
FRANKLIN PARISH SCHOOL BOARD

WINNSBORO, LOUISIANA

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2017



Postlethwaite & Netterville

A Professional Accounting Corporation

www.pncpa.com

FRANKLIN PARISH SCHOOL BOARD

WINNSBORO, LOUISIANA

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2017

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

TABLE OF CONTENTS

	<u>Page</u>
BASIC FINANCIAL STATEMENTS	
Independent Auditors' Report	1 - 3
Required Supplemental Information Management's Discussion and Analysis (MD&A)	4 - 10
Basic Financial Statements	
Government-Wide Financial Statements (GWFS)	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements (FFS)	
Governmental Funds:	
Balance Sheet	13
Reconciliation of the Governmental Funds - Balance Sheet To the Statement of Net Position	14
Statement of Revenues, Expenditures, and Changes in Fund Balance Reconciliation of the Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	15 - 16 17
Fiduciary Funds:	
Statement of Fiduciary Assets and Liabilities	18
Notes to the Basic Financial Statements	19 - 46
REQUIRED SUPPLEMENTAL INFORMATION	
Budgetary Comparison Schedules:	
Major Fund Descriptions	47
General Fund	48 - 49
Title I Fund	50
Combined Renovation Fund and Capital Projects 2017 Fund	51
Notes to Budgetary Comparison Schedules	52

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

TABLE OF CONTENTS

(continued)

	<u>Page</u>
Other Post Employment Benefits Plan Retiree Health, Dental, and Life Insurance Programs	
Schedules of Funding Progress and Employers Contributions	53
Schedule of Proportionate Share of Net Pension Liability	54
Schedule of Pension Contributions and Other Required Notes	55
SUPPLEMENTAL INFORMATION	
Non-Major Governmental Funds	56
Combining Balance Sheet	57 - 58
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	59 - 60
General	
Schedule of Compensation Paid Board Members	61
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer	62
OTHER REPORTS REQUIRED BY <u>GOVERNMENT AUDITING STANDARDS</u> AND BY <u>UNIFORM GUIDANCE</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 <u>Government Auditing Standards</u>	63 - 64
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by <u>UNIFORM GUIDANCE</u>	65 - 66
Schedule of Expenditures of Federal Awards	67
Notes to Schedule of Expenditures of Federal Awards	68
Schedule of Findings and Questioned Costs	69 - 71
Summary Schedule of Prior Audit Findings	72
Management's Corrective Action Plan	

INDEPENDENT AUDITORS' REPORT

The Members of the
Franklin Parish School Board
Winnsboro, 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 Franklin Parish School Board (School Board) as of and for the year ended June 30, 2017, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, 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 our audit provides a reasonable basis for our opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board, as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of funding progress for other post-employment benefit plans, the schedule of proportionate share of the net pension liability, and the schedule of pension contributions, on pages 4 through 10, pages 47 through 52, page 53, page 54 and page 55, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Board's basic financial statements. The combining and individual non-major fund financial statements, the schedule of board members' compensation, and the schedule of compensation, benefits and other payments to agency head or chief executive officer on pages 56 through 60, page 61 and page 62, respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and related notes on pages 67 through 68 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, the schedule of board members' compensation, the schedule of compensation, benefits, and other payments to agency head or chief executive officer, and the schedule of expenditures of federal awards and related notes 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. The 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 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 20, 2017 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Board's internal control over compliance and financial reporting.

Postlethwaite + Netterville

Baton Rouge, Louisiana
December 20, 2017

Franklin Parish School Board

Winnsboro, Louisiana

REQUIRED SUPPLEMENTAL INFORMATION

MANAGEMENT'S DISCUSSION
AND ANALYSIS (MD&A)

FRANKLIN PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2017

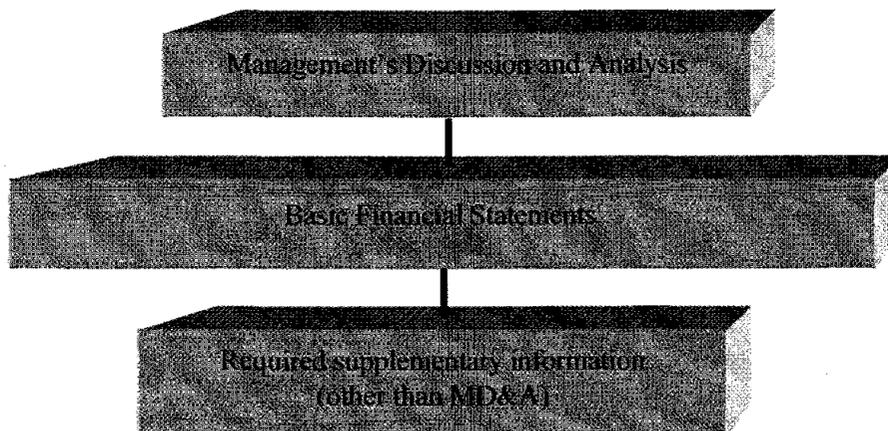
The Management's Discussion and Analysis of the Franklin Parish School Board's (the School Board) financial performance presents a narrative overview and analysis of Franklin Parish School Board's financial activities as of and for the year ended June 30, 2017. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information (where available).

FINANCIAL HIGHLIGHTS

- ★ The Franklin Parish School Board's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at the close of fiscal year 2017 by \$23,413,585. This results in the School Board having an overall deficit net position.
- ★ Revenues exceeded expenses by \$1,691,197 for the 2017 fiscal year, thereby reducing the deficit in net position.
- ★ MFP Revenue, the School Board's primary operating revenue source, increased approximately \$950,000, or 4.9% due to increased enrollment.
- ★ The Renovation Fund ended the fiscal year with a fund balance of \$5,140,888 that is available for future debt service payments, facility renovations and other uses.
- ★ The Capital Projects 2017 Fund ended the year with a fund balance of \$13,074,266 that represents the balance of the unexpended bond proceeds.
- ★ The General Fund ended the fiscal year with unassigned fund balance of \$4,538,183 providing the system with operating reserves of approximately 17% of annual expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum reporting requirements 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 three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

FRANKLIN PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2017

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, deferred outflows, liabilities and deferred inflows with the difference among them 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. The School Board maintains dozens of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Title I, Renovation Fund, and the Capital Projects 2017 Fund, all of which are considered major funds. The remaining funds are combined into a single, aggregated presentation under the label of other governmental funds, which contains all non-major funds. Individual fund data for each of these non-major funds is provided in the form of combining statements elsewhere in this report.

The School Board prepares annual budgets for the General Fund and Special Revenue Funds in accordance with state laws. In accordance with accounting standards, a budget to actual comparison is presented for the General Fund, Title I Fund and the Renovation Fund.

FRANKLIN PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2017

Fiduciary funds. Fiduciary Funds are used to account for resources held for the benefit of outside parties such as students and other governments. 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 School Board has two fiduciary funds; the Student (School) Activity Fund and the Sales Tax Collection Fund. The Student Activity Fund contains monies belonging to the schools, their students, and clubs and other activities. The Sales Collection Tax Fund contains taxes collected on behalf of other governmental jurisdictions.

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

Statement of Net Position
as of June 30, 2017 and 2016

		<u>2017</u>	<u>2016</u>
Assets			
	Cash and cash equivalents	\$ 24,588,824	\$ 8,989,928
	Investments	1,120,171	1,120,171
	Receivables	1,613,506	1,282,018
	Inventory and other	43,740	96,707
	Capital assets	<u>15,338,765</u>	<u>15,580,449</u>
	Total assets	<u>42,705,006</u>	<u>27,069,273</u>
Deferred Outflow of Resources			
	Deferred pension contributions	4,056,160	4,095,421
	Deferred amounts related to net pension liability	<u>4,053,887</u>	<u>1,293,342</u>
	Total Deferred Outflow of Resources	<u>8,110,047</u>	<u>5,388,763</u>
Liabilities			
	Accounts, salaries and other payables	2,339,401	2,119,080
	Accrued interest payable	98,831	13,637
	Net post employment benefit obligation (OPEB)	14,626,185	13,626,105
	Bonds payable and other long-term liabilities	16,347,242	3,838,623
	Net pension liability	<u>38,891,117</u>	<u>36,431,469</u>
	Total liabilities	<u>72,302,776</u>	<u>56,028,914</u>
Deferred Inflow of Resources			
	Deferred amounts related to net pension liability	<u>1,925,862</u>	<u>1,533,904</u>
	Total Deferred Inflow of Resources	<u>1,925,862</u>	<u>1,533,904</u>
Net Position			
	Net investment in capital assets	13,218,628	12,430,801
	Restricted	5,091,152	3,881,546
	Unrestricted	<u>(41,723,365)</u>	<u>(41,417,129)</u>
	Total net position	<u>\$ (23,413,585)</u>	<u>\$ (25,104,782)</u>

FRANKLIN PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2017

FINANCIAL ANALYSIS OF THE ENTITY (continued)

- Cash and investments have increased \$15,598,896 from prior year. The increase can be attributed to revenues exceeded expenditures for the year in the general fund, and to the proceeds of new bonds that were issued during the year that will fund future capital improvements.
- Capital assets, which are reported net of accumulated depreciation, account for 36% of the total assets of the School Board. These assets decreased by \$241,684 from the prior year. This decrease is attributable primarily to depreciation during 2017.
- Receivables increased by \$331,488 as a result of differences in the timing in collection of federal and state grants.
- Net post employment benefits obligation liability (OPEB) increased by \$1,000,080 to reflect the current year cost for retiree benefits other than pensions that have not been funded.
- Net position at June 30, 2017 shows a deficit of \$23,413,585 primarily due to the adoption of the Governmental Accounting Standards Board (GASB) Statement Numbers 68 and 71 in the previous year which required the School Board to report a proportionate share of unfunded pension liabilities of the Teachers Retirement System of Louisiana and the Louisiana School Employees' Retirement System. The School Board's proportionate share of the liability is \$38,891,117 at June 30, 2017.

FRANKLIN PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2017

FINANCIAL ANALYSIS OF THE ENTITY (continued)

Statements of Activities
For the years ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenues		
Program Revenues		
Charges for services	\$ 31,584	\$ 33,888
Operating grants	7,205,672	7,391,146
General revenues		
Property taxes	2,482,983	2,404,552
Sales taxes	5,481,657	4,897,716
Earnings on Investments	88,053	43,837
Gain on disposal of assets	-	1,134
Minimum Foundation Program	20,355,357	19,404,140
Other	399,656	387,674
	<u>36,044,962</u>	<u>34,564,087</u>
Expenses		
Regular education	11,441,034	10,336,389
Special and other education	7,085,810	7,145,167
Pupil support	1,716,616	1,551,727
Instructional staff support	2,634,327	2,456,393
General administrative	712,343	702,621
School administrative	1,772,176	1,653,590
Business and central services	625,190	584,132
Plant operation and maintenance	2,857,622	2,758,780
Transportation	2,920,264	2,731,963
Food service	2,120,620	2,206,316
Central services	65,512	57,356
Community service and other	7,641	7,645
State appropriations	42,265	54,713
Interest expense	352,345	48,402
	<u>34,353,765</u>	<u>32,295,194</u>
Excess of revenues over expenses and changes in net position	<u>\$ 1,691,197</u>	<u>\$ 2,268,893</u>

Revenues

- Minimum Foundation Program revenue, which accounts for approximately 56% of total revenues, remained relatively consistent with the prior year with an increase of approximately \$951,217 or 5% due to increased enrollment.
- Local tax revenues consisting of sales and property taxes increased compared to 2016 by 9% due to construction of a pipeline in the Parish and overall better economic conditions.
- Operating grant revenues decreased \$185,474, or 2.5%.

FRANKLIN PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2017

FINANCIAL ANALYSIS OF THE ENTITY (continued)

Expenses

- Expenses across most functional areas experienced slight increases (or in some instances, slight decreases) from the prior year. Budgeted expenditures held steady at the fund level, however; the recognition of the full amount of retirement expenses at the government wide level caused expenses to exceed prior year's. Salary costs were controlled through careful allotment of positions through the budgeting process. Interest expense increased due to a higher level of debt outstanding because of issuance of the Series 2016 and 2017 revenue bonds for capital improvements.

Overall, while the School Board's change in net position improved as revenues once again exceeded expenses in 2017; however, the total net position remains in a significant deficit position as a result of retirement benefit liabilities.

FUND ANALYSIS

- The General Fund operated at a surplus of \$1,175,762, and ended the fiscal year with a fund balance of \$6,144,205. This surplus is more favorable than the budgeted break-even results that were initially estimated.
- The Renovation Fund has accumulated \$5,140,888 for the payment of principal and interest on outstanding bonds, funding facility renovations, and other uses.
- Most other non-major governmental funds account for expenditure driven grants for which the school system receives reimbursements for allowable costs. Accordingly, these funds report relatively minimal, if any, operating surplus or fund balance.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2017, the Franklin Parish School Board had \$15,338,765 invested in a broad range of capital assets, including land, building, and equipment.

Capital Assets at Year-end
(Net of Depreciation)

	2017	2016
Land and construction in progress	\$ 418,280	\$ 67,300
Buildings	14,634,522	15,149,004
Machinery and equipment	285,963	364,145
Totals	\$ 15,338,765	\$ 15,580,449

Major additions in 2017 included construction in progress for a new field house and concession stand for Franklin High School.

FRANKLIN PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2017

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Long-term debt

The School Board's long-term debt consists of sales tax bonds, limited tax revenue bonds, certificates of indebtedness and Qualified School Construction Bonds totaling approximately \$15.7 million; a liability for compensated absences of \$.7 million, an obligation for future retiree health benefits of \$14.6 million, and a net pension liability of \$38.9 million. The bonds and certificates of indebtedness were issued in 2007, 2009, and 2017 to fund major school improvements. The obligation for future retiree health benefits has been steadily increasing for the past several years, and will continue to grow unless plan changes are enacted. The net pension liability, although quite large, is being repaid through the monthly contributions to the Teachers' Retirement and School Employees' Retirement Systems as required by State law.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Amendments were adopted during the year ended June 30, 2017 for the General and Title I Funds. Title I's budget was amended during the year to reflect changes in the level of grant funding awarded, while the General Fund budgets were amended to more accurately reflect actual revenues and expenditures experienced throughout the year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The financial condition of the System continues to stabilize after overcoming many challenges that existed in previous years. The general fund has accumulated a fund balance equal to 24% of its annual expenditures which provides for an operating reserve for periods of decreased revenue. Taxes that were approved by the parish for major renovation projects continue to be levied in order to retire the debt used to fund those renovations and to fund other improvements. Those taxes were scheduled to expire in 2016, but were renewed by the voters for an additional 10 years.

As in recent years, the 2017-2018 general fund budgets meet the challenges of changes in Teacher's Retirement and School Employees Retirement System contributions rates along with anticipated minimal growth in the Minimum Foundation Program revenue from the State. Health insurance costs will also increase for the school system. Local sales tax and property tax revenues are expected to remain constant.

The School Board has adopted a 2017-2018 General Fund budget that results in break-even operations for the year. Close attention will be paid to the State's direction in the upcoming months to insure that the School Board makes the best decisions possible to keep the system operating to the fullest.

CONTACTING THE FRANKLIN 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 Rebecca Boquet, Business Manager, Franklin Parish School Board, 7293 Prairie Road, Winnsboro, LA 71295, 318-435-9046.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2017

ASSETS and DEFERRED OUTFLOWS

ASSETS

Cash and cash equivalents	\$ 24,588,824
Receivables	
Accounts	2,568
Sales and use taxes	501,886
Investments in certificates of deposit	1,120,171
Due from other governments	1,109,052
Inventory	43,740
Capital assets	
Land and construction in progress	418,280
Buildings and equipment, net of accumulated depreciation	14,920,485
TOTAL ASSETS	<u>42,705,006</u>

DEFERRED OUTFLOW OF RESOURCES

Deferred pension contributions	4,056,160
Deferred amounts related to net pension liability	4,053,887
TOTAL DEFERRED OUTFLOW OF RESOURCES	<u>8,110,047</u>

LIABILITIES and DEFERRED INFLOWS

LIABILITIES

Accounts, salaries and other payables	287,030
Salaries and benefits payable	2,034,668
Accrued interest payable	98,831
Unearned revenues	17,703
Long-term liabilities	
Due within one year	1,654,727
Due in more than one year	14,692,515
Net post employment benefit obligation	14,626,185
Net pension liability	38,891,117
TOTAL LIABILITIES	<u>72,302,776</u>

DEFERRED INFLOW OF RESOURCES

Deferred amounts related to net pension liability	1,925,862
TOTAL DEFERRED INFLOW OF RESOURCES	<u>1,925,862</u>

NET POSITION

Net Investment in capital assets	13,218,628
Restricted for:	
Debt service	1,628,909
Sales tax dedicated to salaries	506,022
Capital projects and maintenance	2,190,679
Workman's compensation loss reserve	100,000
Federal and State Grant Programs	665,542
Unrestricted	(41,723,365)
TOTAL NET POSITION	<u>\$ (23,413,585)</u>

The accompanying notes are an integral part of this statement.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

		Program Revenues		Net (Expense)
		Charges for	Operating	Revenue and
	Expenses	Services	Grants and Contributions	Changes in Net Assets
<u>Functions/Programs</u>				Governmental Unit
Instruction:				
Regular education programs	\$ 11,441,034	\$ -	\$ 320,145	\$ (11,120,889)
Special education programs	2,866,584	-	167,474	(2,699,110)
Other education programs	4,219,226	-	2,603,301	(1,615,925)
Support Services:				
Pupil support services	1,716,616	-	256,533	(1,460,083)
Instructional staff services	2,634,327	-	1,136,057	(1,498,270)
General administration services	712,343	-	24,431	(687,912)
School administration services	1,772,176	-	21,173	(1,751,003)
Business and central services	625,190	-	57,056	(568,134)
Plant operation and maintenance	2,857,622	-	157,304	(2,700,318)
Transportation	2,920,264	-	113,526	(2,806,738)
Food service	2,120,620	31,584	2,079,561	(9,475)
Central Services	65,512	-	744	(64,768)
Community Service Programs	7,641	-	268,367	260,726
State Appropriations	42,265	-	-	(42,265)
Interest Expense	352,345	-	-	(352,345)
Total Governmental Activities	\$ 34,353,765	\$ 31,584	\$ 7,205,672	(27,116,509)
General Revenues				
Taxes:				
Ad Valorem taxes				2,482,983
Sales and use taxes				5,481,657
Grants and contributions not restricted:				
Minimum Foundation Program				20,355,357
Interest and investment earnings				88,053
Other				399,656
				28,807,706
				Change in Net Position
				1,691,197
				Net Position - June 30, 2016
				(25,104,782)
				Net Position - June 30, 2017
				\$ (23,413,585)

The accompanying notes are an integral part of this statement.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2017

	General	Title I	Renovation Fund	Capital Project 2017 Fund	Other Non-major Governmental	Total
<u>ASSETS</u>						
Cash and cash equivalents	\$ 5,728,809	\$ -	\$ 5,037,801	\$ 13,128,080	\$ 694,134	\$ 24,588,824
Receivables:						
Accounts	-	-	-	-	2,568	2,568
Sales tax	376,681	-	125,205	-	-	501,886
Investments in certificates of deposit	1,120,171	-	-	-	-	1,120,171
Due from other funds	841,882	-	-	-	-	841,882
Due from other governments	26,603	686,691	-	-	395,758	1,109,052
Inventory	-	-	-	-	43,740	43,740
TOTAL ASSETS	\$ 8,094,146	\$ 686,691	\$ 5,163,006	\$ 13,128,080	\$ 1,136,200	\$ 28,208,123
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ 201,576	\$ -	\$ 22,118	\$ 53,814	\$ 9,522	\$ 287,030
Salaries and benefits payable	1,739,605	111,775	-	-	183,288	2,034,668
Due to other funds	8,760	574,916	-	-	258,206	841,882
Unearned revenues	-	-	-	-	17,703	17,703
TOTAL LIABILITIES	1,949,941	686,691	22,118	53,814	468,719	3,181,283
Fund balances:						
Nonspendable	-	-	-	-	26,037	26,037
Spendable:						
Restricted	606,022	-	4,386,229	13,074,266	641,444	18,707,961
Committed	1,000,000	-	-	-	-	1,000,000
Assigned	-	-	754,659	-	-	754,659
Unassigned	4,538,183	-	-	-	-	4,538,183
TOTAL FUND BALANCES	6,144,205	-	5,140,888	13,074,266	667,481	25,026,840
TOTAL LIABILITIES AND FUND BALANCES	\$ 8,094,146	\$ 686,691	\$ 5,163,006	\$ 13,128,080	\$ 1,136,200	\$ 28,208,123

The accompanying notes are an integral part of this statement.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS - BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

Total Fund Balances at June 30, 2017- Governmental Funds		\$ 25,026,840
Cost of capital assets at June 30, 2017	28,060,355	
Less: Accumulated Depreciation as of June 30, 2017		
Buildings	(11,144,958)	
Movable property	<u>(1,576,632)</u>	15,338,765
Accrued interest payable on long-term debt		(98,831)
Long-term liabilities at June 30, 2017		
Compensated absences payable	(683,090)	
Notes and bonds payable	<u>(15,664,152)</u>	(16,347,242)
Net post-employment benefits obligation recorded in accordance with GASB 45		(14,626,185)
Net pension obligation balances in accordance with GASB 68		
Deferred outflow of resources - deferred pension contributions	4,056,160	
Deferred outflow of resources - related to net pension liability	4,053,887	
Net pension liability	(38,891,117)	
Deferred inflow of resources - related to net pension liability	<u>(1,925,862)</u>	<u>(32,706,932)</u>
Total net position at June 30, 2017 - Governmental Activities		<u>\$ (23,413,585)</u>

The accompanying notes are an integral part of this statement.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2017

	General	Title I	Renovation Fund	Capital Projects 2017 Fund	Other Non-major Governmental	Total
<u>REVENUES</u>						
Local sources:						
Ad valorem taxes	\$ 1,382,983	\$ -	\$ 1,100,000	\$ -	\$ -	\$ 2,482,983
Sales and use taxes	4,111,695	-	1,369,962	-	-	5,481,657
Earnings on investments	39,133	-	17,546	30,251	1,123	88,053
Food services	-	-	-	-	31,584	31,584
Other	247,640	-	-	-	152,016	399,656
State sources:						
Minimum Foundation Program	20,327,279	-	-	-	28,078	20,355,357
Restricted grants-in-aid	234,437	-	-	-	88,846	323,283
Federal grants	57,170	2,376,415	-	-	4,448,804	6,882,389
TOTAL REVENUES	26,400,337	2,376,415	2,487,508	30,251	4,750,451	36,044,962
<u>EXPENDITURES</u>						
Current:						
Instruction:						
Regular education programs	10,768,296	-	31,745	-	212,605	11,012,646
Special education programs	2,604,102	-	-	-	170,805	2,774,907
Other education programs	1,537,207	1,767,656	43,233	-	763,429	4,111,525
Support:						
Pupil support services	1,358,735	-	-	-	298,955	1,657,690
Instructional staff services	1,292,153	398,348	7,027	-	842,666	2,540,194
General administration services	681,323	-	14,773	2,139	3,728	701,963
School administration services	1,700,838	-	2,133	-	-	1,702,971
Business and central services	541,854	-	6,194	-	56,897	604,945
Plant operation and maintenance	2,057,372	-	122,374	-	43,465	2,223,211
Transportation	2,672,947	4,381	10,446	-	86,508	2,774,282
Food services	192,347	-	-	-	1,875,675	2,068,022
Central services	65,039	-	-	-	-	65,039
Community services	7,644	-	-	-	-	7,644
Facility acquisition and construction	15,000	-	-	332,915	-	347,915
State appropriations	42,265	-	-	-	-	42,265
Debt Service						
Principal	-	-	1,485,496	-	-	1,485,496
Interest	-	-	146,220	-	-	146,220
Bond issuance costs	-	-	-	120,931	-	120,931
TOTAL EXPENDITURES	25,537,122	2,170,385	1,869,641	455,985	4,354,733	34,387,866
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 863,215	\$ 206,030	\$ 617,867	\$ (425,734)	\$ 395,718	\$ 1,657,096

(continued)

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2017

	<u>General</u>	<u>Title I</u>	<u>Renovation Fund</u>	<u>Capital Projects 2017 Fund</u>	<u>Other Non-major Governmental</u>	<u>Total</u>
<u>OTHER FINANCING SOURCES (USES)</u>						
Proceeds from issuance of long-term debt	\$ -	\$ -	\$ 500,000	\$ 13,500,000	\$ -	\$ 14,000,000
Transfers in	312,547	-	-	-	-	312,547
Transfers out	-	(206,030)	-	-	(106,517)	(312,547)
TOTAL OTHER FINANCING SOURCES (USES)	<u>312,547</u>	<u>(206,030)</u>	<u>500,000</u>	<u>13,500,000</u>	<u>(106,517)</u>	<u>14,000,000</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</u>						
	1,175,762	-	1,117,867	13,074,266	289,201	15,657,096
Fund balances, June 30, 2016	<u>4,968,443</u>	<u>-</u>	<u>4,023,021</u>	<u>-</u>	<u>378,280</u>	<u>9,369,744</u>
FUND BALANCES, JUNE 30, 2017	<u>\$ 6,144,205</u>	<u>\$ -</u>	<u>\$ 5,140,888</u>	<u>\$ 13,074,266</u>	<u>\$ 667,481</u>	<u>\$ 25,026,840</u>

(concluded)

The accompanying notes are an integral part of this statement.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS -
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE TO STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2017

Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Uses - Total Governmental Funds		\$ 15,657,096
Capital Assets:		
Capital outlay and other expenditures capitalized	\$ 364,479	
Loss on disposal of assets for the year ended June 30, 2017	(2,338)	
Depreciation expense for year ended June 30, 2017	<u>(603,825)</u>	(241,684)
Long Term Debt:		
Principal portion of debt service	1,485,496	
Issuance of debt	(14,000,000)	
Change in compensated absences payable	<u>5,885</u>	(12,508,619)
Change in accrued interest payable		(85,194)
Net post employment benefits expense recorded in accordance with GASB 45		(1,000,080)
Change in net pension liability and deferred inflows and outflows in accordance with GASB 68		<u>(130,322)</u>
Change in Net Position - Governmental Activities		<u>\$ 1,691,197</u>

The accompanying notes are an integral part of this statement.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2017

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and cash equivalents	<u>\$ 764,994</u>
<u>LIABILITIES</u>	
Amounts held for school activities	374,085
Due to others - sales tax collections	<u>390,909</u>
 TOTAL LIABILITIES	 <u>\$ 764,994</u>

The accompanying notes are an integral part of this statement.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Franklin Parish School Board (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-setting body for establishing governmental accounting and financial reporting principles. The School Board applies all GASB pronouncements, technical bulletins, and interpretations to all levels of financial reporting.

A. REPORTING ENTITY

The Franklin Parish School Board was created by Louisiana Revised Statute LSA-R S 17:81 to establish policies and regulations for its own government consistent with the laws of the state of Louisiana and the regulations of the Louisiana Board of Elementary and Secondary Education. The School Board is comprised of seven members who are elected from seven districts for terms of four years.

The School Board operates seven schools within the parish with a total enrollment of approximately 3,200 pupils. In conjunction with the regular educational programs, some of these schools offer special education and/or adult education programs. In addition, the School Board provides transportation and school food services for the students.

The basic criterion established by the Governmental Accounting Standards Board for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary government unit's reporting entity for basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and either the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity if there is a financial benefit/burden relationship. The financial statements present the Franklin Parish School Board which is considered to be a primary government. Based on the aforementioned criteria, there are no component units included in the School Board's reporting entity.

B. BASIS OF PRESENTATION AND ACCOUNTING

Government-Wide Financial Statements (GWFS)

The Government-Wide Financial Statements present all of the School Board's non-fiduciary activities and are 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 for the year levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

B. **BASIS OF PRESENTATION AND ACCOUNTING** (continued)

Government-Wide Financial Statements (GWFS) (continued)

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. This statement demonstrates the degree to which direct expenses of a given function are offset by program revenues. Program revenues include 1) charges for services provided, 2) operating grants and contributions, and 3) capital grants and contributions; program revenues reduce the cost of the function to be financed from the school board's general revenues. Charges for services are primarily derived from cafeteria food sales. Operating grants and contributions consist of the many educational and food service grants received from the federal and state government.

The School Board reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function.

Fund Financial Statements (FFS)

The accounts of the School Board are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. Funds are maintained consistent with legal and managerial requirements.

The funds of the School Board are classified into two categories: governmental and fiduciary. In turn, each category is divided into separate fund types. The fund classification and a description of each existing fund type follow:

Governmental Fund Type

Governmental Funds are used to account for the School Board's general government activities, including the collection and disbursement of restricted, committed, or assigned monies, the acquisition or construction of fixed assets, and the servicing of long-term debt. The School Board reports the following fund categories as governmental funds types in accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*:

General Fund - The General Fund is the general operating fund of the School Board. It accounts for all financial resources except those required to be accounted for in other funds.

Special Revenue Funds - Special Revenue Funds account for the proceeds of specific revenue sources that are restricted or committed as defined by GASB54, to expenditures for specified purposes. These funds account for the revenues and expenditures related to federal and state grant and entitlement programs established for various educational objectives.

Debt Services Funds- Debt Service Funds are established to meet requirements of bond ordinances, and are used to account for the accumulation of resources for and the payment of general long-term debt principal, interest, and related costs.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

B. **BASIS OF PRESENTATION AND ACCOUNTING** (continued)

Governmental Fund Type (continued)

Capital Projects Fund – Capital Projects Funds are established to account for capital improvements, including construction of new facilities and renovations.

Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government generally considers property tax revenues to be available if collected within 60 days after year-end and grant revenues to be available if collected within six months after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The governmental funds use the following practices in recording revenues and expenditures:

Under Governmental Accounting Standards Board Statement No. 34, the reporting focus is on major funds. Major funds are reported separately within the basic financial statements while non-major funds are reported in the aggregate.

The Franklin Parish School Board reports the following funds as major:

- General Fund – primary fund used to account for the operations of the School System.
- Title One Fund – accounts for the proceeds of the Title One federal grant which is restricted to supplementing educational resources for disadvantaged and underperforming students.
- Renovation Fund – used to account for the proceeds of a half-cent sales tax and a portion of a 15.64 mil ad-valorem tax, both of which are restricted to repayment of long-term debt and to funding capital improvements and major repairs.
- Capital Projects Fund 2017 – Accounts for the proceeds of the series 2016 and 2017 tax revenue bonds.

Revenues

Ad valorem taxes are recognized in the period for which they are levied and the resources are available.

Sales and use taxes are recognized when the underlying exchange transaction occurs and the resources are available.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

B. **BASIS OF PRESENTATION AND ACCOUNTING** (continued)

Governmental Fund Type (continued)

Revenues (continued)

Intergovernmental revenues (which include the state Minimum Foundation Program revenue, state revenue sharing, and federal and state grants) are recorded as grants-in-aid at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Other receipts become measurable and available when cash is received by the School Board and are recognized as revenue at that time.

Expenditures

Salaries are recorded as earned. Salaries for nine-month employees are accrued at June 30.

Other expenditures are recorded as the service or goods have been delivered by the vendor.

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

Fiduciary Fund Type

Agency Funds (Fiduciary Fund Type) are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. This fund is used to account for assets that the government holds for others in the agency capacity. The agency fund consists of the school activities agency fund which accounts for assets held by the School Board as an agent for the individual schools and their school organizations, and for the collection and disbursement of sales taxes in its capacity as the collection agent for the parish. Agency funds are accounted for on the accrual basis of accounting.

C. **CASH AND INVESTMENTS**

Cash and investments include amounts in demand deposits and interest-bearing demand deposits. Under state law, the School Board may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

D. **SHORT-TERM INTERFUND RECEIVABLES/PAYABLES**

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

E. **ELIMINATION AND RECLASSIFICATIONS**

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

F. **INVENTORY**

Inventory of the school food service special revenue fund consists of food purchased by the School Board and commodities granted by the United States Department of Agriculture through the Louisiana Department of Agriculture and Forestry. The commodities are recorded as revenues when consumed; however, all inventory items are recorded as expenditures when purchased. All purchased inventory items are valued at cost using first-in, first-out (FIFO) method, and commodities are assigned values based on information provided by the U. S. Department of Agriculture.

G. **CAPITAL ASSETS**

All capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The School Board maintains a \$5,000 threshold level for capitalizing assets.

Capital assets are recorded in the GWFS, but are not reported in the FFS. All capital assets are depreciated using the straight-line method over their estimated lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purposes by the School Board, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 3 to 10 years for vehicles and equipment and 20 to 40 years for buildings and improvements.

H. **COMPENSATED ABSENCES**

All 12-month employees earn up to ten days of vacation leave each year, depending on their length of service with the School Board. Vacation leave can be accumulated and up to 25 days can be carried forward. Upon separation, all unused vacation is paid to the employee.

All School Board employees earn a certain amount of sick leave each year, depending upon the length of service and employment status. Sick leave can be accumulated without limitation. Upon retirement or death, unused accumulated sick leave of up to twenty-five days is paid to the employee or to the employee's estate at the employee's current rate of pay. Under the Louisiana Teachers' Retirement System, and the Louisiana School Employees' Retirement System, all unpaid sick leave can be used in the retirement computation as earned service.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

H. **COMPENSATED ABSENCES** (continued)

The School Board's recognition and measurement criteria for compensated absences follows:

Vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

- a. The employees' rights to receive compensation are attributable to services already rendered.
- b. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

Liability for sick leave should be accrued using one of the following termination approaches:

- a. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.
- b. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments. The School Board uses this approach.

I. **RESTRICTED NET POSITION**

For the government-wide statement of net position, net position is reported as restricted when constraints placed on net position use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, laws, or regulations of other governments; or

Imposed by law through constitutional provisions or enabling legislation.

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

J. **FUND EQUITY 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 Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*:

Nonspendable - represent permanently nonspendable balances that are not expected to be converted to cash.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

J. **FUND EQUITY OF FUND FINANCIAL STATEMENTS** (continued)

Spendable

Restricted - represent balances where constraints have been established by parties outside the School Board or by enabling legislation.

Committed - represent 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.

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

Unassigned - represent balances for which there are no constraints.

Minimum fund balance- the School Board has a policy to maintain a minimum fund balance in the general fund of ten percent of annual expenditures and not to exceed fifteen percent of annual expenditures. The School Board must approve causing the fund balance going below the minimum ten percent limit but only for unanticipated or unforeseen events of a non-recurring nature.

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.

K. **INTERFUND ACTIVITY**

Interfund activity is reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

L. **SALES AND USE TAXES**

The voters of Franklin Parish authorized the School Board to levy and collect three separate sales and use taxes:

- 1% tax was authorized on April 29, 1968 and does not expire.
- ½% tax was authorized April 29, 2006 and expires on June 30, 2020.
- ½% tax was authorized April 9, 2016 and expires on June 30, 2027.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

L. **SALES AND USE TAXES** (continued)

Revenues generated by the taxes must be used exclusively to supplement other revenues available to the School Board for the following purposes:

- 1% Sales and Use Tax – 80% of the tax is to be used for the payment of salaries of classroom teachers in the public elementary and secondary schools of Franklin Parish. The remaining 20% of the net proceeds are to be used for payment of salaries of other personnel employed by the School Board and for improvement of the operation of the public elementary and secondary schools of Franklin Parish.
- ½% Sales and Use Tax – a minimum of 15% of the net proceeds of the tax are to be used for the purpose of purchasing and acquiring classroom teaching supplies and equipment. The remaining taxes are to be used for the purpose of constructing, acquiring, and improving school related facilities and equipment, and for the payment of maintenance and operating expenses of the public school system.
- ½% Sales and Use Tax – dedicated to constructing, renovating and improving schools and related facilities.

M. **USE OF ESTIMATES**

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

N. **DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES**

The School Board has implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective fiscal year 2013. This standard provides guidance for reporting the financial statement elements of deferred outflows of resources and deferred inflows of resources. Deferred outflows represent the consumption of the government's net position that is applicable to a future reporting period. A deferred inflow represents the acquisition of net position that is applicable to a future reporting period.

O. **NET POSITION**

As mentioned in the above paragraph, the School Board has implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Inflows are, by definition, neither assets nor liabilities, the statement of net assets title is now referred to as the statement of net position. The statement of net position reports net position as the difference between all other elements in a statement of net position and should be displayed in three components—net investment in capital assets, restricted net position (distinguishing between major categories of restrictions), and unrestricted net position.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

O. **NET POSITION** (continued)

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of borrowings for capital asset acquisition, construction, or improvement of those assets, increased by deferred outflows of resources attributable to capital asset acquisition, construction or improvement, and deferred inflows of resources attributable to either capital asset acquisition, construction, or improvement or to capital asset related debt. Capital-related debt or deferred inflows equal to unspent capital asset related debt proceeds or deferred inflows of resources is included in calculating either restricted or unrestricted net position, depending upon whether the unspent amounts are restricted.

Restricted net position reflects net position when there are limitations imposed on a net position's use by external parties such as creditors, grantors, laws or regulations of other governments. Restricted net position consists of restricted assets less liabilities related to restricted assets less deferred inflows related to restricted assets. Liabilities and deferred inflows related to restricted assets include liabilities and deferred inflows to be liquidated with restricted assets and arising from the same resource flow that results in restricted assets. When both restricted and unrestricted resources are available for use, it is the School Board's policy to use restricted resources first, then unrestricted resources as they are needed.

Unrestricted net position is the balance (deficit) of all other elements in a statement of net position remaining after net investment in capital assets and restricted net position.

P. **PENSION PLANS**

The Franklin Parish School Board is a participating employer in two defined benefit pension plans (plans) as described in Note 6. 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.

2. **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Excess of Expenditures Over Appropriations in Individual Funds. The following table list unfavorable budget variances exceeding 5% for the Combined Renovation and Capital Projects 2017 Fund (R&CP17F) for expenditures or ending fund balance at June 30, 2017:

<u>Fund Name</u>	<u>Financial Statement Caption</u>	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
R&CP17F	Expenditures	\$ 1,862,737	\$ 2,325,626	\$ 462,889

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

3. **AD VALOREM TAXES**

The School Board levies taxes on real and business personal property located within Franklin Parish's boundaries. Property taxes are levied by the School Board on property values assessed by the Franklin Parish Tax Assessor and approved by the Louisiana Tax Commission.

The Franklin Parish Sheriff's Office bills and collects property taxes for the School Board. Collections are remitted to the School Board monthly. The progression of the property tax collection process follows the calendar below:

	<u>Property Tax Calendar</u>
Millage rates adopted	September, 2016
Levy date	September, 2016
Tax bills mailed	November, 2016
Due date	December 31, 2016
Lien date	February, 2017
Collection date	May, 2017

Total assessed value was approximately \$125,144,991 in calendar year 2016. Louisiana state law exempts the first \$75,000 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption was approximately \$29,272,505 of the assessed value in calendar year 2016 leaving a taxable value of approximately \$95,872,486.

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 1.25% per month until the taxes are paid. After notice is given to the delinquent taxpayers, the sheriff is required by the *Constitution of the State of Louisiana* to sell the least quantity of property necessary to settle the taxes and interest owed.

All property taxes are recorded on the basis explained in Note 1. Revenues are recognized in the accounting period in which an enforceable legal claim arises. Estimated uncollectible taxes are those taxes based on past experience which will not be collected in the subsequent year and are primarily due to subsequent adjustments to the tax roll. The School Board uses the lien date to establish the enforceable legal claim date.

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

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
<u>Parish-wide taxes:</u>			
Constitutional School Tax	4.61	4.61	N/A
Aid-To-Education	4.53	4.53	2018
Renovate, Improve, and Operate	15.69	15.69	2026

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. **DEPOSITS AND INVESTMENTS**

Deposits and investments include demand deposits and certificates of deposit at local financial institutions, classified in the financial statements as cash and cash equivalents and investments, respectively. The carrying amount of the School Board's deposits with the financial institutions (including certificates of deposit) was \$26,473,989. Deposits in financial institutions can be exposed to custodial credit risk. Custodial credit risk for deposits is the risk that in the event of financial institution failure, the School Board's deposits may not be returned. 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. The School Board's bank balances of these deposits totaling \$29,185,720 were fully collateralized or FDIC insured and therefore were not exposed to custodial credit risk as of June 30, 2017.

Securities that may be pledged as collateral consist of obligations of the U.S. Government and its agencies, obligations of the State of Louisiana and its municipalities and political subdivisions.

5. **CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended June 30, 2017 are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 67,300	\$ 15,926	\$ -	\$ 83,226
Construction in progress	-	335,054	-	335,054
Total capital assets not being depreciated	<u>67,300</u>	<u>\$ 350,980</u>	<u>\$ -</u>	<u>\$ 418,280</u>
Capital assets being depreciated:				
Building and improvements	25,779,480	-	-	25,779,480
Machinery and equipment	1,864,988	13,499	(15,892)	1,862,595
Total assets being depreciated	<u>27,644,468</u>	<u>13,499</u>	<u>(15,892)</u>	<u>27,642,075</u>
Total capital assets at cost	<u>27,711,768</u>	<u>364,479</u>	<u>(15,892)</u>	<u>28,060,355</u>
Less accumulated depreciation for:				
Building and improvements	10,630,476	514,482	-	11,144,958
Machinery and equipment	1,500,843	89,343	(13,554)	1,576,632
Total accumulated depreciation	<u>12,131,319</u>	<u>603,825</u>	<u>(13,554)</u>	<u>12,721,590</u>
Total capital assets being depreciated (net)	<u>15,513,149</u>	<u>(590,326)</u>	<u>(2,338)</u>	<u>14,920,485</u>
Total capital assets (net)	<u>\$ 15,580,449</u>	<u>\$ (239,346)</u>	<u>\$ (2,338)</u>	<u>\$ 15,338,765</u>

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

5. **CAPITAL ASSETS (continued)**

Depreciation expense of \$603,825 for the year ended June 30, 2017 was charged to the following governmental functions:

Regular Education	\$ 27,692
Special Education	6,986
Other Educational Programs	10,378
Pupil Support Services	4,165
Instructional Staff Services	6,385
General Administrative Services	1,770
School Administrative Services	4,283
Business and Central Services	1,522
Plant Operation and Maintenance	520,070
Transportation	6,987
Food Service	13,423
Central Services	164
	<u>\$ 603,825</u>

6. **DEFINED BENEFIT PENSION PLANS**

The Franklin Parish School Board (the School Board) is a participating employer in several 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) (the Systems). 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, LA 70804
(225) 925-6484
www.lsers.net

The School Board applies 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:

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLANS (continued)

Plan Descriptions:

Teachers' Retirement System of Louisiana (TRSL) is the administrator of a cost-sharing defined benefit pension 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) 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 computation of retirement benefits are provided for in LRS 11:1141.

A brief summary of eligibility and benefits of the plans are provided in the following table:

Final average salary	TRSL	LSERS
	Highest 36 or 60 months ¹	Highest 36 or 60 months ¹
Years of service required and/or age eligible for benefits	30 years any age ⁴ 25 years age 55 20 years any age ² 5 years age 60	30 years any age 25 years age 55 20 years any age ² 5-10 years age 60 ⁵
Benefit percent per years of service	2% to 3.0% ³	2.5% to 3.33% ³

¹ Employees hired after a certain date use the revised benefit calculation based on the highest 60 months of service

² With actuarial reduced benefits

³ Benefit percent varies depending on when hired

⁴ For school food service workers, hired on or before 6-30-15, 30 years at age 55

⁵ Five to ten years of creditable service at age 60 depending upon the plan or when hired

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 and 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.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

6. **DEFINED BENEFIT PENSION PLANS** (continued)

Contributions

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. TRSL also receives a percentage of ad valorem taxes collected by parishes. The parish is not a participating employers in the pension system and is considered to be a nonemployer contributing entity.

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, 2017, for the School Board and covered employees were as follows:

	School Board	Employees
Teachers' Retirement System:		
Regular Plan	25.30%	8.00%
Plan A	30.70%	9.10%
School Employees' Retirement System	27.30%	7.50%- 8.00%

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:

	2017	2016	2015
Teachers' Retirement System:			
Regular Plan	\$ 3,636,403	\$ 3,667,397	\$ 3,940,665
School Employees' Retirement System	419,757	428,024	438,899

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, 2016 measurement date. The School Board uses this measurement to record its Net Pension Liability and associated amounts as of June 30, 2017 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2016 along with the change compared to the June 30, 2015 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.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

6. **DEFINED BENEFIT PENSION PLANS** (continued)

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

	Net Pension Liability at June 30, 2016	Rate at June 30, 2016	Increase (Decrease) from June 30, 2015 Rate
Teachers' Retirement System	\$ 35,124,224	0.29926%	-0.01156%
School Employees' Retirement System	3,766,893	0.49936%	0.02451%
	\$ 38,891,117		

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, 2017:

Teachers' Retirement System	\$	3,648,779
School Employees' Retirement System		537,703
	\$	4,186,482

At June 30, 2017, 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	\$ -	\$ (796,245)
Changes of assumptions	89,238	(99,562)
Net difference between projected and actual earnings on pension plan investments	3,034,164	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	930,485	(1,030,055)
Employer contributions subsequent to the measurement date	4,056,160	-
Total	\$ 8,110,047	\$ (1,925,862)

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

6. **DEFINED BENEFIT PENSION PLANS** (continued)

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

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	\$ 6,997,417	\$ (1,721,176)
School Employees' Retirement System	1,112,630	(204,686)
	\$ 8,110,047	\$ (1,925,862)

The School Board reported a total of \$4,056,160 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2016 which will be recognized as a reduction in Net Pension Liability in the year ended June 30, 2017. The following schedule list the pension contributions made subsequent to the measurement period for each pension plan:

	Subsequent Contributions
Teachers' Retirement System	\$ 3,636,403
School Employees' Retirement System	419,757
	\$ 4,056,160

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	\$ 135,957	\$ 69,534	\$ 205,491
2019	135,956	65,668	201,624
2020	1,004,572	215,657	1,220,229
2021	363,353	137,328	500,681
	\$ 1,639,838	\$ 488,187	\$ 2,128,025

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

6. **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, 2017 are as follows:

	TRSL	LSERS
Valuation Date	June 30, 2016	June 30, 2016
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions: Expected Remaining		
Service Lives	5 years	3 years
Investment Rate of Return	7.75% net of investment expenses	7.125% net of investment expenses
Inflation Rate	2.5% per annum	2.625%
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 Sex Distinct 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	The System allows for the payment of ad hoc permanent benefit increases that are funded through investment earnings when recommended by the board of trustees.	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.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions (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:

TRSL	LSERS
<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 8.23% for 2016.</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.</p>

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, 2017:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
	TRSL	LSERS	TRSL	LSERS
Cash				
Domestic equity	31.0%	51.0%	4.50%	3.10%
International equity	19.0%	-	5.31%	-
Domestic fixed income	14.0%	30.0%	2.45%	1.82%
International fixed income	7.0%	-	3.28%	-
Alternatives	29.0%	13.0%	11.62%	0.79%
Real assets	-	6.0%	-	0.36%
Total	100.0%	100.0%	n/a	6.07%
Inflation				2.00%

n/a - amount not provided by Retirement System

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

6. **DEFINED BENEFIT PENSION PLANS** (continued)

Actuarial Assumptions (continued)

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 7.75% and 7.13%, respectively, for the year ended June 30, 2017.

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	6.75%	7.75%	8.75%
FPSB Share of NPL	\$ 27,732,656	\$ 35,124,224	\$ 43,810,658
LSERS			
Rates	6.13%	7.13%	8.13%
FPSB Share of NPL	\$ 2,757,663	\$ 3,766,893	\$ 4,944,882

Payables to the Pension Plan

The Franklin Parish School Board had no amounts payable to the TRSL or LSERS at June 30, 2017.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

7. OTHER POSTEMPLOYMENT BENEFITS

The School Board follows GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB 45) in accounting for its health insurance benefits provided to retirees.

Plan Description – Franklin Parish School Board’s medical benefits are provided through the Louisiana Office of Group Benefits (OGB) and involve several statewide networks and one HMO with a premium structure by region.

The OGB plan is a fully insured, multiple-employer arrangement and has been deemed to be an agent multiple-employer plan (within the meaning of paragraph 22 of GASB 45) for financial reporting purposes and for this valuation. Medical benefits are provided to employees upon actual retirement. The employees are covered by the Teachers' Retirement System of Louisiana (TRSL), whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age; age 55 and 25 years of service; or, age 60 and 5 years of service. Employees hired on or after January 1, 2011 must have attained at least age 60 at retirement (or D.R.O.P. entry) to avoid actuarial reduction in the retirement benefit.

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. Since GASB 45 requires the use of "unblended" rates, we have used the 94GAR mortality table described below to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance. All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance. Insurance coverage amounts are reduced by 25% at age 65 and by an additional 25% at age 70 according to the OGB plan provisions.

Contribution Rates – Employees do not contribute to their post-employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

Funding Policy – Until 2008, Franklin Parish School Board recognized the cost of providing post-employment medical and life insurance benefits (Franklin Parish School Board’s portion of the retiree medical and life insurance benefit premiums) as an expense when the benefit premiums were due and thus funded the cost of the post-employment benefits on a pay-as-you-go basis. In 2017 and 2016, Franklin Parish School Board’s portion of health care and life insurance funding cost for retired employees totaled \$2,157,362 and \$2,310,163, respectively.

Effective July 1, 2008, Franklin Parish School Board implemented Government Accounting Standards Board Codification Section P50, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions* (GASB Codification Section P50). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

7. **OTHER POSTEMPLOYMENT BENEFITS** (continued)

Annual Required Contribution – Franklin Parish School Board’s Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB Codification Section P50. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB Codification Section P50) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

	<u>2017</u>	<u>2016</u>
Normal cost	\$ 1,00,714	\$ 990,368
30-year UAL amortization amount	2,399,682	2,260,251
Annual required contribution (ARC)	<u>\$ 3,400,396</u>	<u>\$ 3,250,619</u>

Net Post-employment Benefit Obligation (Asset) – The table below shows the Franklin Parish School Board’s Net Other Post-employment Benefit (OPEB) Obligation for fiscal years ending June 30:

	<u>2017</u>	<u>2016</u>
Beginning Net OPEB Obligation	\$ 13,626,105	\$ 12,915,942
Annual required contribution	3,400,396	3,250,619
Interest on Net OPEB Obligation	545,044	516,638
ARC Adjustment	<u>(787,999)</u>	<u>(746,930)</u>
OPEB Cost	3,157,441	3,020,326
Contribution to Irrevocable Trust	-	-
Current year retiree premium	<u>(2,157,361)</u>	<u>(2,310,163)</u>
Change in Net OPEB Obligation	<u>1,000,080</u>	<u>710,163</u>
Ending Net OPEB Obligation	<u>\$ 14,626,185</u>	<u>\$ 13,626,105</u>

The following table shows the Franklin Parish School Board’s annual post employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (PEB) liability for last year and this year:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net OPEB Liability (Asset)</u>
June 30, 2017	\$ 3,157,441	68.33%	\$ 14,626,185
June 30, 2016	\$ 3,020,326	76.49%	\$ 13,626,105
June 30, 2015	\$ 2,909,031	73.53%	\$ 12,915,942

Funded Status and Funding Progress – In 2017 and 2016, Franklin Parish School Board made no contributions to its post-employment benefits plan other than the current year retiree premium. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the July 1, 2016 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year June 30, 2017 was \$43,155,095 which is defined as that portion, as determined by a particular actuarial cost method (Franklin Parish School Board uses the Projected Unit Credit Cost Method), of the actuarial present value of post-employment plan benefits and expenses which is not provided by normal cost.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

7. OTHER POSTEMPLOYMENT BENEFITS (continued)

	<u>2017</u>	<u>2016</u>
Actuarial Accrued Liability (AAL)	\$ 43,155,095	\$ 40,647,609
Actuarial Value of Plan Assets (AVP)	-	-
Unfunded Act. Accrued Liability (UAAL)	<u>\$ 43,155,095</u>	<u>\$ 40,647,609</u>
Funded Ratio (AVP/AAL)	0.00%	0.00%
Covered Payroll (active plan members)	\$ 16,405,296	\$ 15,917,043
UAAL as a percentage of covered payroll	263.06%	255.37%

Actuarial Methods and Assumptions – Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by Franklin Parish School Board and its employee plan members) at the time of the valuation and on the pattern of sharing costs between Franklin Parish School Board and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between Franklin Parish School Board and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Cost Method – The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality and turnover.

Actuarial Value of Plan Assets – There are not any plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Codification Section P50.

Turnover Rate – An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 10%.

Post employment Benefit Plan Eligibility Requirements – It is assumed that entitlement to benefits will commence five years after earliest eligibility to enter the D.R.O.P. (three years in the D.R.O.P. plus an additional two years) as described above under the heading "Plan Description". Medical benefits are provided to employees upon actual retirement.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

7. OTHER POSTEMPLOYMENT BENEFITS (continued)

Investment Return Assumption (Discount Rate) – GASB Codification Section P50 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

Health Care Cost Trend Rate – The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5.0% for ten years out and later.

Mortality Rate - The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates, is used. This is a recently published mortality table which has been used in determining the value of accrued benefits in defined benefit pension plans. Projected future mortality improvement has not been used since it is our opinion that this table contains sufficiently conservative margin for the population involved in this valuation.

Method of Determining Value of Benefits – The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The OGB rates provided are "unblended" rates for active and retired as required by GASB 45 for valuation purposes.

Inflation Rate - Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

Projected Salary Increases - This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

Post-retirement Benefit Increases - The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

8. AGENCY FUND DEPOSITS DUE OTHERS

The School Board serves as the sales tax collector for all taxing authorities within the Parish boundaries. Taxes are collected and remitted to the levying municipalities or the police jury on a monthly basis. The collection and disbursement of sales taxes is accounted for in an agency fund. Agency funds are also employed for school activity accounts which hold funds for student activities such as athletics, band, and various clubs and organizations. A summary of deposits due to others within the agency funds for the year ended June 30, 2017 follows:

	<u>Balance,</u> <u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance,</u> <u>Ending</u>
Agency Funds:				
School Activities Accounts	\$ 381,250	\$ 1,217,675	\$ 1,224,840	\$ 374,085
Sales Tax Collections	<u>363,386</u>	<u>13,949,929</u>	<u>13,922,406</u>	<u>390,909</u>
Total	<u>\$ 744,636</u>	<u>\$ 15,167,604</u>	<u>\$ 15,147,246</u>	<u>\$ 764,994</u>

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

9. LONG-TERM LIABILITIES

The following is a summary of the long-term debt activity for the year ended June 30, 2017:

	Balance <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2017</u>	Amount Due <u>Within 1 Year</u>
Bonds Payable	\$ 1,973,788	\$14,000,000	\$ 903,696	\$15,070,092	\$ 1,060,667
Certificates of Indebtedness	1,175,860	-	581,800	594,060	594,060
Compensated Absences	<u>688,975</u>	<u>-</u>	<u>5,885</u>	<u>683,090</u>	<u>-</u>
Total	<u>\$ 3,838,623</u>	<u>\$14,000,000</u>	<u>\$ 1,491,381</u>	<u>\$16,347,242</u>	<u>\$ 1,654,727</u>

The compensated absences liability will be liquidated by the General Fund. The Revenue Bonds and Certificates of Indebtedness will be liquidated primarily through the Renovation Fund which accounts for dedicated tax revenues.

A schedule of the individual issues outstanding as of June 30, 2017 is as follows:

<u>Bond Issue</u>	<u>Original Issue Date</u>	<u>Original Issue Amount</u>	<u>Interest Rate</u>	<u>Final Payment Due</u>	<u>Interest to Maturity</u>	<u>Principal Outstanding</u>
Revenue Bonds, Series 2007: Qualified School Construction	Oct 19, 2007	\$ 7,050,000	1.25%	Oct 19, 2017	\$ 4,650	\$ 744,000
Bonds, Series 2009: Certificate of Indebtedness,	Nov 13, 2009	1,500,000	1.25%	Nov 1, 2018	15,000	326,092
Series 2007A: Certificate of Indebtedness,	Oct 19, 2007	3,933,600	1.25%	Oct 19, 2017	2,538	406,060
Series 2007B: Limited Tax Revenue Bonds,	Oct 19, 2007	1,500,000	4.05%	Oct 19, 2017	3,807	188,000
Series 2016: Limited Tax Revenue Bonds,	Dec 8, 2016	1,500,000	0.1 - 4%	Nov. 1, 2026	254,321	1,500,000
Series 2017: Sales Tax Bonds, Series 2016:	Feb 16, 2017	7,500,000	3.225 -3.625%	Oct. 19, 2026	1,481,837	7,500,000
	Dec 8, 2016	5,000,000	3.0 - 3.25%	Nov. 1, 2026	<u>902,404</u>	<u>5,000,000</u>
					<u>\$2,664,557</u>	<u>\$15,664,152</u>

All principal and interest requirements for the certificates of indebtedness and the limited tax revenue bonds are funded in accordance with Louisiana law by the annual ad valorem tax levy on taxable property within the parish for which \$1,504,239 of revenue was recognized during the year ended June 30, 2017. The principal and interest requirements for the 2007 and the 2016 sales tax revenue bonds are funded by the proceeds of a one half cent sales tax levied within the parish for which \$1,369,962 of revenue was recognized during the year ended June 30, 2017. The School Board accounts for a majority of these taxes' proceeds within the Renovation Fund which includes a restricted account for debt service and debt service reserves. At June 30, 2017, the School Board has accumulated \$5,140,888 in the Renovation Fund; \$2,227,740 of which is restricted for future debt service requirements and required debt service reserves, and \$2,158,489 of which is restricted for capital improvements and major maintenance. \$754,659 within the Renovation Fund has been assigned for capital improvements and major maintenance.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

9. LONG-TERM LIABILITIES (continued)

For the purpose of construction, rehabilitation, and renovations, the School Board issued \$1,500,000 of Series 2009 bonds payable through the federally sponsored Qualified School Construction Bond Program (QSCBP) during the year ended June 30, 2010. The QSCBP bonds are subject to mandatory sinking fund payments prior to maturity, including interest accrued to the redemption date on an annual basis commencing November 1, 2010 and ending November 1, 2018. These payments are deposited into an irrevocable trust account to provide for the principle balance plus interest at the redemption date. As a result, the annual payments made in accordance with the QSCBP agreement are considered to have deceased, in-substance, the principal portion of the debt payments and therefore that principal has been removed from the bond payable liability. As of June 30, 2017, the outstanding principal balance of the QSCBP bonds was \$1,500,000 and the balance of the irrevocable trust account was \$1,173,908. The difference between the outstanding principle of the bonds and the balance of the irrevocable trust account is carried as a liability on the School Board's financial statements in the amount of \$326,092. All cash and investments held in the trust are strictly for the benefit of the owners of the bonds and are not reflected in the financial statements.

Future debt service requirements are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u> <u>Payments</u>	<u>Interest</u> <u>Payments</u>	<u>Total</u>
2018	\$ 1,654,727	\$ 245,433	\$ 1,900,160
2019	1,369,425	232,098	1,604,523
2020	1,410,000	224,598	1,634,598
2021	1,455,000	202,473	1,657,473
2022	1,510,000	300,845	1,810,845
2023-2027	<u>8,265,000</u>	<u>722,468</u>	<u>8,987,468</u>
	<u>\$ 15,664,152</u>	<u>\$ 2,664,557</u>	<u>\$ 18,328,709</u>

In accordance with Louisiana Revised Statute 39:562 (L), the School Board is legally restricted from incurring long-term bonded debt in excess of 35 percent of the net assessed value of taxable property (including homestead exempt and nonexempt property) within the parish. At June 30, 2017, the net assessed value of taxable property for the parish was \$95,872,486, which would result in a \$33,55,370 long-term bonded debt limit.

10. INTERFUND TRANSACTIONS

Interfund receivable/payable:

<u>Receivable Fund</u>		<u>Payable Fund</u>	
Governmental funds		Governmental funds	
General	\$ 841,882	General Fund	\$ 8,760
Title I	-	Title I	574,916
Non-major	-	Non-major	<u>258,206</u>
Total	<u>\$ 841,882</u>	Total	<u>\$ 841,882</u>

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

10. INTERFUND TRANSACTIONS (continued)

The primary purpose of inter-fund receivable/payable is to cover expenditures on cost reimbursement programs until reimbursements are received.

Transfers:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 312,547	\$ -
Title I	-	206,030
Non-major	-	106,517
Totals:	<u>\$ 312,547</u>	<u>\$ 312,547</u>

The primary purpose of inter-fund transfers is to cover administrative and overhead expenditures of the general fund through indirect cost recoveries charged to grant programs.

11. RISK MANAGEMENT

The School Board manages its exposure under general liability, fleet, and errors and omissions through the purchase of commercial insurance. Qualifying employees and retirees may participate in the state group medical and life insurance plan. Risk of loss under workers' compensation statutes is self-insured by the School Board for up to \$400,000 per occurrence, with reinsurance coverage in force for losses in excess of that amount. The self-insured plan is administered by a third party, with the claims under the self-insured amount paid by the General Fund; certain Special Revenue funds may reimburse the General Fund for payment of their claims. Consistent with the provisions of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, the School Board uses the General Fund to account for its risk financing activities. Claims outstanding at June 30, 2017 of approximately \$164,000 have been recorded as liabilities in the accompanying financial statements.

12. LITIGATION AND CONTINGENCIES

At June 30, 2017, the School Board was a defendant in several lawsuits. These suits, arising from various claims are mostly covered through insurance. However, the School Board is exposed to certain uninsured claims and deductibles. Based upon the opinion of the School Board's legal counsel, the ultimate resolution of these matters, as well as other claims not covered by insurance policies, is not expected to materially impact the operations of the School Board.

In the normal course of operations, the School System receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under the terms of the grants.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

13. LEASE OBLIGATIONS

The School Board leased 42 buses during the fiscal year under an operating lease for a term of five years. Lease expenditures were approximately \$648,338 for the fiscal year ended June 30, 2017. Future minimum lease payments under this lease are as follows:

2018	\$ 674,500
2019	674,500
2020	472,000
2020	<u>18,500</u>
	<u>\$ 1,839,500</u>

14. SALES TAX COLLECTIONS AND REMITTANCES

Act 711 of the 2010 Louisiana Legislative Session amended LRS 24:51 (b) to provide required footnote disclosure in the financial statements for local governments that collect tax for other taxing jurisdictions. Listed below are sales tax collections and distributions to other parish governmental agencies during fiscal year 2016-2017.

<u>Jurisdiction</u>	<u>Tax</u>	<u>Total Collections</u>	<u>Collection Cost</u>	<u>Final Distributions</u>
Police Jury	1%	\$ 2,702,107	\$ (28,025)	\$ 2,674,082
Police Jury	1/2%	<u>1,350,626</u>	<u>(15,990)</u>	<u>1,334,636</u>
		<u>4,052,733</u>	<u>(44,015)</u>	<u>4,008,718</u>
Franklin Sheriff	1/2%	<u>1,350,626</u>	<u>(14,668)</u>	<u>1,335,958</u>
City of Winnsboro	1%	1,448,664	(16,303)	1,432,361
City of Winnsboro 2007	1/2%	723,900	(8,146)	715,754
City of Winnsboro 2009	1/2%	<u>723,898</u>	<u>(8,146)</u>	<u>715,752</u>
		<u>2,896,462</u>	<u>(32,595)</u>	<u>2,863,867</u>
Town of Gilbert		<u>55,113</u>	<u>(637)</u>	<u>54,476</u>
Town of Wisner		<u>115,676</u>	<u>(1,644)</u>	<u>114,032</u>
Town of Baskin		<u>20,979</u>	<u>(238)</u>	<u>20,741</u>
Revenue Recovery Audits		<u>25,015</u>	<u>-</u>	<u>25,015</u>
Held in Escrow Pending Suit		<u>10,407</u>	<u>-</u>	<u>10,407</u>
Legal Fees Collected		<u>24,199</u>	<u>-</u>	<u>24,199</u>
TOTALS		<u><u>\$ 8,551,210</u></u>	<u><u>\$ (93,797)</u></u>	<u><u>\$ 8,457,413</u></u>

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

15. COOPERATIVE ENDEAVOR AGREEMENT

The School Board entered into a cooperative endeavor agreement wherein the School Board provided \$300,000 to the Louisiana Delta Community College Foundation to be used to develop or construct a training center in Winnsboro. In consideration of the contribution, vocational training and educational services, and other opportunities are be provided to secondary education students of the School District through dual enrollment options beginning with the 2016-2017 school year.

16. CURRENT ACCOUNTING STANDARDS SCHEDULED TO BE IMPLEMENTED

The Governmental Accounting Standards Board recently issued GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which supersedes accounting standards that currently exist regarding for these retiree benefits. Under the new standard, governments will recognize a liability that is actuarially determined using prescribed methods and based on plan assumptions. This liability should be reported net of the assets that are accumulated into an irrevocable trust meeting certain criteria; however, the School Board does not currently have a trust to offset this liability. The standard is effective for annual reporting periods beginning after June 15, 2017. The School Board expects that this new standard will have a material negative effect on its net position and a material increase to the post-employment benefit liability for the year ended June 30, 2018. However, the amount of the effect is unknown at this time.

REQUIRED SUPPLEMENTAL INFORMATION

Franklin Parish School Board

Winnsboro, Louisiana

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

MAJOR FUND DESCRIPTIONS
BUDGETARY COMPARISON SCHEDULES

General Fund and Major Special Revenue Funds With Legally Adopted Annual Budgets

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

TITLE I. The Title I fund accounts for the Title I grants. The purposes of these grants are to improve the educational opportunities of educationally deprived children by helping them succeed in the regular school program, attain grade level proficiency and improve achievement in basic and more advanced skills. These grants function by providing compensatory instructional activities to educationally deprived children that reside in low-income areas and have been selected on the basis of a needs assessment. Services supplement, not supplant, those normally provided by state and local educational agencies.

COMBINED RENOVATION FUND AND CAPITAL PROJECTS 2017 FUND. The Renovation Fund accounts for a portion of the proceeds of a 15.64 mil ad-valorem tax that is restricted to debt service and for the proceeds all of a half-cent sales tax restricted to debt service, major capital improvements, and repairs. The Capital Projects 2017 Fund accounts for the proceeds of the Series 2017 and 2016 bonds and the use of the bond proceeds on capital projects. These funds are combined for budgetary reporting purposes since the proceeds of the bonds were budgeted in the Renovation Fund and the Capital Projects 2017 Fund was created later.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2017

BUDGETS

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

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

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

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

Formal Budget integration (within the accounting records) is employed as a management control device. All budgets are controlled at the function level. Budget amounts included in the accompanying financial statements consist of those presented in the original budget adopted by the Board and as amended by the Board.

Encumbrances. Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed.

Budget Basis of Accounting. All governmental funds' budgets are prepared on the modified accrual basis of accounting, a basis consistent with accounting principles generally accepted in the United States of America (GAAP) with the exception of the combined renovation fund and capital projects 2017 fund, which combines both debt service funds and capital projects funds. These two funds are presented separately under generally accepted accounting principles. Budgeted amounts are originally adopted or amended by the Board. Legally, the Board must adopt a balanced budget; that is, total budgeted revenues and other financing sources including fund balance must equal or exceed total budgeted expenditures and other financing uses. State statutes require the Board to amend its budget when revenues plus projected revenues within a fund are expected to be less than budgeted revenues by five percent or more and/or expenditures within a fund are expected to exceed budgeted expenditures by five percent or more. The School Board approves budgets at the function level and management can transfer amounts between line items within a function.

FRANKLIN PARISH SCHOOL BOARD

SUPPLEMENTAL INFORMATION

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund			Variance
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
<u>Revenues:</u>				
Local sources	5,110,000	5,659,167	\$ 5,781,451	\$ 122,284
State sources	19,425,000	20,550,554	20,561,716	11,162
Federal sources	-	57,170	57,170	-
Total revenues	<u>24,535,000</u>	<u>26,266,891</u>	<u>26,400,337</u>	<u>133,446</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular education programs	10,363,500	10,719,330	10,768,296	(48,966)
Special education programs	2,630,340	2,585,670	2,604,102	(18,432)
Other education programs	1,777,260	1,487,252	1,537,207	(49,955)
Support services:				
Pupil support services	1,266,000	1,349,072	1,358,735	(9,663)
Instructional staff services	1,250,000	1,278,849	1,292,153	(13,304)
General administration services	592,110	602,613	681,323	(78,710)
School administration services	1,686,540	1,693,583	1,700,838	(7,255)
Business administration services	500,500	539,437	541,854	(2,417)
Plant operation and maintenance	1,927,000	2,046,489	2,057,372	(10,883)
Transportation	2,642,594	2,665,595	2,672,947	(7,352)
Food services	113,000	187,509	192,347	(4,838)
Central services	55,850	65,039	65,039	-
Community services	7,600	7,644	7,644	-
Appropriations				
Charter Schools	-	42,265	42,265	-
Facility acquisition and construction	-	15,000	15,000	-
Total expenditures	<u>24,812,294</u>	<u>25,285,347</u>	<u>25,537,122</u>	<u>(251,775)</u>
Excess (deficiency) of revenues over expenditures	\$ <u>(277,294)</u>	\$ <u>981,544</u>	\$ <u>863,215</u>	\$ <u>(118,329)</u>

(continued)

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>Other financing sources (uses):</u>				
Operating transfers in	\$ 277,294	\$ 312,547	\$ 312,547	\$ -
 Total other financing sources (uses)	 277,294	 312,547	 312,547	 -
 Excess of revenues and other financing sources over (under) expenditures and other financing sources (uses)	 -	 1,294,091	 1,175,762	 (118,329)
 Fund balances, June 30, 2016	 <u>3,884,276</u>	 <u>5,607,517</u>	 <u>4,968,443</u>	 <u>(639,074)</u>
 FUND BALANCES, JUNE 30, 2017	 <u>\$ 3,884,276</u>	 <u>\$ 6,901,608</u>	 <u>\$ 6,144,205</u>	 <u>\$ (757,403)</u> (concluded)

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

TITLE I FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2017

	Title I Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
<u>Revenues:</u>				
Federal sources:				
Grants-in-aid - subgrants	\$ 2,127,017	\$ 2,376,415	\$ 2,376,415	\$ -
Total revenues	<u>2,127,017</u>	<u>2,376,415</u>	<u>2,376,415</u>	<u>-</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Other education programs	1,631,792	1,767,658	1,767,656	2
Support services:				
Instructional staff services	306,932	398,347	398,348	(1)
Pupil support services	-	-	-	-
Transportation	3,885	4,380	4,381	(1)
Total expenditures	<u>1,942,609</u>	<u>2,170,385</u>	<u>2,170,385</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>184,408</u>	<u>206,030</u>	<u>206,030</u>	<u>-</u>
<u>Other financing sources (uses):</u>				
Operating transfers in	-	-	-	-
Operating transfers out	<u>(184,408)</u>	<u>(206,030)</u>	<u>(206,030)</u>	<u>-</u>
Total other financing sources (uses)	<u>(184,408)</u>	<u>(206,030)</u>	<u>(206,030)</u>	<u>-</u>
Excess of revenues and other financing sources over expenditures and other financing sources (uses)	-	-	-	-
Fund balances, June 30, 2016	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, JUNE 30, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

COMBINED RENOVATION FUND AND CAPITAL PROJECTS 2017 FUND
BUDGETARY COMPARISON SCHEDULE (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2017

	Renovation Fund and Capital Projects 2017 Fund			
	Original Budget	Final Budget	Budgetary Basis Actual	Variance Favorable (Unfavorable)
Revenues:				
Local sources:	\$ 2,250,000	\$ 2,512,390	\$ 2,517,759	\$ 5,369
Total revenues	<u>2,250,000</u>	<u>2,512,390</u>	<u>2,517,759</u>	<u>5,369</u>
Expenditures:				
Current:				
Instruction:				
Regular education programs	-	31,746	31,745	1
Other education programs	-	23,006	43,233	(20,227)
Support services:				
Instructional staff services	-	7,027	7,027	-
General administrative services	-	16,211	16,912	(701)
School administration	-	2,133	2,133	-
Business and central services	-	6,194	6,194	-
Plant operation and maintenance	350,000	120,483	122,374	(1,891)
Student Transportation	-	10,446	10,446	-
Debt Service	1,650,000	1,365,689	1,752,647	(386,958)
Facilities acquisition and construction	250,000	279,802	332,915	(53,113)
Total expenditures	<u>2,250,000</u>	<u>1,862,737</u>	<u>2,325,626</u>	<u>(462,889)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>649,653</u>	<u>192,133</u>	<u>(457,520)</u>
Other financing sources (uses):				
Proceeds from issuance of long-term debt	-	13,500,000	14,000,000	500,000
Total other financing sources (uses)	<u>-</u>	<u>13,500,000</u>	<u>14,000,000</u>	<u>500,000</u>
Excess of revenues and other financing sources over expenditures and other financing sources (uses)	-	14,149,653	14,192,133	42,480
Fund balances, June 30, 2016	<u>2,375,000</u>	<u>760,844</u>	<u>4,023,021</u>	<u>3,262,177</u>
FUND BALANCES, JUNE 30, 2017	<u>\$ 2,375,000</u>	<u>\$ 14,910,497</u>	<u>\$ 18,215,154</u>	<u>\$ 3,304,657</u>

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

OTHER POST EMPLOYMENT BENEFITS PLAN
RETIREE HEALTH, DENTAL, AND LIFE INSURANCE PROGRAMS
YEAR ENDED JUNE 30, 2017

SCHEDULE OF FUNDING PROGRESS

<u>Fiscal Period Ended</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Liability (AAL) Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
6/30/2017	7/1/2016	\$ -	\$ 43,155,095	\$ 43,155,095	0.00%	\$ 16,405,296	263.06%
6/30/2016	7/1/2014	-	40,647,609	40,647,609	0.00%	15,917,043	255.37%
6/30/2015	7/1/2014	-	39,084,239	39,084,239	0.00%	15,856,202	246.49%
6/30/2014	7/1/2012	-	38,590,271	38,590,271	0.00%	15,813,670	244.03%
6/30/2013	7/1/2012	-	37,106,030	37,106,030	0.00%	15,739,481	235.75%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Amount Contributed</u>	<u>Percentage of Annual OPEB Costs Contributed</u>	<u>Increase (Decrease) to Net OPEB Obligation</u>	<u>Net OPEB Obligation</u>
6/30/2017	\$ 3,157,441	\$ 2,157,361	68.33%	\$ 1,000,080	\$ 14,626,185
6/30/2016	3,020,326	2,310,163	76.49%	710,163	13,626,105
6/30/2015	2,909,031	2,139,040	73.53%	769,991	12,915,942
6/30/2014	2,554,669	2,200,866	86.15%	353,803	12,145,951
6/30/2013	2,455,778	2,037,840	82.98%	417,938	11,792,148

Franklin Parish School Board
Schedule of the Proportionate Share of the Net Pension Liability
Cost Sharing Plans Only
For the Year Ended June 30, 2017 (*)

<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						
	2017	0.2993%	\$ 35,124,224	\$ 13,944,475	251.8863%	59.90%
	2016	0.3108%	33,420,336	12,762,427	261.8651%	62.50%
	2015	0.3058%	31,259,190	12,633,434	247.4323%	63.70%
Louisiana School Employees Retirement System						
	2017	0.4994%	3,766,893	1,417,298	265.7799%	70.09%
	2016	0.4748%	3,011,133	1,315,313	228.9290%	74.49%
	2015	0.4689%	2,718,050	1,310,969	207.3314%	76.18%

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

(*) The amounts presented have a measurement date of June 30th of the previous year identified.

Franklin Parish School Board
Schedule of Contributions to Each Retirement System
Cost Sharing Plans Only
For the Year Ended June 30, 2017

Pension Plan:	Year	Contractually Required Contribution ¹	Contributions in Relation to Contractually Required Contribution ²	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll ³	Contributions as a % of Covered Employee Payroll
Teachers Retirement System of Louisiana						
	2017	\$ 3,636,403	\$ 3,636,403	\$ -	\$ 14,283,093	25.4595%
	2016	3,667,397	3,667,397	-	13,944,475	26.3000%
	2015	3,940,665	3,940,665	-	12,762,427	30.8771%
Louisiana School Employees Retirement System						
	2017	419,757	419,757	-	1,534,716	27.3508%
	2016	428,024	428,024	-	1,417,298	30.2000%
	2015	438,899	438,899	-	1,315,313	33.3684%

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 employee payroll

² Actual employer contributions remitted to Retirement Systems

³ Employer's covered employee payroll amount for the year ended June 30 of each year

Notes to Required Supplementary Information

Changes in benefit terms:

There were no changes in benefit terms for the three pension plans listed above for the years presented.

Changes in assumptions:

TRSL and LASERS did not have any changes in actuarial assumptions for the years presented.

LSERS had the following changes in actuarial assumptions for each year as follows:

Discount Rate:

Year (*)	Rate	Change
2017	7.125%	0.125%
2016	7.000%	-0.250%
2015	7.250%	

Inflation Rate:

Year (*)	Rate	Change
2017	2.625%	-0.125%
2016	2.750%	

Salary Increases:

Year (*)	Range
2017	3.075% to 5.375%
2016	3.200% to 5.500%

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NON-MAJOR GOVERNMENTAL FUNDS

Headstart The Head Start fund accounts for the Head Start federal grant. The purpose of this grant is to provide a comprehensive child development program for 3 and 4 year old children from low income families. The program serves both the child and the family.

School Lunch The school lunch fund accounts for activities of the school board's food service program.

Title II Increases student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools. The program also holds local educational agencies and schools accountable for improvements in student academic achievement.

Special Education *The Individuals with Disabilities Act (IDEA)* is a federally financed program providing free, appropriate education for all identified handicapped children from 3 to 21 years of age in the least restrictive environment.

Other Federal Programs Accounts for the proceeds of miscellaneous federal grants.

State and Local Grants Used to account for special grants received from various departments of the state of Louisiana and other non-federal sources.

Capital Projects Fund This fund accounts for the unexpended proceeds of various initiatives for capital improvements, including issuance of debt.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Headstart	School Lunch	Title II	Special Education
<u>ASSETS</u>				
Cash and cash equivalents	\$ 50	\$ 615,810	\$ -	\$ -
Receivables:				
Accounts	-	2,568	-	-
Due from other governments	82,647	8,089	65,535	133,958
Inventory	-	43,740	-	-
TOTAL ASSETS	\$ 82,697	\$ 670,207	\$ 65,535	\$ 133,958
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 5,182	\$ 2,199	\$ -	\$ -
Salaries and benefits payable	77,465	58,877	9,006	21,029
Due to other funds	50	-	56,529	112,929
Unearned revenues	-	17,703	-	-
TOTAL LIABILITIES	82,697	78,779	65,535	133,958
Fund balances:				
Nonspendable	-	26,037	-	-
Spendable, Restricted	-	565,391	-	-
TOTAL FUND BALANCES	-	591,428	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 82,697	\$ 670,207	\$ 65,535	\$ 133,958

Other Federal	State Grants	Capital Project	Total
\$ 80	\$ 74,114	\$ 4,080	\$ 694,134
-	-	-	2,568
77,626	27,903	-	395,758
-	-	-	43,740
<u>\$ 77,706</u>	<u>\$ 102,017</u>	<u>\$ 4,080</u>	<u>\$ 1,136,200</u>

\$ -	\$ -	\$ 2,141	\$ 9,522
7,259	9,652	-	183,288
70,447	18,251	-	258,206
-	-	-	17,703
<u>77,706</u>	<u>27,903</u>	<u>2,141</u>	<u>468,719</u>

-	-	-	26,037
-	74,114	1,939	641,444
-	74,114	1,939	667,481

<u>\$ 77,706</u>	<u>\$ 102,017</u>	<u>\$ 4,080</u>	<u>\$ 1,136,200</u>
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FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED JUNE 30, 2017

	Headstart	School Lunch	Title II	Special Education
<u>REVENUES</u>				
Local sources:				
Earnings on investments	\$ -	\$ 1,123	\$ -	\$ -
Food Services	-	31,584	-	-
Other	-	13,964	-	-
State sources:				
Unrestricted grants-in-aid, MFP	-	28,078	-	-
Restricted grants-in-aid	-	-	-	-
Federal grants	995,164	2,077,360	364,427	764,909
TOTAL REVENUES	995,164	2,152,109	364,427	764,909
<u>EXPENDITURES</u>				
Current:				
Instruction:				
Regular education programs	-	-	-	81,290
Special education programs	266	-	-	121,491
Other education programs	531,290	-	-	47,274
Support:				
Pupil support services	136,982	-	-	161,973
Instructional staff services	124,785	-	332,832	287,337
General administration services	3,728	-	-	-
School administration services	-	-	-	-
Business and central services	56,897	-	-	-
Plant operation and maintenance	43,465	-	-	-
Transportation	86,104	-	-	404
Food services	11,647	1,864,028	-	-
TOTAL EXPENDITURES	995,164	1,864,028	332,832	699,769
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	288,081	31,595	65,140
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	-	-
Transfers out	-	-	(31,595)	(65,140)
Proceeds of capital assets dispositions	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(31,595)	(65,140)
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES</u>				
	-	288,081	-	-
Fund balances, June 30, 2016	-	303,347	-	-
FUND BALANCES, JUNE 30, 2017	\$ -	\$ 591,428	\$ -	\$ -

<u>Other Federal</u>	<u>State and Local Grants</u>	<u>Capital Project</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 1,123
-	-	-	31,584
-	138,052	-	152,016
-	-	-	28,078
-	88,846	-	88,846
<u>246,944</u>	<u>-</u>	<u>-</u>	<u>4,448,804</u>
<u>246,944</u>	<u>226,898</u>	<u>-</u>	<u>4,750,451</u>
36,212	95,103	-	212,605
49,048	-	-	170,805
73,872	79,809	31,184	763,429
-	-	-	298,955
78,030	19,682	-	842,666
-	-	-	3,728
-	-	-	-
-	-	-	56,897
-	-	-	43,465
-	-	-	86,508
-	-	-	<u>1,875,675</u>
<u>237,162</u>	<u>194,594</u>	<u>31,184</u>	<u>4,354,733</u>
<u>9,782</u>	<u>32,304</u>	<u>(31,184)</u>	<u>395,718</u>
-	-	-	-
(9,782)	-	-	(106,517)
-	-	-	-
<u>(9,782)</u>	<u>-</u>	<u>-</u>	<u>(106,517)</u>
-	32,304	(31,184)	289,201
-	41,810	33,123	378,280
<u>\$ -</u>	<u>\$ 74,114</u>	<u>\$ 1,939</u>	<u>\$ 667,481</u>

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

SCHEDULE OF COMPENSATION PAID BOARD MEMBERS
FOR THE YEAR ENDED JUNE 30, 2017

Mr. Edwin Bryan	\$ 4,800
Mrs. Dorothy Brown	4,200
Mr. Tim Eubanks	4,200
Mr. Ronnie Hatton	4,200
Mrs. Louise Johnson	4,200
Mr. Richard Kelly	4,200
Mr. Jesse Young	2,100
Mr. Danny Davis	<u>2,100</u>
	<u>\$ 30,000</u>

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED JUNE 30, 2017

Dr. Lanny Johnson

Salary	\$ 118,270
Benefits - retirement	30,868
Benefits - Medicare	1,802
Car allowance	6,000
Dues - LASS \$325 and LASE \$150	<u>475</u>

Total Compensation, Benefits and Other Payments
to Agency Head or Chief Executive Officer

\$ 157,415



Postlethwaite & Netterville

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A Professional Accounting Corporation

**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***

Franklin Parish School Board
Winnsboro, 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 Franklin Parish School Board (School Board) as of and for the year ended June 30, 2017, 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 20, 2017.

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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Board's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs with the reference number 2017-001 that we consider to be a significant deficiency.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



School Board's Response to Findings

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

Purpose of this Report

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

Postlethwaite + Netterville

Baton Rouge, Louisiana
December 20, 2017



Postlethwaite & Netterville

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

Franklin Parish School Board
Winnsboro, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the Franklin 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, 2017. 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 the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the School Board's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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, 2017.

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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School Board's 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 a 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 20, 2017

Franklin Parish School Board
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

FEDERAL DEPARTMENT/PASS-THROUGH ENTITY/PROGRAM	CFDA #	Grant #	EXPENDED
<u>United States Department of Education</u>			
<i>Passed through the Louisiana Department of Education</i>			
Title I 16/17	84.010A	2816T121	\$ 2,376,415
IDEA 16/17	84.027A ¹	2816B121	723,741
Opportunity Grant	84.027A ¹	2815OG21	10,197
High Cost Services- IDEA	84.027A ¹	2816RH21	948
High Cost Services- IDEA	84.027A ¹	2817RH21	11,161
IDEA Pre-School 16/17	84.173A ¹	2816P121	16,962
Early Childhood IDEA	84.173 ¹	2817CY21	1,900
Vocational Education - Federal	84.048A	28160221	44,171
REAP 16/17 HS Re-Design	84.358B	2815RE21	63,326
Title II FY 16/17	84.367A	28155021	364,427
Teacher Incentive Fund	84.374A		31,667
<i>Passed through the Louisiana Workforce Commission</i>			
State Vocational Rehabilitation Services	84.126A	H126A140025 - 14C	49,048
			<u>3,693,963</u>
<u>United States Department of Health and Human Services</u>			
<i>Direct funding</i>			
Head Start	93.600	06 CH 7015	995,164
<i>Passed through the Louisiana Department of Education</i>			
Jobs for America's Graduates - Pets	93.558 ³	2817J21	25,997
Jobs for America's Graduates	93.558 ³	2815JS21	23,960
Early Childhood Child Care and Development			
Block Grant	93.575 ⁴	2815C621	8,775
			<u>1,053,896</u>
<u>United States Department of Agriculture</u>			
<i>Passed through the Louisiana Department of Education</i>			
National School Lunch Program	10.555 ²	N/A	1,449,198
National School Breakfast Program	10.553 ²	N/A	467,925
<i>Passed through the Louisiana Department of Agriculture and Forestry</i>			
Food Distribution	10.555 ²	N/A	160,237
			<u>2,077,360</u>
<u>United States Department of Defense</u>			
<i>Direct Funding</i>			
Reserve Officer Training Corps	12.xxx		57,170
Total Expenditures			<u>\$ 6,882,389</u>
¹ Special Education Cluster	\$ 764,909		
² Child Nutrition Cluster	2,077,360		
³ TANF Cluster	49,957		
⁴ CCDF Cluster	8,775		

See accompanying notes to this schedule.

FRANKLIN PARISH SCHOOL BOARD

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal grant activity of Franklin 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 *U.S. 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, 2017, the School Board received commodities valued at \$160,237. At June 30, 2017, the School Board had food commodities totaling \$21,443 in inventory.

NOTE C – DE MINIMUS COST RATE

During the year ended June 30, 2017, the Franklin Parish School Board did not elect to use the 10% de minimus cost rate as covered in §200.414 of the Uniform Guidance. Instead the School Board has an indirect cost rate that is provided by the Louisiana Department of Education.

NOTE D – RECONCILIATION TO THE BASIC FINANCIAL STATEMENT

The Federal Expenditures reported on the SEFA of \$6,882,389, are broken out as seen below.

General Fund	\$ 57,170
Title I	2,376,415
Headstart	995,164
School Lunch	2,077,360
Title II	364,427
Special Education	764,909
Other Federal Funds	246,944
Total to Basic Financial Statements	<u>\$ 6,882,389</u>

FRANKLIN PARISH SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

A. Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: *Unmodified*

Internal Control over Financial Reporting:

- Material weakness(es) identified? _____ yes x no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ none reported
 x yes

Noncompliance material to financial statements noted?

_____ yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes x no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ none reported
 x yes

Type of auditor's report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)?

_____ yes x no

Identification of major programs:

CFDA Numbers
10.553 and 10.555
84.027 and 84.173

Name of Federal Program or Cluster
Child Nutrition Cluster
Special Education Cluster

The threshold for distinguishing types A & B programs was program expenditures exceeding \$750,000.

The Franklin Parish School Board was not determined to be a low-risk auditee.

FRANKLIN PARISH SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

B. Findings – Financial Statement Audit

2017-001 **Enhancement of policies and procedures and internal controls**

- Criteria:** A system of internal controls should be established to ensure accurate financial reporting and to safeguard assets. Features of internal controls should include fully documented policies and procedures, adequate segregation of duties, oversight, and monthly reporting. Internal controls must be monitored and updated periodically to ensure they are current and relevant.
- Condition:** The School Board has established a system of internal controls. However, in performing the Statewide Agreed-Upon Procedures in connection with our audit as required and enumerated by the Louisiana Legislative Auditor, we noted certain aspects of the internal control system could be enhanced. Areas that could benefit from enhancement include the updating of written policies and procedures, reassignment of responsibilities thereby enhancing segregation of duties, and other updates to otherwise strengthen internal controls.
- Effect:** Internal controls are not as strong as they could be.
- Cause:** Processes, policies and procedures should be revisited periodically.
- Recommendation:** We recommend the following enhancements for certain operational and financial areas that were addressed in performing the procedures:

Policies and procedures:

- Contracting – establish the types of goods\service that require written contracts, when legal review is required, the level of approval, and a more formal monitoring process
- Payroll – memorialize and formalize the review and approval process for attendance records
- Ethics violations - clarify the prohibitions and the legal source therefore La Revised Statute (42:1111-1121)
- Debt Service – EMMA requirements, debt service payment requirements, debt service reserve requirements

Segregation of duties and enhanced oversight:

- School Booster Accounts – to further segregate duties over custody of cash, accounting, and reconciliation and to enhance oversight to improve compliance with State Law regarding school activity accounts.
- Sales Tax Collections – The Sales Tax Office should separate the duties of physically collecting tax payments received and posting payments to the accounting system. Additionally, a reconciliation of payments collected and deposited to the amounts posted in the Sales Tax accounting system should be made daily by someone that does not touch\process collections.

FRANKLIN PARISH SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

B. Findings – Financial Statement Audit (continued)

2017-001 **Enhancement of policies and procedures and internal controls (continued)**

Internal Reporting:

- Monthly financial reporting – In addition to the general fund, include other major funds' revenues and expenditures (compared to budget) in the reporting process to the Board.

Management's Response and Planned Corrective Action:

See subsequent pages

C. Findings and Questioned Costs – Major Federal Award Programs

None

FRANKLIN PARISH SCHOOL BOARD
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

B. Findings – Financial Statement Audit

None

C. Findings and Questioned Costs – Major Federal Award Programs

None

FRANKLIN PARISH SCHOOL BOARD

Dr. Lanny Johnson

Superintendent

Eddie Ray Bryan

President

District 1

Dorothy Brown

Vice-President

District 7

Danny Davis

Chaplain

District 3

Ronnie Hatton

District 2

Richard Kelly

District 4

Louise Johnson

District 5

Tim Eubanks

District 6

December 22, 2017

Mr. Freddy Smith, Partner
Postlethwaite & Netterville
8550 United Plaza Boulevard, Suite 1001
Baton Rouge, LA 70809

RE: 2016-17 Audit Report

Finding 2017-001 Enhancement of policies and procedures and internal controls

Policies and Procedures:

1. Policies and procedures will be reviewed specifically to address the types of goods and services that require written contracts, when legal review is required, and the level of approval needed. In addition, the monitoring process for contracts will be included in the updated policies and procedures.
2. The review and approval process for attendance records will be updated so that all employees' attendance is reviewed and approved by their immediate supervisor.
3. Current ethics policy will be updated to require annual certification from board members and employees attesting to their compliance with the Louisiana Revised Statutes 42:1111-1121. Ethics policy will be updated to include a system to monitor possible ethics violations, and action to be taken in the event of an ethics violation.
4. Debt Service policy will be updated to include compliance with EMMA reporting requirements, adherence to debt service payment requirements, and adherence to debt service reserve requirements.

Segregation of Duties and Enhanced Oversight:

1. We have begun the process of additional oversight over School Booster Accounts to comply with state law regarding school activity accounts. Central office personnel have been assigned duties to safeguard assets.

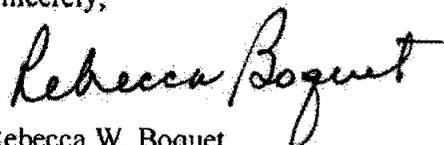
Mr. Freddy Smith
Page 2
December 22, 2017

2. We are in the planning stage to segregate the collection of cash from the deposit and recording of deposits by the Sales Tax Office and to establish a reconciliation process.

Internal Reporting:

1. In addition to reporting general fund budget to actual comparison to the Board monthly, other major funds will be included in the monthly reports to the Board.

Sincerely,

A handwritten signature in cursive script that reads "Rebecca Boquet". The signature is written in black ink and is positioned above the typed name and title.

Rebecca W. Boquet
Business Manager

FRANKLIN PARISH SCHOOL BOARD

WINNSBORO, LOUISIANA

PERFORMANCE AND STATISTICAL DATA
AGREED UPON PROCEDURES

AND

STATEWIDE AGREED UPON PROCEDURES
ON CONTROL AND COMPLIANCE AREAS

YEAR ENDED JUNE 30, 2017



Postlethwaite & Netterville

A Professional Accounting Corporation

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FRANKLIN PARISH SCHOOL BOARD

WINNSBORO, LOUISIANA

AGREED UPON PROCEDURES

YEAR ENDED JUNE 30, 2017

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

TABLE OF CONTENTS

	<u>Page</u>
PERFORMANCE AND STATISTICAL DATA AGREED UPON PROCEDURES	
Independent Accountants' Report on Applying Agreed-Upon Procedures	1 – 4
Schedule Descriptions	5 – 6
Performance and Statistical Data	7 – 17
STATEWIDE AGREED-UPON PROCEDURES	
Independent Accountants' Report on Applying Agreed-Upon Procedures	18 – 29
Management's Responses and Corrective Action Plans	

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

To the Members of the Franklin Parish School Board
and the Louisiana Legislative Auditor

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Franklin Parish School Board (School Board) 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, 2017; and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) in compliance with Louisiana Revised Statute 24:514. 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.

Our procedures and findings related to the accompanying schedules are as follows:

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

Procedure #1:

We selected a sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported within the proper amounts for each of the following amounts reported on the schedule:

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

Results of Procedure # 1:

In performing the testing on the sample of expenditures/revenues, we noted no transactions that were inappropriately classified or were recorded at an inappropriate amount.

Education Levels of Public School Staff (Schedule 2)

Procedure # 2

We reconciled the total number of full-time classroom teachers per the schedule “Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers” (Schedule 4) to the combined total number of full-time classroom teachers per this schedule.

Results of Procedure # 2:

No differences were noted between the number of teachers per schedule 4 and schedule 2.

Procedure # 3

We reconciled the combined total of principals and assistant principals per the schedule “Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers” (Schedule 4) to the combined total of principals and assistant principals per this schedule.

Results of Procedure # 3

No differences were noted between the number of principals and assistant principals per schedule 4 and schedule 2.

Procedure # 4

We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1st and as reported on the schedule. From the list we were provided, we traced a sample of 25 teachers to the individual’s personnel file to determine if the individual’s education level was properly classified on the schedule.

Results of Procedure # 4:

The education levels as documented in the personnel files were properly classified on the schedule.

Number and Type of Public Schools (Schedule 3)

Procedure # 5

We obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the National School Lunch Program (CFDA 10.555) application.

Results of Procedure # 5:

We noted no discrepancies between the total number of schools as listed in the National School Lunch Program (CFDA 10.555) application and the list supporting the schools represented in the schedule.

Experience of Public Principals, Assistant Principals and Full-time Classroom Teachers (Schedule 4)

Procedure #6

We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1 and as reported on the schedule and traced the same sample used in procedure 4 to the individual’s personnel file to determine if the individual’s experience was properly classified on the schedule.

Results of Procedure # 6:

In our sample of 25 employees, no discrepancies existed between the aforementioned listing and the schedule. No discrepancies between experience levels per the listing and the individual personnel files were noted.

Public School Staff Data (Schedule 5)

Procedure # 7

We obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalency as reported on the schedule and traced a sample of 25 teachers to the individual's personnel file to determine if the individual's salary, extra compensation, and full-time equivalency were properly included on the schedule.

Results of Procedure # 7:

In our sample of 25 employees, no discrepancies existed between the aforementioned listing and the schedule.

Procedure # 8

We recalculated the average salaries and full-time equivalents reported in the schedule.

Results of Procedure # 8:

We noted no differences between the averages reported on the schedule and our calculations.

Class Size Characteristics (Schedule 6)

Procedure # 9

We obtained the "LEADS Class Summary Report", which is a report obtained from and produced by the State Department of Education, and which serve as the source of information for completing schedule 6. We tied the "LEADS Class Summary Report" into schedule 6. From that report, we selected ten classes from the report. We obtained the teacher roll books for each class selected and compared the roll books to the classes selected.

Results of Procedure # 9

No differences were noted when we compared the count on the LEADS Class Summary Report to the count on the roll book.

Louisiana Educational Assessment Program (LEAP) for the 21st Century (Schedule 7)

Procedure # 10

We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the Franklin Parish School Board.

Results of Procedure # 10:

No differences were noted.

The Graduation Exit Exam (Schedule 8)

Procedure # 11

This schedule is no longer applicable.

Results of Procedure #11

This schedule is no longer applicable.

The iLEAP Tests (Schedule 9)

Procedure # 12

We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the Franklin Parish School Board.

Results of Procedure # 12

No differences 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, 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 20, 2017

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

Schedules Required by State Law (R.S. 24:514 - Performance and Statistical Data)
As of and for the Year Ended June 30, 2017

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 - Education Levels of Public School Staff

This schedule includes the certificated and uncertificated number and percentage of full-time classroom teachers and the number and percentage of principals and assistant principal's with less than a Bachelor's; Master's; Master's +30; Specialist in Education; and Ph. D or Ed. D. degrees. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 3 - Number and Type of Public Schools

This schedule includes the number of elementary, middle/junior high, secondary and combination schools in operation during the fiscal year. This data is currently reported to the Legislature in the Annual Financial Statistical Report (AFSR).

Schedule 4 - Experience of Public Principals and Full-time Classroom Teachers

This schedule includes the number of years of experience in teaching for assistant principals, principals, and full-time classroom teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 5 - Public School Staff Data

This schedule includes average classroom teachers' salary using full-time equivalents, including and excluding ROTC and rehired retiree teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

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. This data is currently reported to the legislature in the Annual School Report (ASR).

Schedule 7 - Louisiana Educational Assessment Program (LEAP)

This schedule represents student performance testing data and includes summary scores by district for grades 3,4,5,6,7 and 8 in each category tested. Scores are reported as Advanced, Mastery, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

Schedule 8 - The Graduation Exit Exam

The Graduation Exit Exam is no longer administered. This schedule is no longer applicable.

Schedule 9 - The i-LEAP Tests

The i-LEAP has replaced the IOWA test for student performance testing data and includes summary scores by district for grades 3,4,5,6,7, and 8 in each category tested. Scores are reported as Advanced, Mastery, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

FRANKLIN PARISH SCHOOL BOARD
Winnsboro, Louisiana

**General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2017**

<u>General Fund Instructional and Equipment Expenditures</u>	<u>Column A</u>	<u>Column B</u>
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$ 8,436,724	
Other Instructional Staff Activities	855,579	
Employee Benefits	5,241,446	
Purchased Professional and Technical Services	113,660	
Instructional Materials and Supplies	166,156	
Instructional Equipment	-	
Total Teacher and Student Interaction Activities	-	14,813,565
Other Instructional Activities	-	96,040
Pupil Support Activities	1,358,735	
Less: Equipment for Pupil Support Activities	-	
Net Pupil Support Activities	-	1,358,735
Instructional Staff Services	1,292,153	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services	-	1,292,153
School Administration	1,700,838	
Less: Equipment for School Administration	-	
Net School Administration	-	1,700,838
Total General Fund Instructional Expenditures		\$ 19,261,331
Total General Fund Equipment Expenditures		-
<u>Certain Local Revenue Sources</u>		
Local Taxation Revenue:		
Constitutional Ad Valorem Taxes		\$ 441,546
Renewable Ad Valorem Tax		1,936,675
Debt Service Ad Valorem Tax		-
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes		104,762
Result of Court Ordered Settlement		-
Sales and Use Taxes		5,481,657
Total Local Taxation Revenue		\$ 7,964,640
Local Earnings on Investment in Real Property:		
Earnings from 16th Section Property	\$	13,569
Earnings from Other Real Property		-
Total Local Earnings on Investment in Real Property	\$	13,569
State Revenue in Lieu of Taxes:		
Revenue Sharing - Constitutional Tax	\$	-
Revenue Sharing - Other Taxes		-
Revenue Sharing - Excess Portion		73,417
Other Revenue in Lieu of Taxes		-
Total State Revenue in Lieu of Taxes	\$	73,417
Nonpublic Textbook Revenue	\$	-
Nonpublic Transportation Revenue	\$	-

FRANKLIN PARISH SCHOOL BOARD
Winnsboro, Louisiana

Education Levels of Public School Staff
As of October 1, 2016

Category	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	0	0%	1	4%	0	0%	0	0
Bachelor's Degree	124	65%	19	76%	1	7%	0	0
Master's Degree	46	24%	5	20%	5	33%	0	0
Master's Degree + 30	22	11%	0	0%	9	60%	0	0
Specialist in Education	0	0%	0	0%	0	0%	0	0
Ph. D. or Ed. D.	0	0%	0	0%	0	0%	0	0
Total	192	100%	25	100%	15	100%	0	0

FRANKLIN PARISH SCHOOL BOARD
Winnsboro, Louisiana

Number and Type of Public Schools
For the Year Ended June 30, 2017

Type	Number
Elementary	5
Middle/Jr. High	0
Secondary	1
Combination	0
Total	6

Note: Schools opened or closed during the fiscal year are included in this schedule.

FRANKLIN PARISH SCHOOL BOARD
Winnsboro, Louisiana**Experience of Public Principals, Assistant Principals and Full-time Classroom Teachers**
As of October 1, 2016

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	0	0	1	1	1	0	4	7
Principals	0	0	2	1	0	2	3	8
Classroom Teachers	28	29	57	19	27	22	35	217
Total	28	29	60	21	28	24	42	232

FRANKLIN PARISH SCHOOL BOARD
Winnsboro, Louisiana

Public School Staff Data
For the Year Ended June 30, 2017

	All Classroom Teachers	Classroom Teachers Excluding ROTC and Rehired Retirees
Average Classroom Teachers' Salary Including Extra Compensation	\$42,519.28	\$40,034.05
Average Classroom Teachers' Salary Excluding Extra Compensation	\$40,603.12	\$38,222.71
Number of Teacher Full-time Equivalent (FTEs) used in Computation of Average Salaries	\$225.46	\$225.46

Note: Figures reported include all sources of funding (i.e., federal, state, and local) but exclude employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers and ROTC teachers receive more compensation because of a federal supplement. Therefore, these teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes and temporary employees.

FRANKLIN PARISH SCHOOL BOARD
Winnsboro, Louisiana

Class Size Characteristics
As of October 1, 2016

School Type	Class Size Range							
	1 - 20		21 - 26		27-33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	71%	617	27%	231	1%	11	1%	8
Elementary Activity Classes	45%	24	36%	19	19%	10	0%	0
Middle/Jr. High	0%	0	0%	0	0%	0	0%	0
Middle/Jr. High Activity Classes	0%	0	0%	0	0%	0	0%	0
High	61%	198	36%	117	2%	6	1%	2
High Activity Classes	73%	30	17%	7	10%	4	0%	0
Combination	0%	0	0%	0	0%	0	0%	0
Combination Activity Classes	0%	0	0%	0	0%	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.

**Franklin Parish School Board
Winnsoro, Louisiana**

**Louisiana Educational Assessment Program (LEAP)
For the Year Ended June 30, 2017
All Testers**

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Students	Percent	Percent	Percent	Percent	Percent	Percent
Grade 3						
Advanced	1%	0%	0%	7%	9%	4%
Mastery	33%	21%	31%	46%	31%	37%
Basic	29%	22%	29%	26%	34%	37%
Approaching Basic	22%	31%	26%	15%	20%	16%
Unsatisfactory	15%	26%	14%	6%	6%	6%
Total	100%	100%	100%	100%	100%	100%

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Students	Percent	Percent	Percent	Percent	Percent	Percent
Grade 4						
Advanced	2%	4%	2%	1%	5%	0%
Mastery	38%	30%	35%	47%	32%	39%
Basic	29%	33%	43%	29%	36%	35%
Approaching Basic	21%	25%	15%	18%	23%	20%
Unsatisfactory	10%	8%	5%	4%	4%	6%
Total	100%	100%	100%	99%	100%	100%

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Students	Percent	Percent	Percent	Percent	Percent	Percent
Grade 5						
Advanced	3%	0%	0%	2%	9%	0%
Mastery	33%	21%	20%	32%	31%	22%
Basic	36%	22%	40%	36%	34%	35%
Approaching Basic	21%	31%	31%	21%	20%	35%
Unsatisfactory	7%	26%	9%	9%	6%	8%
Total	100%	100%	100%	100%	100%	100%

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Students	Percent	Percent	Percent	Percent	Percent	Percent
Grade 6						
Advanced	3%	3%	1%	1%	2%	2%
Mastery	26%	24%	28%	19%	16%	18%
Basic	31%	36%	41%	33%	35%	32%
Approaching Basic	31%	30%	22%	33%	36%	42%
Unsatisfactory	9%	7%	8%	14%	11%	6%
Total	100%	100%	100%	100%	100%	100%

(continued)

**Franklin Parish School Board
Winnsoro, Louisiana**

**Louisiana Educational Assessment Program (LEAP)
For the Year Ended June 30, 2017
All Testers**

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Students	Percent	Percent	Percent	Percent	Percent	Percent
Grade 7						
Advanced	4%	6%	3%	1%	0%	0%
Mastery	26%	20%	19%	17%	14%	10%
Basic	23%	33%	39%	36%	27%	35%
Approaching Basic	29%	33%	26%	36%	48%	40%
Unsatisfactory	18%	8%	13%	10%	11%	15%
Total	100%	100%	100%	100%	100%	100%

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Students	Percent	Percent	Percent	Percent	Percent	Percent
Grade 8						
Advanced	3%	5%	4%	2%	2%	1%
Mastery	27%	30%	35%	20%	26%	24%
Basic	28%	35%	38%	20%	23%	24%
Approaching Basic	27%	23%	19%	33%	33%	32%
Unsatisfactory	15%	7%	4%	25%	16%	19%
Total	100%	100%	100%	100%	100%	100%

(concluded)

FRANKLIN PARISH SCHOOL BOARD
Winnsboro, Louisiana

The Graduation Exit Exam (GEE)
For the Year Ended June 30, 2017

No Longer Administered

**Franklin Parish School Board
Winnsoro, Louisiana**

**The iLEAP Tests
For the Year Ended June 30, 2017
All Testers**

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Students	Percent	Percent	Percent	Percent	Percent	Percent
Grade 3						
Advanced	1%	3%	5%	3%	N/A	0%
Mastery	14%	13%	18%	13%	N/A	12%
Basic	52%	38%	47%	27%	N/A	55%
Approaching Basic	19%	28%	20%	32%	N/A	22%
Unsatisfactory	14%	18%	10%	25%	N/A	11%
Total	100%	100%	100%	100%	0%	100%

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Students	Percent	Percent	Percent	Percent	Percent	Percent
Grade 4						
Advanced	1%	2%	2%	3%	N/A	1%
Mastery	11%	17%	14%	12%	N/A	9%
Basic	48%	46%	49%	25%	N/A	54%
Approaching Basic	29%	26%	27%	35%	N/A	22%
Unsatisfactory	11%	9%	8%	25%	N/A	14%
Total	100%	100%	100%	100%	0%	100%

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Students	Percent	Percent	Percent	Percent	Percent	Percent
Grade 5						
Advanced	1%	1%	1%	2%	N/A	3%
Mastery	13%	17%	9%	11%	N/A	9%
Basic	52%	48%	43%	24%	N/A	43%
Approaching Basic	23%	24%	34%	34%	N/A	29%
Unsatisfactory	11%	10%	13%	29%	N/A	16%
Total	100%	100%	100%	100%	0%	100%

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Students	Percent	Percent	Percent	Percent	Percent	Percent
Grade 6						
Advanced	3%	1%	0%	1%	N/A	1%
Mastery	8%	10%	10%	8%	N/A	5%
Basic	49%	39%	38%	20%	N/A	39%
Approaching Basic	25%	35%	34%	32%	N/A	34%
Unsatisfactory	15%	15%	18%	39%	N/A	21%
Total	100%	100%	100%	100%	0%	100%

(continued)

**Franklin Parish School Board
Winnsoro , Louisiana**

**The iLEAP Tests
For the Year Ended June 30, 2017
All Testers**

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Students	Percent	Percent	Percent	Percent	Percent	Percent
Grade 7						
Advanced	5%	1%	3%	2%	N/A	2%
Mastery	20%	15%	15%	17%	N/A	11%
Basic	36%	35%	34%	16%	N/A	40%
Approaching Basic	22%	32%	33%	25%	N/A	31%
Unsatisfactory	17%	17%	15%	40%	N/A	16%
Total	100%	100%	100%	100%	0%	100%

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Students	Percent	Percent	Percent	Percent	Percent	Percent
Grade 8						
Advanced	1%	1%	1%	4%	N/A	1%
Mastery	9%	11%	13%	17%	N/A	9%
Basic	35%	35%	40%	19%	N/A	43%
Approaching Basic	30%	29%	30%	23%	N/A	32%
Unsatisfactory	25%	24%	16%	37%	N/A	15%
Total	100%	100%	100%	100%	0%	100%

(concluded)

**Independent Accountant's Report
On Applying Agreed-Upon Procedures
For the Year Ended 2017**

To the Franklin Parish School Board and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Franklin Parish School Board (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures 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.

The procedures related to Bank Reconciliations (No. 3 and 4) and Cash Collections (No. 5-7) for the school activity accounts were performed by a separate accountant. A separate report has been issued for the results of those procedures. We take no responsibility for the sufficiency of those procedures or the results reported.

Written Policies and Procedures

1. Obtain the Entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the Entity does not have any written policies and procedures), as applicable:

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 or state purchasing rules and regulations; and (5) documentation required to be maintained for all bids and price quotes.

Policies lack detail on the description of controls to ensure compliance with the public bid law.

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

No exceptions noted.



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- d) **Receipts**, including receiving, recording, and preparing deposits.

No exceptions noted.

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

Policies lack detail on the description of tasks and timing of payroll processing and on leave and attendance for exempt employees.

- 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 policy lacks the requirements for types of services requiring written contracts, standard terms and conditions, legal review, approval process, and 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, and (5) monitoring card usage

No exception noted.

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

The policy lacks indication of required approvers.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees including elected officials annually attest through signature verification that they have read the Entity's ethics policy.

The policy lacks the prohibitions as defined in Louisiana Revised Statute 42:1111-1121.

- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

The policy lacks EMMA reporting requirements as well as debt reserve requirements.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

Our procedures revealed that the meetings occurred monthly with two of the months not having meetings due to varying circumstances, but there were two meetings in the following month.



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- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and other major funds. If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

The minutes showed that the Entity only reviewed Actual amounts and not budgeted amounts for six meetings of the year. Budget to Actual comparisons are done on the general fund and no other major funds. No formal plan to eliminate deficits was necessary since the Entity's general fund balance is positive.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

No exceptions noted.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

We obtained a listing of all central office bank accounts - no exceptions noted.

We did not obtain the student activity fund bank accounts or booster club bank accounts as those accounts were subjected to procedures performed by a separate CPA practitioner.

4. Using the listing provided by management, select all of the Entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

No exceptions noted.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation;

4 out of 60 bank reconciliations were not reviewed.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

12 out of 60 bank reconciliations had outstanding items greater than 6 month and contained no evidence of management's research.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

We obtained a listing of all school board central office and school food collection locations – no exceptions noted.

We did not obtain a listing of collection locations pertaining to student activity funds, as those locations were subjected to procedures conducted by a separate CPA practitioner.

6. Using the listing provided by management, select all of the Entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement. For each cash collection location selected:*

- a. Obtain existing documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is 1) bonded, 2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by a board member or an outside party) and 3) not required to share the same cash register or drawer.

For two of the three locations selected for our procedures (both are school cafeteria locations), the same individual is responsible for collecting cash and checks and depositing those collections into the bank.

For one of the three locations selected for our procedures (the Sales Tax Office location), the sales tax clerk is responsible for collecting cash and checks and recording the related transaction.

- b. Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the Entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash location selected.

For one of the three locations selected for our procedures; the Sales Tax Office location; there is no formal process to reconcile cash collection to the general ledger.

- c. Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
- Using Entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day.

For the Sales Tax Account, three of the deposits selected during the week were batched together and comprised of checks from 10 days before the deposit.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

No exception noted.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the Entity has a process specifically defined (identified as such by the Entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation of receipt number sequences, reasonableness of cash collections based on licenses issued) by a person who is not responsible for collections.

According to written documentation (policies and procedures), the Entity does not have a process to determine completeness of all collections by a person who is not responsible for collections.

Disbursements -- Other General

8. Obtain a listing of Entity disbursements from management or, alternately, obtain the general ledger and sort/filter for Entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

No exception noted.

9. Using the disbursement population from #8 above, randomly select 30 disbursements (we added 5 disbursements to the recommended number of 25 for a total of 30), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

7 of the 30 disbursements were processed without a requisition form. Of these 7, 5 were from school activity accounts whose internal control structure is different than the Central Office's. 2 of the 7 were for payroll related remittances and would not utilize requisition forms.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

For 2 of the 30 disbursements selected, no purchase orders (PO) were issued. However, these disbursements were for on-going recurring purchases whose quantities are not pre-determined by the Entity and "ordered". Issuance of a P.O. in these circumstances is not customarily performed according to Entity's standard procedures. For 5 of the 30 disbursements selected, there was an approved PO, however, no requisition form supporting who initiated was present to determine if the same person approved the purchase order.

No explicit approval to pay was evidenced on these 7 disbursements.



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- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order (P.O.), or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

For 2 of the 30 disbursements selected, no purchase orders were issued. However, these disbursements were for payroll related remittances. Issuance of a PO for these type disbursements would not be expected. For 5 of the 30 disbursements selected, there was no documentation of receipt of goods.

No explicit approval to pay was evidenced on these 7 disbursements.

10. Using Entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the Entity's purchasing/disbursement system.

No exceptions noted.

11. Using Entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

No exceptions noted.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review Entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

No exceptions noted.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

No exceptions noted.

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

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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.

No exceptions noted.

15. Using the listing prepared by management, randomly select ten cards (or at least one-third if the Entity has less than ten cards that were used during the fiscal period). Obtain the monthly statements, or combined statements with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

We selected 6 cards and reviewed the highest month's statement for each. Of the 6 statements reviewed, one, held by Baskin School, did not contain evidence of independent review and approval.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

No exceptions noted.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the cards selected (i.e. each of the cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased).

There was 1 transaction out of 22 transactions selected that did not have an itemized receipt included with the support. That charge was in the amount of \$184.75 paid to Brown's Landing restaurant for the Head Start Policy Council meeting.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

No exceptions noted.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

No exceptions noted.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the Entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

No exceptions noted.

- c) For each transaction, compare the Entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions noted

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

No exceptions noted.

18. Obtain the Entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (GSA) and report any rates that exceed the GSA rates.

No exceptions noted.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the Entity does not have written policies, compare to the PPM 49 rates (#18 above) and report each reimbursement that exceeded those rates.

No exceptions noted.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased.
- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).

No exceptions noted.

- c) Compare the Entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions noted.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement. *No exceptions noted*

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

No exceptions noted.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner or the Louisiana Legislative Auditor). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

No exceptions noted.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code (bid law) and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the Entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).

No exceptions noted.

- If no, obtain supporting contract documentation and report whether the Entity solicited quotes as a best practice.

2 of the 5 contracts selected were not subject to the bid law. In procurement of these contracts, the School Board did not solicit quotes. These contracts were for leased busses and insurance, and payments totaled \$731,637 and \$292,821 respectively.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

No exceptions noted.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

No exceptions noted.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law.

1 of the 5 contracts selected, the Ross Bus Equipment contract, was not approved by the board.

Payroll and Personnel

22. Obtain a listing of employees with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees, obtain their personnel files, and:

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

No exceptions noted.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

No exceptions noted.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, select 25 employees and:

- a) Report whether all selected employees documented their daily attendance and leave (e.g., vacation, sick, compensatory).

No exceptions noted.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees.

No exceptions noted.

- c) Report whether there is written documentation that the Entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

No exceptions noted.

24. Obtain from management a list of those employees that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

No exceptions noted.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

No exceptions noted.

Ethics

26. Select 5 employees at random from the same listing of employees used in procedure #22 above, and obtain ethics compliance documentation from management and report whether the Entity maintained documentation to demonstrate that required annual ethics training was completed.

No exceptions noted.

27. Inquire of management whether any alleged ethics violations were reported to the Entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the Entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

No exceptions noted.

Debt Service

28. If debt was issued during the fiscal period, obtain supporting documentation from the Entity, and report whether State Bond Commission approval was obtained.

No exceptions noted.

29. If the Entity had outstanding debt during the fiscal period, obtain supporting documentation from the Entity and report whether the Entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

No exceptions noted.

30. If the Entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Not applicable. Although certain of the FPSB's property tax millages are pledged to debt service of certain bonded debt, none of the bonded debt is general obligation debt and therefore constraints to the millage levied and tax collected is not limited to only that which is necessary for debt payment.

Other

31. Inquire of management whether the Entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the Entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the Entity is domiciled.

No exceptions noted.

32. Observe and report whether the Entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions noted.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

No exceptions noted.

Corrective Action

34. Obtain management's response and corrective action plan for any exceptions noted in the above agreed-upon procedures.

See subsequent page

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*. 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 a 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.

Additionally, a separate report has been prepared by a separate accountant, to reflect the results of that accountant's performance of certain procedures under the Statewide Agreed Upon Procedures. We were not engaged to perform, and have not performed, any of the Statewide Agreed Upon Procedures performed by the separate accountant, and take no responsibility for the sufficiency of those procedures or results reported.

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.

Sincerely,

Postlethwaite + Netterville

December 20, 2017

FRANKLIN PARISH SCHOOL BOARD

Dr. Lanny Johnson
Superintendent

Eddie Ray Bryan
President

District 1

Dorothy Brown

Vice-President

District 7

Danny Davis

Chaplain

District 3

Ronnie Hatton
District 2

Richard Kelly
District 4

Louise Johnson
District 5

Tim Eubanks
District 6

December 22, 2017

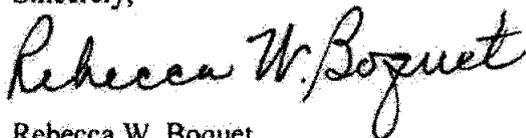
Mr. Freddy Smith, Partner
Postlethwaite & Netterville
8550 United Plaza Boulevard, Suite 1001
Baton Rouge, LA 70809

RE: 2016-17 Agreed Upon Procedures Exceptions

The Louisiana Legislative Auditors's Agreed Upon Procedures Report has been reviewed and all exceptions have been noted. Responses to some of the exceptions were provided in the Financial Audit.

Policies and procedures will be updated and implemented to provide a better framework for purchasing, payroll/personnel, contracting, travel and expense reimbursement, ethics, and debt service.

Sincerely,



Rebecca W. Boquet
Business Manager

FRANKLIN PARISH SCHOOL BOARD
Winnsboro, Louisiana

REPORT ON STATE-WIDE PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2017

FRANKLIN PARISH SCHOOL BOARD
Winnsboro, Louisiana

REPORT ON SCHOOL ACTIVITY FUND
FOR THE YEAR ENDED JUNE 30, 2017

TABLE OF CONTENTS

	<u>SCHEDULE</u>	<u>PAGE</u>
TRANSMITTAL LETTER		1
DESCRIPTION OF PROCEDURES AND SELECTION OF RECORDS	1	2-3
SUMMARY OF FINDINGS AND RECOMMENDATIONS	2	4
CROWVILLE SCHOOL		5
DESCRIPTION OF PROCEDURES FOR SELECTED RECORDS AND TRANSACTIONS	3	6-7
SUMMARY OF FINDINGS, OBSERVATIONS AND RECOMMENDATIONS	4	8-9
GILBERT SCHOOL		10
DESCRIPTION OF PROCEDURES FOR SELECTED RECORDS AND TRANSACTIONS	5	11-12
SUMMARY OF FINDINGS, OBSERVATIONS AND RECOMMENDATIONS	6	13-14
HORACE G. WHITE LEARNING CENTER		15
DESCRIPTION OF PROCEDURES FOR SELECTED RECORDS AND TRANSACTIONS	7	16-17
SUMMARY OF FINDINGS, OBSERVATIONS AND RECOMMENDATIONS	8	18-19
FRANKLIN PARISH HIGH SCHOOL - FOOTBALL BOOSTER CLUB		20
DESCRIPTION OF PROCEDURES FOR SELECTED RECORDS AND TRANSACTIONS	9	21-22
SUMMARY OF FINDINGS, OBSERVATIONS AND RECOMMENDATIONS	10	23-24

THE ROBINETTE FIRM
A Professional Accounting Corporation
1900 N. 18th Street, Suite 606
Monroe, LA 71201
(318) 361-0007
Fax: (318) 361-0008

TO THE BOARD OF DIRECTORS
FRANKLIN PARISH SCHOOL BOARD
Monroe, Louisiana

We have performed the internal audit consulting procedures as described below to assist you with respect to the accounting records of the School Activity Funds of Franklin Parish School Board as of and for the year ended June 30, 2017. The procedures we performed and the accounts to which they pertained are described in the accompanying Description of Procedures for Selected Records and Transactions, and our findings relative to these procedures are set forth in the related accompanying Summary of Findings, Observations and Recommendations, both of which are included in this report.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the School Activity Fund. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

The Robinette Firm, APAC

The Robinette Firm, A Professional Accounting Corporation

Monroe, Louisiana
November 1, 2017

FRANKLIN PARISH SCHOOL BOARD
Winnsboro, Louisiana

SCHEDULE 1

REPORT ON SCHOOL ACTIVITY FUND
FOR THE YEAR ENDED JUNE 30, 2017

DESCRIPTION OF PROCEDURES AND SELECTION OF RECORDS

A. BANK RECONCILIATIONS- SCHOOL ACTIVITY FUNDS

1. We obtained a listing of client bank accounts for all school activity funds from management and management's representation that the listing is complete.
2. Using the listing provided by management, we selected one-third of the bank accounts on a three year rotating basis. Our selection is as follows:
 - a. Crowville Middle School
 - b. Gilbert School
 - c. Horace G. White Learning Center
 - d. Franklin Parish High School - Football Booster Club

Our procedures on these selected schools are listed on schedules 3 through 10.

REPORT ON SCHOOL ACTIVITY FUND
FOR THE YEAR ENDED JUNE 30, 2017

DESCRIPTION OF PROCEDURES AND SELECTION OF RECORDS

B. COLLECTIONS- SCHOOL ACTIVITY FUNDS

1. We obtained a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.
2. Using the listing provided by management, we will select one-third of the collection locations on a three year rotating basis. Our selection is as follows:
 - a. Crowville Middle School
 - b. Gilbert School
 - c. Horace G. White Learning Center
 - d. Franklin Parish High School - Football Booster Club

Our procedures on these selected schools are listed on schedules 3 through 10.

3. For each cash collection location selected:
 - A. We obtained existing written documentation (e.g. insurance policy, policy manual, job description) to report whether each person responsible for collecting cash is:
 - a. Bonded
 - b. Not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party)
 - c. Not required to share the same cash register or drawer with another employee
 - B. We obtained existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) to report whether the entity has formal procedures to reconcile cash collection to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
4. We obtained existing written documentation (e.g. policy manual, written procedure) to report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions by a person who is not responsible for collections.

REPORT ON SCHOOL ACTIVITY FUND
FOR THE YEAR ENDED JUNE 30, 2017

SUMMARY OF FINDINGS AND RECOMMENDATIONS

3. Collections – School Activity Funds (System Wide)

Exception by attribute are recapped as follows:

- 3. A. a. None
- b. See Finding 2017-1.
- c. None.
- B. See Finding 2017-2.
- 4. See Finding 2017-3.

We recommend the following changes:

2017-1 One person performs incompatible duties in that the secretary/bookkeeper records the transactions and reconciles the related account. School Board policy notes that the principal and/or assistant principal should be responsible for depositing school funds. In our interviews we determined this function is also done by the school secretary/bookkeeper. We recommend these duties be separated as much as possible.

CORRECTIVE ACTION PLAN: The Business Manager is working with the principal to re-assign duties to achieve the needed segregation of duties and to adhere to policies already in place.

Contact Person: Rebecca Boquet, Business Manager

2017-2 The district has a formal process to reconcile cash collection to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, however, this function is done by the secretary/bookkeeper, who is also responsible for cash collections.

CORRECTIVE ACTION PLAN: We recognize the importance of separating the cash reconciliation process, however, hiring additional office staff is not cost beneficial at this time.

Contact Person: Rebecca Boquet, Business Manager

2017-3 We determined the district has an informal process specifically defined to determine completeness of all collections, but the process is not being executed by all FPSB schools. In instances where the procedures are being followed, the secretary/bookkeeper, who is responsible for cash collections, is doing it. We recommend the district design formal procedures and include them in the Policy Manual to ensure completeness of all collections. Also, a specific person, who is not responsible for cash collection, should be responsible for implementing the procedures.

CORRECTIVE ACTION PLAN: We will add the process of reconciling receipt books issued to receipts turned in to the office to our procedures manual.

Contact Person: Rebecca Boquet, Business Manager

CROWVILLE SCHOOL

DESCRIPTION OF PROCEDURES
FOR SELECTED RECORDS AND TRANSACTIONS
FOR THE YEAR ENDED JUNE 30, 2017

A. BANK RECONCILIATIONS- SCHOOL ACTIVITY FUNDS

We obtained bank statements and reconciliations for all months in the fiscal period and reported whether:

1. Bank reconciliations have been prepared;
2. Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
3. If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than six months as of the end of the fiscal period.

The results of those tests are discussed in Schedule 4, Summary of Findings, Observations and Recommendations.

CROWVILLE SCHOOL

DESCRIPTION OF PROCEDURES
FOR SELECTED RECORDS AND TRANSACTIONS
FOR THE YEAR ENDED JUNE 30, 2017

B. COLLECTIONS- SCHOOL ACTIVITY FUNDS

We selected the highest (dollar) week of cash collection from the general ledger or other accounting records during the fiscal period and tested the following:

1. Using entity collection documentation, deposit slips, and bank statements, trace daily collection to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
2. Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

The results of those tests are discussed in Schedule 4, Summary of Findings, Observations and Recommendations.

CROWVILLE SCHOOL

SUMMARY OF FINDINGS, OBSERVATIONS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2017

This section of the report summarizes our findings, observations and recommendations as a result of performing the procedures described in the preceding section, Description of Procedures for Selected Records and Transactions of Crowville School.

A. BANK RECONCILIATIONS

We noted the following exceptions in our test of bank reconciliations.

1. None.
2. None.
3. None.

CROWVILLE SCHOOL

SUMMARY OF FINDINGS, OBSERVATIONS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2017

B. CASH COLLECTIONS

Exceptions by attribute are recapped as follows:

1. Receipt #4684 was not deposited timely.
2. None.

We recommend the following changes:

2017-4 We noted one instance where money was deposited in excess of one day after receipt. The bookkeeper is responsible for depositing money within one day of collection. Timely deposits prevent loss of funds and ensure accurate record-keeping.

CORRECTIVE ACTION PLAN: The Business Manager will address the issue of timely deposits with all principals. Failure to make timely deposits violates procedures for cash management.

Contact Person: Rebecca Boquet, Business Manager

GILBERT SCHOOL

**DESCRIPTION OF PROCEDURES
FOR SELECTED RECORDS AND TRANSACTIONS
FOR THE YEAR ENDED JUNE 30, 2017**

A. BANK RECONCILIATIONS- SCHOOL ACTIVITY FUNDS

We obtained bank statements and reconciliations for all months in the fiscal period and reported whether:

1. Bank reconciliations have been prepared;
2. Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
3. If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than six months as of the end of the fiscal period.

The results of those tests are discussed in Schedule 6, Summary of Findings, Observations and Recommendations.

GILBERT SCHOOL

**DESCRIPTION OF PROCEDURES
FOR SELECTED RECORDS AND TRANSACTIONS
FOR THE YEAR ENDED JUNE 30, 2017**

B. COLLECTIONS- SCHOOL ACTIVITY FUNDS

We selected the highest (dollar) week of cash collection from the general ledger or other accounting records during the fiscal period and tested the following:

1. Using entity collection documentation, deposit slips, and bank statements, trace daily collection to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
2. Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

The results of those tests are discussed in Schedule 6, Summary of Findings, Observations and Recommendations.

GILBERT SCHOOL

SUMMARY OF FINDINGS, OBSERVATIONS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2017

This section of the report summarizes our findings, observations and recommendations as a result of performing the procedures described in the preceding section, Description of Procedures for Selected Records and Transactions of Gilbert School.

A. BANK RECONCILIATIONS

We noted the following exceptions in our test of bank reconciliations.

1. None.
2. None.
3. None.

GILBERT ELEMENTARY SCHOOL

SUMMARY OF FINDINGS, OBSERVATIONS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2017

B. CASH COLLECTIONS

Exceptions by attribute are recapped as follows:

1. None.
2. The support for receipt #2307 did not match total deposited.
We noted five receipts without proper documentation.

We recommend the following changes:

2017-5 Receipt #2307 was traced to a supporting documentation totaling \$2.50, but the receipt was written for \$7.50. Money should be counted and care should be taken to make sure the amount collected and receipted is documented correctly.

CORRECTIVE ACTION PLAN: School secretaries will be cautioned on the importance of accuracy in record keeping.

Contact Person: Rebecca Boquet, Business Manager

2017-6 Five receipts did not have adequate supporting documentation. We were unable to trace each deposit to daily collections and inventory counts for receipts from the book fair. The documentation provided did not reconcile to the amounts deposited by the book fair sponsors. Care should be taken to ensure all funds collected by the bookkeeper match supporting documentation.

CORRECTIVE ACTION PLAN: Principals and secretaries will work with Book Fair sponsors to reconcile cash collected to Book Fair sales.

Contact Person: Rebecca Boquet, Business Manager

HORACE G. WHITE LEARNING CENTER

HORACE G. WHITE LEARNING CENTER

**DESCRIPTION OF PROCEDURES
FOR SELECTED RECORDS AND TRANSACTIONS
FOR THE YEAR ENDED JUNE 30, 2017**

A. BANK RECONCILIATIONS- SCHOOL ACTIVITY FUNDS

We obtained bank statements and reconciliations for all months in the fiscal period and reported whether:

1. Bank reconciliations have been prepared;
2. Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
3. If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than six months as of the end of the fiscal period.

The results of those tests are discussed in Schedule 8, Summary of Findings, Observations and Recommendations.

HORACE G. WHITE LEARNING CENTER

DESCRIPTION OF PROCEDURES
FOR SELECTED RECORDS AND TRANSACTIONS
FOR THE YEAR ENDED JUNE 30, 2017

B. COLLECTIONS- SCHOOL ACTIVITY FUNDS

We selected the highest (dollar) week of cash collection from the general ledger or other accounting records during the fiscal period and tested the following:

1. Using entity collection documentation, deposit slips, and bank statements, trace daily collection to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
2. Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

The results of those tests are discussed in Schedule 8, Summary of Findings, Observations and Recommendations.

HORACE G. WHITE LEARNING CENTER

SUMMARY OF FINDINGS, OBSERVATIONS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2017

This section of the report summarizes our findings, observations and recommendations as a result of performing the procedures described in the preceding section, Description of Procedures for Selected Records and Transactions of Horace G. White Learning Center.

A. BANK RECONCILIATIONS

We noted the following exceptions in our test of bank reconciliations.

1. None.
2. None.
3. None.

HORACE G. WHITE LEARNING CENTER

SUMMARY OF FINDINGS, OBSERVATIONS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2017

B. CASH COLLECTIONS

Exceptions by attribute are recapped as follows:

1. None.
2. None.

**FRANKLIN PARISH HIGH SCHOOL –
FOOTBALL BOOSTER CLUB**

FRANKLIN PARISH HIGH SCHOOL - FOOTBALL BOOSTER CLUB

**DESCRIPTION OF PROCEDURES
FOR SELECTED RECORDS AND TRANSACTIONS
FOR THE YEAR ENDED JUNE 30, 2017**

A. BANK RECONCILIATIONS- SCHOOL ACTIVITY FUNDS

We obtained bank statements and reconciliations for all months in the fiscal period and reported whether:

1. Bank reconciliations have been prepared;
2. Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
3. If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than six months as of the end of the fiscal period.

The results of those tests are discussed in Schedule 10, Summary of Findings, Observations and Recommendations.

FRANKLIN PARISH HIGH SCHOOL - FOOTBALL BOOSTER CLUB

DESCRIPTION OF PROCEDURES
FOR SELECTED RECORDS AND TRANSACTIONS
FOR THE YEAR ENDED JUNE 30, 2017

B. COLLECTIONS- SCHOOL ACTIVITY FUNDS

We selected the highest (dollar) week of cash collection from the general ledger or other accounting records during the fiscal period and tested the following:

1. Using entity collection documentation, deposit slips, and bank statements, trace daily collection to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
2. Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

The results of those tests are discussed in Schedule 10, Summary of Findings, Observations and Recommendations.

FRANKLIN PARISH HIGH SCHOOL - FOOTBALL BOOSTER CLUB

SUMMARY OF FINDINGS, OBSERVATIONS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2017

This section of the report summarizes our findings, observations and recommendations as a result of performing the procedures described in the preceding section, Description of Procedures for Selected Records and Transactions of Franklin Parish High School - Football Booster Club.

A. BANK RECONCILIATIONS

We noted the following exceptions in our test of bank reconciliations.

1. None.
2. The bank reconciliations for the year were not reviewed by management.
3. None.

We recommend the following changes:

2017-7 We noted none of the bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation. The booster club should submit their bank reconciliations and statements each month to the school board to be reviewed with the other School Activity Fund Accounts.

CORRECTIVE ACTION PLAN: The Booster Club bank reconciliations will be reviewed by the Business Manager.

Contact Person: Rebecca Boquet, Business Manager

FRANKLIN PARISH HIGH SCHOOL - FOOTBALL BOOSTER CLUB

SUMMARY OF FINDINGS, OBSERVATIONS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2017

B. CASH COLLECTIONS

Exceptions by attribute are recapped as follows:

1. Four of five receipts were not deposited timely.
Deposit of La Video Bingo funds could not be determined if timely.
2. None.

We recommend the following changes:

2017-8 We noted four instances where money was deposited in excess of one day after receipt, and we were unable to determine if the deposit of the La Video Bingo funds was timely due to the receipting policy of the Booster Club. Funds should be deposited within one day of collection. Timely deposits prevent loss of funds and ensure accurate record-keeping.

CORRECTIVE ACTION PLAN: The Bingo Manager will be reminded and cautioned on the importance of timely deposits. Failure to make timely deposits is a violation of established and documented procedures.

Contact Person: Rebecca Boquet, Business Manager