$ -	\$ 11,464,187	26.6005%
	2017	2,652,419	2,652,419	-	10,362,011	25.5975%
	2016	2,748,709	2,748,709	-	10,418,385	26.3833%
	2015	3,009,023	3,009,023	-	10,716,034	28.0796%
Louisiana School Employees Retirement System						
	2018	\$ 301,158	\$ 301,158	\$ -	\$ 1,091,149	27.6001%
	2017	278,324	278,324	-	1,019,502	27.3000%
	2016	315,257	315,257	-	1,043,897	30.2000%
	2015	358,197	358,197	-	1,085,443	33.0001%

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

For reference only:

- ¹ Employer contribution rate multiplied by employer's covered payroll
- ² Actual employer contributions remitted to Retirement Systems
- ³ Employer's covered payroll amount for the fiscal year ended June 30.

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA

SCHEDULE OF BOARD MEMBERS' COMPENSATION
FOR THE YEAR ENDED JUNE 30, 2018

Richard B. Cannon	\$ 10,200
Valerie Taylor Cox	10,200
Gary L. Giddens	9,600
Roger Longino	9,600
Cleve L. Miller	9,600
Susan Taylor	9,600
Kasandria W. White	9,600
	<hr/>
	\$ 68,400

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2018

Alison Hughes, Superintendent:

<u>Purpose</u>	<u>Total Amount</u>
Salary	\$ 111,594
Benefits - retirement	29,684
Benefits - Healthcare and Workers Compensation	11,514
Travel and Workshops	3,235
Lease value of Car Provided	11,250
	<u>\$ 167,277</u>

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

The Members of the Red River
Parish School Board
Coushatta, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Red River Parish School Board (the School Board), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements, and have issued our report thereon dated December 21, 2018.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 School Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 21, 2018

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

The Members of the Red River
Parish School Board
Coushatta, Louisiana

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

Our consideration of 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.

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 21, 2018

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

<u>Federal Grantor/ Pass-Through Grantor/ Program Name</u>	<u>Grant Year</u>	<u>Grantor Project Number</u>	<u>CFDA Number</u>	<u>Expenditures 2018</u>
<u>UNITED STATES DEPARTMENT OF AGRICULTURE</u>				
Pass-through program from Louisiana Department of Agriculture and Forestry:				
Food Distribution - Commodities	17-18	N/A	10.555 ¹	\$ 72,299
Pass-through program from Louisiana Department of Education:				
School Lunch Program	17-18	05-SFS-084	10.555 ¹	632,586
School Breakfast Program	17-18	05-SFS-084	10.553 ¹	340,835
				<u>1,045,720</u>
<u>UNITED STATES DEPARTMENT OF EDUCATION</u>				
Passed through Louisiana Department of Education:				
Title I Grants to Local Educational Agencies-Part A Basic	17-18	28-18-T1-41	84.010A	908,088
Title I - Part C Migrant Education	17-18	28-18-M1-41	84.011A	8,824
Special Education Regular Project-Part B	17-18	28-18-B1-61	84.027A ²	385,623
Special Education Preschool	17-18	28-18-P1-41	84.173A ²	4,254
Carl Perkins Grant	17-18	28-18-02-41	84.048	17,976
Gaining Early Awareness and Readiness for Undergraduates	17-18	P334S080003	84.334S	51,621
TIF Grant	17-18	28-18-TP-41	84.374A	157,062
Title II Part A	17-18	28-18-50-41	84.367A	106,156
SRCL2 Grades 6-8	17-18	28-18-SR03-41	84.371C	111,867
School Redesign Grant	17-18	28-18-RD18-41	84.010A	88,016
Title IVA SSAE	17-18	28-18-71-41	84.424A	18,189
Rural Education Achievement Program	17-18	28-18-RE-41	84.358B	15,518
				<u>1,873,194</u>
<u>UNITED STATES DEPARTMENT OF DEFENSE</u>				
Direct grant:				
Air Force Junior Officers Training Corps	17-18	N/A	12,000	57,919
<u>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Pass-through program from Louisiana Department of Education:				
The Cecil J. Picard LA 4 Early Childhood Program - TANF	17-18	28-18-36-41	93.558B	149,779
Total Expenditures of Federal Awards				<u>\$ 3,126,612</u>

¹ Child Nutrition Cluster \$1,045,720

² Special Education Cluster \$ 389,877

See the accompanying notes to the schedule of expenditures of federal awards.

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Red River Parish School Board and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *Title 2 US Code of Federal Regulations for Federal Awards (Uniform Guidance)*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. During the year ended June 30, 2018, the School Board received commodities valued at \$72,299. At June 30, 2018, the organization had food commodities totaling \$19,196 in inventory.

NOTE C – RECONCILIATION TO THE BASIC FINANCIAL STATEMENTS

Reconciliation of the Schedule of Expenditures of Federal Awards (SEFA) to the Financial Statements

Total Federal Revenues	\$ 3,126,612
Reconciling Difference	<u>-</u>
Total Federal Expenditures - SEFA	<u>\$ 3,126,612</u>

NOTE D – DE MINIMUS COST RATE

During the year ended June 30, 2018 the Red River Parish School Board did not elect to use the 10% de minimus cost rate as covered in §200.414 of the Uniform Guidance.

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018

B. Findings – Financial Statement Audit

None

C. Findings and Questioned Costs – Major Federal Award Programs

None

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

B. Findings – Financial Statement Audit

None

C. Findings and Questioned Costs – Major Federal Award Programs

None

**Independent Accountants' Report
On Applying Agreed-Upon Procedures**

To the Members of the
Red River Parish School Board and the Louisiana Legislative Auditor
Coushatta, Louisiana

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

The procedures and associated findings are as follows:

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

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

No differences noted.

Class Size Characteristics (Schedule 2)

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

No differences noted.

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. We traced a sample of 25 teachers to the individual's personnel file and determined if the individual's education level was properly classified on the PEP data (or equivalent listing prepared by management).

No differences noted.

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).

For one employee, P&N noted a difference of \$48.14. No other exceptions were noted.

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

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

Postlethwaite & Netterville
Baton Rouge, Louisiana
December 21, 2018

RED RIVER PARISH SCHOOL BOARD

COUSHATTA, LOUISIANA

Schedules Required by State Law (R.S. 24:514 - Performance Measurement Data)

As of and for the Year Ended June 30, 2018

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

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

Schedule 2 (Formerly Schedule 6) Class Size Characteristics

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

**RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA**

Schedule 1

**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	3,685,717	
Other Instructional Staff Activities	1,174,722	
Instructional Staff Employee Benefits	3,019,245	
Purchased Professional and Technical Services	7,309	
Instructional Materials and Supplies	97,252	
Instructional Equipment	-	
Total Teacher and Student Interaction Activities		<u>7,984,245</u>
Other Instructional Activities		14,274
Pupil Support Activities	74,367	
Less: Equipment for Pupil Support Activities	-	
Net Pupil Support Activities		<u>74,367</u>
Instructional Staff Services	183,644	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		<u>183,644</u>
School Administration	20,119	
Less: Equipment for Instructional Staff Services	-	
Net School Administration		<u>20,119</u>
Total General Fund Instructional Expenditures		<u>8,276,649</u>

Total General Fund Equipment Expenditures

-

Certain Local Revenue Sources

Local Taxation Revenue:

Constitutional Ad Valorem Taxes	1,158,062	
Renewable Ad Valorem Tax	3,802,738	
Debt Service Ad Valorem Tax	-	
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	237,442	
Sales and Use Taxes	2,322,861	
Total Local Taxation Revenue		<u>7,521,103</u>

Local Earnings on Investment in Real Property:

Earnings from 16th Section Property	92,885	
Earnings from Other Real Property	-	
Total Local Earnings on Investment in Real Property		<u>92,885</u>

State Revenue in Lieu of Taxes:

Revenue Sharing - Constitutional Tax	20,073	
Revenue Sharing - Other Taxes	-	
Revenue Sharing - Excess Portion	1,081	
Other Revenue in Lieu of Taxes	-	
Total State Revenue in Lieu of Taxes		<u>21,154</u>

Nonpublic Textbook Revenue

-

Nonpublic Transportation Revenue

-

Total State Revenue for Non-public Education

-

Class Size Characteristics
As of October 1, 2017

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number		Number	Percent	Number	Percent	Number
Elementary	50%	55	50%	55	0%	-	1%	1
Elementary Activity Classes	33%	8	67%	16	0%	-	0%	-
Middle/Jr. High	49%	41	29%	24	22%	18	0%	-
Middle/Jr. High Activity Classes	67%	14	14%	3	19%	4	0%	-
High	89%	210	10%	24	0%	1	1%	2
High Activity Classes	64%	9	7%	1	7%	1	21%	3
Combination	100%	5	0%	-	0%	-	0%	-
Combination Activity Classes	100%	1	0%	-	0%	-	0%	-

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

RED RIVER PARISH SCHOOL BOARD
LOUISIANA LEGISLATIVE AUDITOR – STATEWIDE
AGREED-UPON PROCEDURES REPORT
FOR THE YEAR ENDED JUNE 30, 2018

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INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Members of the
Red River Parish School Board and the
Louisiana Legislative Auditor:

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

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

The procedures we performed and the associated findings are summarized in the attached Schedule A, which is an integral part of this report.

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

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

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 21, 2018

RED RIVER PARISH SCHOOL BOARD
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2018

Schedule A

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read “*no exception noted*”. If not, then a description of the exception ensues. Additionally, certain procedures listed below may not have been performed in accordance with guidance provided by the Louisiana Legislative Auditor, the specified user of the report. For those procedures, the results will read “*procedure was rotated in accordance with criteria set forth by the LLA Statewide Agreed-Upon procedures or the existence of mitigating internal controls as asserted by the entity*”.

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.

No exceptions noted.

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.

The Entity does have written policies for purchasing; however, the policies do not contain attribute (5) regarding documentation is required to be maintained for all bids and price quotes.

c) ***Disbursements***, including processing, reviewing, and approving

No exceptions noted.

d) ***Receipts***, 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).

No exceptions noted.

e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

No exceptions noted.

**RED RIVER PARISH SCHOOL BOARD
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2018**

Schedule A

Written Policies and Procedures (continued)

- 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.

The Entity does have written policies for contracting; however, the policies do not contain attributes (1) regarding types of services requiring written contracts, (2) regarding standard terms and conditions, (3) regarding legal review, and (5) regarding the monitoring process.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

The Entity does have written policies for credit cards; however, the policies do not contain the attribute regarding (4) required approver of statements.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

The Entity does have written policies for travel and expense reimbursement; however, the policies do not contain attribute (2) regarding dollar thresholds by category of expense.

- 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.

The Entity does have written policies for ethics; however, the policies do not contain attribute (4) regarding the 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.

No exceptions noted.

Board (or Finance Committee, if applicable)

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exceptions noted.

RED RIVER PARISH SCHOOL BOARD
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2018

Schedule A

Board (or Finance Committee, if applicable) (continued)

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

No evidence of budget-to-actual discussion and/or comparison for one (1) of the twelve (12) monthly board meetings.

- 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.

No exceptions noted.

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 listing of bank accounts was provided and included a total of eight (8) bank accounts. Management identified the entity's main operating account. A signed representation by management was obtained on the completeness of the listing provided.

From the listing provided, we selected five (5) bank accounts (1 main operating and 4 randomly) and obtained the bank reconciliations for the month ending March 31, 2018, resulting in five (5) bank reconciliations obtained and subjected to the below procedures.

- 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);

No exceptions noted.

- 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

No exceptions noted.

**RED RIVER PARISH SCHOOL BOARD
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2018**

Schedule A

Bank Reconciliations (continued)

- 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.

No exceptions noted.

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).

A listing of deposit sites was provided and included a total of four (4) deposit sites. A signed representation by management was obtained on the completeness of the listing provided.

From the listing provided, we selected the four (4) deposit sites and performed the procedures below.

- 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 listing of collection locations for each deposit site selected in procedure #4 was provided and included a total of four (4) collection locations. A signed representation by management was obtained on the completeness of the listing provided.

From the listing provided, we selected the four (4) collection locations for each deposit site. Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

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

No exceptions noted.

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

No exceptions noted.

- 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.

No exceptions noted.

RED RIVER PARISH SCHOOL BOARD
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2018

Schedule A

Collections (continued)

- 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.

No exceptions noted.

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

No exceptions noted.

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:

We randomly selected two deposit dates for each of the five (5) bank accounts selected in procedure #3. We obtained supporting documentation for each of the ten (10) deposits and performed the procedures below.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

**RED RIVER PARISH SCHOOL BOARD
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2018**

Schedule A

Non-payroll Disbursements (excluding 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).

The listing of locations that process payments for the fiscal period was provided and included a total of four (4) locations. A signed representation by management was obtained on the completeness of the listing provided.

From the listing provided, we selected the four (4) locations and performed the procedures below.

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:

The listing of employees involved with non-payroll purchasing and payment functions for the four (4) payment processing locations selected in procedure #8 was provided. No exceptions were noted as a result of performing this procedure.

Review of the Entity's written policies and procedures and/or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

No exceptions noted.

- b) At least two employees are involved in processing and approving payments to vendors.

No exceptions noted.

- 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.

Employee responsible for processing payment was not prohibited from adding/modifying vendor files for three (3) of the four (4) disbursement locations.

- 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.

No exceptions noted.

**RED RIVER PARISH SCHOOL BOARD
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2018**

Schedule A

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

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 listing of non-payroll disbursements for the four (4) payment processing locations selected in procedure #8 was provided. A signed representation by management was obtained on the completeness of the listing provided.

From the listing provided, we randomly selected five (5) disbursements for each of the four (4) payment processing locations and performed the procedures below.

- a) Observe that the disbursement matched the related original invoice/billing statement.

No exceptions noted.

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

A purchase order / purchase requisition was not prepared and approved (no approval prior to disbursement) for eight (8) of the twenty (20) disbursements tested.

A purchase order / purchase requisition was initiated by the person approving the purchase order / purchase requisition for one (1) of the twenty (20) disbursements.

The payment processor has access to modify vendor files for fifteen (15) of the twenty (20) disbursements (all school accounts).

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.

Procedure was rotated in accordance with criteria set forth by the LLA Statewide Agreed-Upon Procedures.

RED RIVER PARISH SCHOOL BOARD
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2018

Schedule A

Credit Cards/Debit Cards/Fuel Cards/P-Cards (continued)

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:

Procedure was rotated in accordance with criteria set forth by the LLA Statewide Agreed-Upon Procedures.

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

Procedure was rotated in accordance with criteria set forth by the LLA Statewide Agreed-Upon Procedures.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

Procedure was rotated in accordance with criteria set forth by the LLA Statewide Agreed-Upon Procedures.

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).

Procedure was rotated in accordance with criteria set forth by the LLA Statewide Agreed-Upon Procedures.

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

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:

Procedure was rotated in accordance with criteria set forth by the LLA Statewide Agreed-Upon Procedures.

- 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).

Procedure was rotated in accordance with criteria set forth by the LLA Statewide Agreed-Upon Procedures.

RED RIVER PARISH SCHOOL BOARD
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2018

Schedule A

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

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Procedure was rotated in accordance with criteria set forth by the LLA Statewide Agreed-Upon Procedures.

- 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).

Procedure was rotated in accordance with criteria set forth by the LLA Statewide Agreed-Upon Procedures.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Procedure was rotated in accordance with criteria set forth by the LLA Statewide 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:

An active vendor list for the fiscal period was provided. A signed representation by management was obtained on the completeness of the listing provided.

From the listing provided, we selected the five (5) contracts and performed the procedures below.

- 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.

Not applicable.

- 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).

No exceptions noted.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

No exceptions noted.

RED RIVER PARISH SCHOOL BOARD
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2018

Schedule A

Contracts (continued)

- 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.

No exceptions noted.

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.

A listing of employees/elected officials employed during the fiscal year was provided. A signed representation by management was obtained on the completeness of the listing provided.

From the listing provided, we randomly selected five (5) employees/officials and performed the specified procedures. No exceptions noted.

- 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:

We randomly selected one (1) pay period during the fiscal period and performed the procedures below for the five (5) employees/officials selected in procedure #16.

- 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.)

No exceptions noted.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

No exceptions noted.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Cumulative leave record does not reflect accrued and/or taken leave during the pay period for two (2) of the five (5) personnel. One (1) to two (2) days were not properly deducted from leave records based on approved timesheets.

**RED RIVER PARISH SCHOOL BOARD
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2018**

Schedule A

Payroll and Personnel (continued)

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.:

A listing of employees/officials receiving termination payments during the fiscal period was provided. A signed representation by management was obtained on the completeness of the listing provided.

From the listing provided, we randomly selected 2 employees/officials and performed the specified procedures.

No exceptions noted related to agreement of hours to the employee's cumulative leave records.

The pay rate used in the termination payment did not agree to the employee's authorized pay rate per the employee's personnel file for one (1) of the two (2) employees tested.

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.

No exceptions noted.

Ethics (excluding nonprofits)

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.

Procedure was rotated in accordance with criteria set forth by the LLA Statewide Agreed-Upon Procedures.

- 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.

Procedure was rotated in accordance with criteria set forth by the LLA Statewide Agreed-Upon Procedures.

RED RIVER PARISH SCHOOL BOARD
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2018

Schedule A

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.

Procedure was rotated in accordance with criteria set forth by the LLA Statewide Agreed-Upon Procedures.

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.

Procedure was rotated in accordance with criteria set forth by the LLA Statewide 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.

Procedure was rotated in accordance with criteria set forth by the LLA Statewide Agreed-Upon Procedures.

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.

Procedure was rotated in accordance with criteria set forth by the LLA Statewide Agreed-Upon Procedures.

**RED RIVER PARISH SCHOOL BOARD
AGREED-UPON PROCEDURES
MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN
JUNE 30, 2018**

Schedule B

The Red River Parish School Board (School Board) provided a response and corrective action plan for the exceptions noted in Schedule A and are set forth below.

Written Policies and Procedures

The School Board plans to develop/write new or amended policies and procedures where applicable to address the findings noted in this section by March 1, 2019.

Board (or Finance Committee, if applicable)

The School Board will continue the process of including budget to actual comparisons in all Board meetings as a standing agenda item. We are certain that we presented the August Budget to Actual but we did not reflect it in the Board Minutes.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

The School Board will develop/write new or amended policies and procedures where applicable to address the findings noted in this section by March 1, 2019. Business manager will approve new vendor list from schools on a monthly basis and we will review all checks written to new vendors. Purchase Orders will be required for all non-recurring purchases.

Payroll and Personnel

The School Board will develop/write new or amended policies and procedures as well as reemphasis existing policies and procedures where applicable to address the findings noted in this section by March 1, 2019. We will double check time clock and attendance sheets. All new salary calculations will be approved by the Business Manager.