

# **East Carroll Parish School Board**

**Lake Providence, Louisiana**



## **Annual Financial Report**

**As of and for the year ended June 30, 2019**



**East Carroll Parish School Board  
Lake Providence, Louisiana**

**Annual Financial Report  
As of and for the Year Ended June 30, 2019**



**East Carroll Parish School Board  
Annual Financial Report**

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## Independent Auditor's Report

Board Members  
East Carroll Parish School Board  
Lake Providence, 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 East Carroll Parish School Board, as of and for the year ended June 30, 2019, 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.

### ***Auditor's Responsibility***

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the East Carroll Parish School Board, as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matters***

As disclosed in Note 7 to the financial statements, the net pension liability for the School Board was \$12,343,221 at June 30, 2019, as determined by the Teachers' Retirement System, of Louisiana (TRSL), and Louisiana School Employees' Retirement System (LSERS). The related actuarial valuations were performed by TRSL's and LSERS's actuaries using various assumptions. Because actual experience may differ from the assumptions used, there is a risk that this amount at June 30, 2019, could be under or overstated. Our opinion is not modified with respect to this matter.

As discussed in Note 8 to the financial statements, the other post-employment benefits (OPEB) liability for the School Board was \$33,579,450 at June 30, 2019 related to its participation in a single-employer other post-employment benefit plan. The related actuarial valuation was performed by the School Board's actuary using various assumptions. Because actual experience may differ from the assumptions used, there is a risk that this amount at June 30, 2019, could be under or overstated. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

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

### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the East Carroll Parish School Board's basic financial statements. The accompanying supplementary information, as listed in the table of contents and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the other information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information, as listed in the table of contents and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is the responsibility of management and

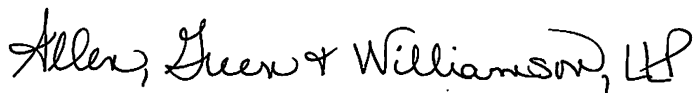


was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying other information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2020 on our consideration of the East Carroll Parish School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of School Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Board's internal control over financial reporting and compliance.



ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana  
March 31, 2020

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**REQUIRED SUPPLEMENTARY INFORMATION:**

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

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**East Carroll Parish School Board**  
**Management's Discussion and Analysis (MD&A)**  
**June 30, 2019**

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Our discussion and analysis of East Carroll Parish School Board's financial performance provides an overview of the School Board's financial activities for the fiscal year ended June 30, 2019. Please read it in conjunction with the School Board's financial statements that follow this Management's Discussion and Analysis.

### **FINANCIAL HIGHLIGHTS**

- The School Board's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources liabilities at the close of the most recent fiscal by \$30,953 thousand (deficit net position). Of this amount, \$(36,175) thousand represents unrestricted net position, which is the amount the School Board's needs to meet its ongoing obligations.
- The School Board total net position decreased \$2,110 thousand mainly due to the increase in the OPEB liability.
- At the close of the current fiscal year, the School Board's governmental funds reported combined fund balances of \$7,103 thousand, a decrease of \$303 thousand in comparison with prior year. Approximately 77.4% of this amount, \$5,496 thousand, is available for spending at the School Board's discretion (unassigned fund balance).
- At the end of the current fiscal year, unrestricted fund balance for the General fund was \$5,496 thousand, or approximately 54.9% of total General fund expenditures.
- During the current fiscal year, the School Boards made \$150 thousand in principal payment decreasing the total outstanding long-term debt to \$1,354 thousand.

**NEW GASB STANDARD** In fiscal year 2019, the School Board adopted the following new financial accounting standard issued by the Governmental Accounting Standards Board:

- *Statement No. 88 – Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placement*, issued by the Government Accounting Standards Board. This Statement defines debt for purposes of disclosure in notes to the financial statements; clarifies which liabilities governments should include when disclosing information related to debt; and requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The Statement also requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant termination events with finance-related consequences and significant subjective acceleration clauses.

The adoption of this standard had no impact on the School Board's governmental fund or government-wide financial statements.

**USING THIS ANNUAL REPORT** The School Board's annual report consists of a series of financial statements that show information for the School Board as a whole, its funds, and its fiduciary responsibilities. The Statement of Net Position and the Statement of Activities provide information about the activities of the School Board as a whole and present a longer-term view of the School Board's finances. Our fund financial statements are included later in this report. For our governmental activities, these statements tell how we financed our services in the short-term as well as what remains for future spending. Fund statements also may give you some insights into the School Board's overall financial health. Fund financial statements also report the School Board's operations in more detail than the government-wide financial statements by providing information about the School Board's most significant funds, the General fund and Title I. The remaining statement - the Statement of Fiduciary Assets and Liabilities presents financial information about activities for which the School Board acts solely as an agent for the benefit of students and parents.

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**East Carroll Parish School Board  
Management's Discussion and Analysis (MD&A)  
June 30, 2019**

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**Required Supplementary Information**

**Management's Discussion & Analysis (MD&A)**

**Basic Financial Statements**

**Government-wide  
Financial Statements**



**Fund  
Financial Statements**

**Notes to the Financial Statements**

**Required Supplementary Information**

**Schedule of Changes in the School Board's Total OPEB Liability and Related Ratios  
Schedule of Employer's Proportionate Share of the Net Pension Liability  
Schedule of Employer Contributions to Pension Plans  
Budgetary Comparison Schedules**

**Supplementary Information**

**Nonmajor Funds Combining Statements  
Agency Funds Statements/Schedules  
Schedule of Compensation Paid Board Members  
Schedule of Compensation, Benefits and Other Payments to Agency Head**

Our auditor has provided assurance in the independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance is being provided by the auditor regarding the Required Supplementary Information and the Supplementary Information identified above. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

**Reporting the School Board as a Whole**

***The Statement of Net Position and the Statement of Activities***

Our analysis of the School Board as a whole begins with the government-wide financial statements. One of the most important questions asked about the School Board is, "Is the School Board as a whole better off or worse off financially as a result of the year's activities?" The Statement of Net Position and the Statement of Activities, which appear first in the School Board's financial statements, report information on the School Board as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets, liabilities, and deferred outflows/inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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**East Carroll Parish School Board**  
**Management's Discussion and Analysis (MD&A)**  
**June 30, 2019**

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These two statements report the School Board's net position - the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources as reported in the Statement of Net Position - as one way to measure the School Board's financial health, or financial position. Over time, increases or decreases in the School Board's net position - as reported in the Statement of Activities - are one indicator of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School Board's operating results. However, the School Board's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the schools to assess the overall health of the School Board.

The Statement of Net Position and Statement of Activities report the following activity for the School Board:

Governmental activities - All of the School Board's services are reported here, including instruction, plant services, school administration, and food services. Property taxes, sales taxes, Minimum Foundation Program funds, and state and federal grants finance most of these activities.

### **Reporting the School Board's Most Significant Funds**

#### ***Fund Financial Statements***

The School Board's fund financial statements provide detailed information about the most significant funds - not the School Board as a whole. Some funds are required to be established by state law and by bond covenants. However, the School Board establishes many other funds to help it control and manage money for particular purposes (like child nutrition) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like grants the School Board receives from the U.S. Department of Education). The School Board's governmental funds use the following accounting approach:

Governmental funds - All of the School Board's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School Board's operations and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School Board's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in the reconciliations found on Statements D and F.

### **The School Board as Trustee**

#### ***Reporting the School Board's Fiduciary Responsibilities***

The School Board is the trustee, or fiduciary, for its Student Activities funds. All of the School Board's fiduciary activities are reported in the Statements of Fiduciary Assets and Liabilities. We exclude these activities from the School Board's other financial statements because the School Board cannot use these assets to finance its operations. The School Board is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**THE SCHOOL BOARD AS A WHOLE** The School Board's net position was a deficit of \$30,953 thousand at June 30, 2019. Our analysis below focuses on the net position, (Table 1) and the change in net position (Table 2) of the School Board's governmental activities.

**East Carroll Parish School Board**  
**Management's Discussion and Analysis (MD&A)**  
**June 30, 2019**

**Table 1**  
**Net Position**  
**(in thousands)**  
**June 30,**

	<u>Governmental Activities</u>		
	<u>2019</u>	<u>2018</u>	<u>Variance</u>
Other assets	\$ 7,757	\$ 8,362	\$ (605)
Capital assets	<u>4,986</u>	<u>5,174</u>	<u>(188)</u>
Total assets	<u>12,743</u>	<u>13,536</u>	<u>(793)</u>
Deferred outflows of resources	<u>6,621</u>	<u>4,514</u>	<u>2,107</u>
Other liabilities	662	965	(303)
Long-term liabilities	<u>47,729</u>	<u>43,938</u>	<u>3,791</u>
Total liabilities	<u>48,391</u>	<u>44,903</u>	<u>3,488</u>
Deferred inflows of resources	<u>1,926</u>	<u>1,990</u>	<u>(64)</u>
Net position			
Net invested in capital assets	3,632	3,670	(38)
Restricted	1,590	1,523	67
Unrestricted	<u>(36,175)</u>	<u>(34,036)</u>	<u>(2,139)</u>
Total net position	<u>\$ (30,953)</u>	<u>\$ (28,843)</u>	<u>\$ (2,110)</u>

The largest portion of the School Board's net position (\$3,632 thousand) reflects its investment in capital assets (land, buildings, furniture and equipment) less accumulated depreciation and any related outstanding debt that was used to acquire those assets. The School Board uses these assets to provide a variety educational services to its students. Accordingly, these assets are not available for future spending. Although the School Board's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the School Board's net position (\$1,590 thousand) is reported separately to show legal constraints from debt covenants and enabling legislation and other resources that are subject to external restrictions that limit the School Board's ability to use the net position for day-to-day operations.

The \$36,175 thousand deficit in unrestricted net position of governmental activities represents accumulated results of all past year's operations. It means that if the School Board had to pay off all of its bills today, including all of its noncapital liabilities such as compensated absences, OPEB and net pension liability, there would be a shortfall of \$36,175 thousand.

During the current fiscal year, net position of the School Board decreased by \$2,110 thousand which was mainly due to the increase in the OPEB liability.

The results of this year's operations for the School Board as a whole are reported in the Statement of Activities. Table 2 takes the information from that statement and rearranges it slightly so that readers can see total revenues for the year.

**East Carroll Parish School Board**  
**Management's Discussion and Analysis (MD&A)**  
**June 30, 2019**

**Table 2**  
**Changes in Net Position**  
**(in thousands)**  
**For the Year Ended June 30,**

	<u>Governmental Activities</u>		
	<u>2019</u>	<u>2018</u>	<u>Variance</u>
<b>Revenues:</b>			
Program revenues			
Charges for services	\$ 7	\$ 10	\$ (3)
Federal grants	3,156	2,901	255
State grants	112	129	(17)
General revenues			
Ad valorem taxes	790	765	25
Sales taxes	1,728	2,891	(1,163)
State minimum foundation program	6,373	6,835	(462)
Other general revenues	794	395	399
Total revenues	<u>12,960</u>	<u>13,926</u>	<u>(966)</u>
<b>Functions/Program Expenses:</b>			
Instruction			
Regular programs	4,547	4,419	128
Special programs	921	861	60
Other instructional programs	2,693	2,531	162
Support services			
Student services	698	890	(192)
Instructional staff support	843	839	4
General administration	557	573	(16)
School administration	910	969	(59)
Business services	638	630	8
Plant services	1,444	1,471	(27)
Student transportation services	638	591	47
Food services	1,154	1,240	(86)
Community services	6	5	1
Interest and bank charges	21	25	(4)
Total expenses	<u>15,070</u>	<u>15,044</u>	<u>26</u>
<b>Changes in net position</b>	<u>(2,110)</u>	<u>(1,118)</u>	<u>(992)</u>
Net Position - beginning	(28,843)	(12,968)	(15,875)
Prior period adjustment	-	(14,757)	14,757
Net Position - beginning as restated	<u>(28,843)</u>	<u>(27,725)</u>	<u>(1,118)</u>
Net Position - ending	<u>\$ (30,953)</u>	<u>\$ (28,843)</u>	<u>\$ (2,110)</u>



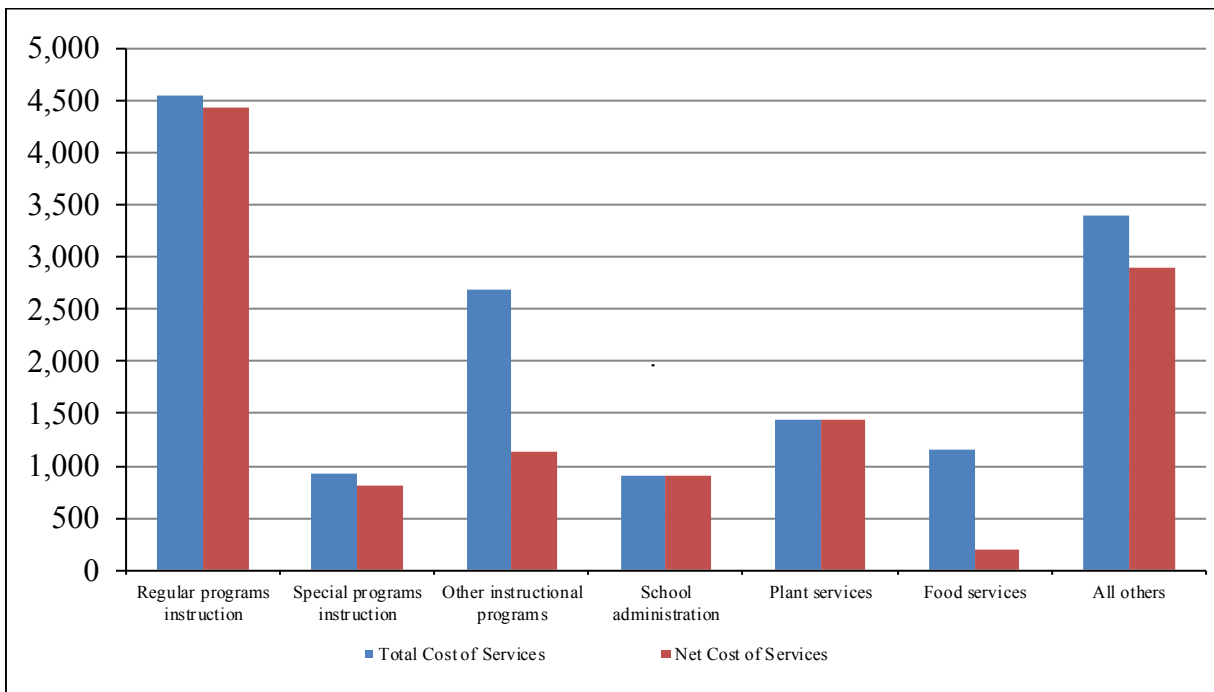
**East Carroll Parish School Board  
Management's Discussion and Analysis (MD&A)  
June 30, 2019**

In the table below we have presented the cost of each of the School Board's six largest functions - regular programs, special programs, other instructional programs, school administration, plant services and food services as well as each program's net cost (total cost less revenues generated by the activities). Net cost shows the financial burden that was placed on the School Board's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

**For the Year Ended June 30,  
(in thousands)  
Governmental Activities**

	2019		2018	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Regular programs	\$ 4,547	\$ 4,423	\$ 4,419	\$ 4,280
Special programs	921	802	861	741
Other instructional programs	2,693	1,129	2,531	1,197
School administration	910	910	969	969
Plant services	1,444	1,442	1,471	1,471
Food services	1,154	191	1,240	264
All others	3,401	2,899	3,553	3,082
Totals	\$ 15,070	\$ 11,796	\$ 15,044	\$ 12,004

**2019 Total Cost of Services  
Versus  
Net Cost of Services  
(in thousands)**



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**East Carroll Parish School Board**  
**Management's Discussion and Analysis (MD&A)**  
**June 30, 2019**

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**THE SCHOOL BOARD'S FUNDS** As mentioned earlier, the School Board uses funds to help it control and manage money for particular purposes. Looking at funds helps you consider whether the School Board is being accountable for the resources taxpayers and others provide to it but may also give you more insight into the School Board's overall financial health. In contrasting current year results with the prior year, the fund balances of all governmental funds decreased by \$303 thousand. Total revenues for all governmental funds decreased \$990 thousand, while expenses for all governmental funds decreased by \$778 thousand.

The fund balance of the General fund decreased \$504 thousand. Total revenues in the General fund decreased \$1,110 thousand mainly due to the decrease in sales tax collections. Total expenditures in the General fund decreased \$858 thousand mainly due to a decrease in the salary supplement paid to employees in comparison with prior year.

The Title I fund balances neither increased nor decreased since it is a cost-reimbursement fund.

Nonmajor governmental fund balance increased \$202 thousand mainly due to the increase in the Debt Service fund (\$95 thousand) and the Child Nutrition fund (\$106 thousand).

**General Fund Budgetary Highlights** The School Board revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. A schedule showing the School Board's original and final budgets compared with actual results is provided in the required supplemental information section of this report. The final budgeted revenues were decreased \$261 thousand due mainly to decreases in beginning budgetary fund balances (\$207 thousand) and MFP (\$447 thousand) offset by an increase in other local sources revenues (\$256 thousand). The final budgeted expenditures were increased by \$1,395 thousand due mainly to the increase in salaries and benefits.

In comparing the final budget to actual results, the actual amounts exceeded the budgeted amounts available for appropriations by \$103 thousand due to receiving more in 16<sup>th</sup> section earnings revenues than estimated. Actual charges to appropriations were more than budgeted expenditures by \$475 thousand mainly due to the unanticipated expenditures occurring near year-end.

**CAPITAL ASSET AND DEBT ADMINISTRATION,**

**Capital Assets** At June 30, 2019, the School Board had \$4,986 thousand invested in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net decrease (including additions, deductions and depreciation) of \$188 thousand or 3.6%, from last year.

**Capital Assets at June 30,  
(in thousands)**

	<u>Governmental Activities</u>		
	2019	2018	Variance
Land	\$ 318	\$ 318	\$ -
Buildings and improvements	4,263	4,616	(353)
Furniture and equipment	405	240	165
Totals	\$ 4,986	\$ 5,174	\$ (188)

More detailed information about our capital assets is presented in Note 6 of the Notes to the Financial Statements.

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**East Carroll Parish School Board  
Management's Discussion and Analysis (MD&A)  
June 30, 2019**

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**Debt Administration** At June 30, 2019, the School Board had \$1,354 thousand of debt outstanding versus \$1,504 thousand last year, a decrease of \$150 thousand or 10.0%. The outstanding debt consisted of:

**Long-Term Debt at June 30,  
(in thousands)**

	<u>Governmental Activities</u>		
	<u>2019</u>	<u>2018</u>	<u>Variance</u>
Certificate of Indebtedness, Series 2004	\$ 23	\$ 45	\$ (22)
Excess Revenue Refunding Bonds, Series 2012	131	259	(128)
QSCB Revenue Bonds, Series 2011	<u>1,200</u>	<u>1,200</u>	<u>-</u>
Totals	<u>\$ 1,354</u>	<u>\$ 1,504</u>	<u>\$ (150)</u>

Other long-term liabilities include compensated absences, other post-employment benefits (OPEB) liability and the net pension liability. We present more detailed information concerning long-term liabilities in Note 13 of the Notes to the Financial Statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES** The major changes anticipated in the 2019-2020 year are state raises for employees and decrease in MFP revenue due to the decrease in student enrollment.

**CONTACTING THE SCHOOL BOARD'S FINANCIAL MANAGEMENT** Our financial report is designed to provide parents, students, and investors and creditors with a general overview of the School Board's finances and to show the School Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Theresa Thomas, Business Manager, at East Carroll Parish School Board, P. O. Box 792, Lake Providence, Louisiana 71254-0792, telephone number (318) 559-2222.

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**BASIC FINANCIAL STATEMENTS:**

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

**EAST CARROLL PARISH SCHOOL BOARD**

**STATEMENT OF NET POSITION**  
**June 30, 2019**

	<b>Statement A</b>
	<b>GOVERNMENTAL ACTIVITIES</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 5,976,794
Investments	1,004,582
Receivables	766,647
Inventory	9,908
Capital assets:	
Land	318,180
Depreciable capital assets, net of depreciation	4,667,402
<b>TOTAL ASSETS</b>	<b>12,743,513</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to OPEB	2,643,583
Deferred outflows related to pensions	3,977,192
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>6,620,775</b>
<b>LIABILITIES</b>	
Accounts, salaries and other payables	655,325
Interest payable	6,583
Long-term liabilities:	
Long-term debt due within one year	606,664
Long-term debt due in more than one year	1,200,000
OPEB liability	33,579,450
Net pension liability	12,343,221
<b>TOTAL LIABILITIES</b>	<b>48,391,243</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	1,926,304
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,926,304</b>
<b>NET POSITION</b>	
Net investment in capital assets	3,631,582
Restricted for:	
Salary enhancements	343,225
Debt service	793,417
School construction	5,876
Grants	447,336
Unrestricted	(36,174,695)
<b>TOTAL NET POSITION</b>	<b>\$ (30,953,259)</b>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**EAST CARROLL PARISH SCHOOL BOARD**

**STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2019**

**Statement B**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
<i>Governmental activities:</i>				
Instruction:				
Regular programs	\$ 4,546,535	\$ -	\$ 123,468	\$ (4,423,067)
Special programs	920,567	-	118,830	(801,737)
Other instructional programs	2,692,815	-	1,563,590	(1,129,225)
Support services:				
Student services	698,092	-	36,571	(661,521)
Instructional staff support	843,352	-	290,445	(552,907)
General administration	557,302	-	175,074	(382,228)
School administration	910,179	-	-	(910,179)
Business services	638,469	-	-	(638,469)
Plant services	1,444,232	-	2,660	(1,441,572)
Student transportation services	638,297	-	493	(637,804)
Food services	1,154,195	6,925	956,667	(190,603)
Community service programs	6,006	-	-	(6,006)
Interest and bank charges	20,678	-	-	(20,678)
<b>Total Governmental Activities</b>	<b>\$ 15,070,719</b>	<b>\$ 6,925</b>	<b>\$ 3,267,798</b>	<b>\$ (11,795,996)</b>

General revenues:

Taxes:

Property taxes, levied for general purposes	789,905
Sales taxes, levied for general purposes	1,727,953
Grants and contributions not restricted to specific programs	
Minimum Foundation Program	6,372,657
Other grants and contributions	14,727
Interest and investment earnings	72,149
Miscellaneous	707,971

Total general revenues 9,685,362

Changes in net position (2,110,634)

Net position - beginning (28,842,625)

Net position - ending \$ (30,953,259)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

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**BASIC FINANCIAL STATEMENTS:  
FUND FINANCIAL STATEMENTS (FFS)**

**EAST CARROLL PARISH SCHOOL BOARD**

**GOVERNMENTAL FUNDS  
Balance Sheet  
June 30, 2019**

**Statement C**

	<u>GENERAL</u>	<u>TITLE I</u>	<u>NONMAJOR GOVERNMENTAL</u>	<u>TOTAL</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,536,085	\$ -	\$ 440,709	\$ 5,976,794
Investments	204,582	-	800,000	1,004,582
Receivables	178,473	231,300	356,874	766,647
Interfund receivables	352,148	-	-	352,148
Inventory	-	-	9,908	9,908
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>6,271,288</u>	<u>231,300</u>	<u>1,607,491</u>	<u>8,110,079</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts, salaries and other payables	418,241	79,495	157,589	655,325
Interfund payables	-	151,805	200,343	352,148
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	<u>418,241</u>	<u>231,300</u>	<u>357,932</u>	<u>1,007,473</u>
<b>FUND BALANCES:</b>				
Nonspendable	-	-	9,908	9,908
Restricted	356,786	-	1,239,651	1,596,437
Unassigned	5,496,261	-	-	5,496,261
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL FUND BALANCES	<u>5,853,047</u>	<u>-</u>	<u>1,249,559</u>	<u>7,102,606</u>
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,271,288</u>	<u>\$ 231,300</u>	<u>\$ 1,607,491</u>	<u>\$ 8,110,079</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**EAST CARROLL PARISH SCHOOL BOARD**

**Reconciliation of the Governmental Funds  
Balance Sheet to the Statement of Net Position  
June 30, 2019**

**Statement D**

Total fund balances - governmental funds		\$ 7,102,606
<p>The cost of capital assets (land, buildings, furniture and equipment) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets among the assets of the School Board as a whole. The cost of those capital assets is allocated over their estimated useful lives (as depreciation expense) to the various programs reported as governmental activities in the Statement of Activities. Because depreciation expense does not affect financial resources, it is not reported in governmental funds.</p>		
Costs of capital assets	13,406,060	
Accumulated depreciation	<u>(8,420,478)</u>	
		4,985,582
<p>Deferred outflows of resources are not available to pay current period expenditures and, therefore are not reported in the governmental funds.</p>		
		6,620,775
<p>Deferred inflows of resources are not due and payable in the current period and accordingly are not reported in the governmental funds.</p>		
		(1,926,304)
<p>Long-term liabilities applicable to the School Board's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position.</p>		
Balances at June 30, 2019 are:		
Interest payable	(6,583)	
Long-term liabilities:		
Revenue bonds	(1,354,000)	
Compensated absences payable	(452,664)	
OPEB liability	(33,579,450)	
Net pension liability	<u>(12,343,221)</u>	
		<u>(47,735,918)</u>
Net Position - Governmental Activities		<u><u>\$ (30,953,259)</u></u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**EAST CARROLL PARISH SCHOOL BOARD**

**GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
For the Year Ended June 30, 2019**

Statement E

	<u>GENERAL</u>	<u>TITLE I</u>	<u>NONMAJOR GOVERNMENTAL</u>	<u>TOTAL</u>
<b>REVENUES</b>				
Local sources:				
Taxes:				
Ad valorem	\$ 789,905	\$ -	\$ -	\$ 789,905
Sales and use	1,727,953	-	-	1,727,953
Interest earnings	62,720	-	9,429	72,149
Food service	-	-	6,925	6,925
Other	704,959	-	3,012	707,971
State sources:				
Equalization	6,361,290	-	11,367	6,372,657
Other	126,372	-	-	126,372
Federal sources	-	1,289,315	1,866,838	3,156,153
<b>TOTAL REVENUES</b>	<b>9,773,199</b>	<b>1,289,315</b>	<b>1,897,571</b>	<b>12,960,085</b>
<b>EXPENDITURES</b>				
Current:				
Instruction:				
Regular programs	3,681,634	-	73,546	3,755,180
Special programs	673,999	-	118,830	792,829
Other instructional programs	911,045	1,035,640	466,227	2,412,912
Support services:				
Student services	554,039	-	36,571	590,610
Instructional staff support	360,191	137,517	152,928	650,636
General administration	311,348	116,158	58,916	486,422
School administration	748,817	-	-	748,817
Business services	576,655	-	-	576,655
Plant services	1,304,789	-	4,433	1,309,222
Student transportation services	743,011	-	1,801	744,812
Food services	149,694	-	868,432	1,018,126
Community service programs	4,437	-	-	4,437
Debt service:				
Principal retirement	-	-	150,000	150,000
Interest and bank charges	-	-	22,064	22,064
<b>TOTAL EXPENDITURES</b>	<b>10,019,659</b>	<b>1,289,315</b>	<b>1,953,748</b>	<b>13,262,722</b>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (246,460)</b>	<b>\$ -</b>	<b>\$ (56,177)</b>	<b>\$ (302,637)</b>

(CONTINUED)

**EAST CARROLL PARISH SCHOOL BOARD**

**GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
For the Year Ended June 30, 2019**

**Statement E**

	<u>GENERAL</u>	<u>TITLE I</u>	<u>NONMAJOR GOVERNMENTAL</u>	<u>TOTAL</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 258,016	\$ 258,016
Transfers out	<u>(258,016)</u>	<u>-</u>	<u>-</u>	<u>(258,016)</u>
 TOTAL OTHER FINANCING SOURCES (USES)	 <u>(258,016)</u>	 <u>-</u>	 <u>258,016</u>	 <u>-</u>
 Net Change in Fund Balances	 (504,476)	 -	 201,839	 (302,637)
 FUND BALANCES - BEGINNING	 <u>6,357,523</u>	 <u>-</u>	 <u>1,047,720</u>	 <u>7,405,243</u>
 FUND BALANCES - ENDING	 <u>\$ 5,853,047</u>	 <u>\$ -</u>	 <u>\$ 1,249,559</u>	 <u>\$ 7,102,606</u>

(CONCLUDED)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**EAST CARROLL PARISH SCHOOL BOARD**

**GOVERNMENTAL FUNDS  
Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances to the Statement of Activities  
For the Year Ended June 30, 2019**

	<b>Statement F</b>
Total net change in fund balances - governmental funds	\$ (302,637)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation in the period:	
Capital outlays	\$ 233,406
Depreciation expense	<u>(421,949)</u>
	(188,543)
The recognition of pension expense in the Statement of Activities is based on projected benefit payments discounted to actuarial present value and attributed to periods of employee service. Pension expenditures in the governmental funds are the amounts actually paid.	501,898
In the Statement of Activities, compensated absences (vacations and sick leave) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	69,790
The recognition of OPEB expense in the Statement of Activities is based on projected benefit payments discounted to actuarial present value and attributed to periods of employee service. OPEB expenditures in the governmental funds are the amounts actually paid.	(2,342,528)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	150,000
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	<u>1,386</u>
Change in net position - governmental activities	<u>\$ (2,110,634)</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**EAST CARROLL PARISH SCHOOL BOARD**

**FIDUCIARY FUNDS**  
**Statement of Fiduciary Assets and Liabilities**  
**June 30, 2019**

**Statement G**

	<b>AGENCY FUNDS</b>
	<u>                    </u>
ASSETS	
Cash and cash equivalents	\$ <u>149,690</u>
TOTAL ASSETS	<u>149,690</u>
LIABILITIES	
Deposits due others	<u>149,690</u>
TOTAL LIABILITIES	<u>\$ 149,690</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**East Carroll Parish School Board**  
**Notes to the Financial Statements**  
**June 30, 2019**

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**East Carroll Parish School Board**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** The accompanying basic financial statements of the East Carroll Parish 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 standard-setting body for establishing governmental accounting and financial reporting principles.

**A. REPORTING ENTITY** The East Carroll Parish School Board was created by Louisiana Revised Statute LSA-R.S. 17:51 to provide public education for the children within East Carroll Parish. The School Board is authorized by LSA-R.S. 17:81 to establish policies and regulations for its own government consistent with the laws of the state of Louisiana and the regulations of the Louisiana Board of Elementary and Secondary Education. The School Board is comprised of five members who are elected from nine districts for terms of four years.

The School Board operates three schools within the parish with a total enrollment of approximately 892 pupils. In conjunction with the regular educational programs, some of these schools offer special education and/or vocational education programs. In addition, the School Board provides transportation and school food services for the students.

GASB has issued and amended various statements which establish the criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under the provisions of these statements, the School Board is considered a *primary government*, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Fiscally independent means that the School Board may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The School Board also has no component units, as defined by GASB as other legally separate organizations for which the elected School Board members are financially accountable. There are no other primary governments with which the School Board has a significant relationship.

**B. FUNDS** 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. The minimum number of funds are maintained consistent with legal and managerial requirements.

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 classifications and a description of each existing fund type follow:

**Governmental Funds** Governmental funds are used to account for the School Board's general government activities, including the collection and disbursement of specific or legally restricted monies and the acquisition or construction of general capital assets. The School Board reports the following major governmental funds:

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

**Title I** This fund accounts for federal revenues used 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. Services supplement, not supplant, those normally provided by state and local educational agencies.

**East Carroll Parish School Board**  
**Notes to the Financial Statements**  
**June 30, 2019**

**Fiduciary Funds** Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of outside parties, including other governments, or on behalf of other funds within the School Board.

*Agency funds* are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. They are used to account for assets that the government holds for others in an agency capacity. The School Board reports the following agency fund:

**School Activities Fund** - accounts for assets held by the School Board as an agent for the individual schools and school organizations.

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

**Government-Wide Financial Statements (GWFS)** The Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported only in the Statement of Fiduciary Assets and Liabilities at the fund financial statement level.

The Statement of Net Position and the Statement of Activities was prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, liabilities, and deferred outflows/inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, liabilities, and deferred outflows/inflows of resources resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions."

**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 sales. Operating grants and contributions consist of the many educational grants received from the federal and state government.

**Allocation of indirect expenses** The School Board reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities. Other indirect expenses are not allocated.

**Fund Financial Statements (FFS)**

**Governmental Funds** The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. 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 considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured 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.

**East Carroll Parish School Board**  
**Notes to the Financial Statements**  
**June 30, 2019**

With this measurement focus, only current assets, liabilities and deferred outflows/inflows of resources 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:

**Revenues**

**Ad valorem and sales taxes** are susceptible to accrual.

**Entitlements and shared revenues** (which include state equalization and state revenue sharing) are recorded as unrestricted grants-in-aid at the time of receipt or earlier if the susceptible to accrual criteria are met. 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 paid. Salaries for nine-month employees are accrued at June 30.

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

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

**Fiduciary Funds** The agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting.

**D. CASH AND CASH EQUIVALENTS** Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the School Board may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

**E. INVESTMENTS** Investments are limited by R.S. 33:2955 and the School Board's investment policy. The School Board's policy limits investments to direct U.S. Treasury obligations, bond, debentures, notes issued by or guaranteed by federal agencies; bonds, debentures, notes, or other evidence of indebtedness issued by the state of Louisiana or any other state in the United States, or any of the political subdivisions of any state, or by any domestic U.S. corporation, with limited exceptions noted in Louisiana Revised Statute 33:2955, or certificates, or time deposits in any bank domiciled or having a branch office in Louisiana or any other federally insured investment.

If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. The investments are reflected at fair value except for the following which are permitted per GASB Statement No. 31:

Investments in nonparticipating interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.

Definitions:

Interest-earning investment contracts include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

**East Carroll Parish School Board**  
**Notes to the Financial Statements**  
**June 30, 2019**

**F. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES** During the course of operations, numerous transactions occur between individual funds for 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.

**G. INVENTORIES** Inventories of the governmental fund type financial statements are recorded as expenditures as purchased except for inventory of the Child Nutrition fund.

Inventories of the Child Nutrition 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 received; however, all inventory items are recorded as expenditures when consumed. Unused commodities at June 30, 2019, are reported as unearned revenues. All purchased inventory items are valued at cost (first in, first out) and commodities are assigned values provided by the United States Department of Agriculture.

**H. PREPAIDS** Certain payments to vendors reflect cost applicable to future applicable periods and are reported as prepaid items using the purchases method.

**I. CAPITAL ASSETS** Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed and depreciated over their estimated useful lives (including salvage value). The capitalization threshold is \$5,000 for all assets except intangibles – software that has a capitalization threshold of \$250,000. Donated capital assets are recorded at their acquisition value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight-line depreciation is used based on the following estimated useful lives:

Buildings and improvements	10 - 40 years
Furniture and equipment	3 - 10 years
Intangibles – software	3 years

**J. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES** In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School Board has two items that qualify for reporting in this category that are related to OPEB and to pensions.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The School Board has one item that qualifies for reporting in this category that is related to pensions.

Deferred outflows and inflows of resources related to pensions and OPEB are reported as components of unrestricted net position.

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

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**L. COMPENSATED ABSENCES** The School Board has the following policies for vacation and sick leave:

All full time 12-month employees earn vacation leave each year as follows: 0 to 3 years of service earn 12 days; 4 to 10 years of service earn 15 days and 11 years or more earn 18 days. Vacations must be taken during the fiscal year or otherwise forfeited. All School Board employees earn 10 days of sick leave each year. Sick leave may be accumulated and carried forward to succeeding years without limitation. Upon retirement or death, unused accumulated sick leave of up to 25 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 is used in the retirement benefit computation as earned service.

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

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees when 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.

The liability for sick leave is 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.

**M. RESTRICTED NET POSITION** For the government-wide Statement of Net Position, net position is reported as restricted if either of the following conditions exist:

- Restrictions are externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments;
- Restriction are 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. Restricted net position for salary enhancements reported in the Statement of Net Position is restricted through enabling legislation.

**N. FUND EQUITY OF FUND FINANCIAL STATEMENTS**

GASB 54 requires the fund balance amounts to be reported within the fund balance categories as follows:

**Non-spendable:** Fund balance that is not in spendable form or legally or contractually required to be maintained intact. This category includes items that are not easily converted to cash such as inventories and prepaid items.

**Restricted:** Fund balance that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

**Committed:** Fund balance that can only be used for specific purposes determined by the School Board's highest level of decision making authority. The Board is the highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action it employed to previously commit the funds. Committed fund balance is the result of a resolution by the School Board committing the funds.

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**Assigned:** Fund balance that is constrained by the School Board's intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by the Board.

**Unassigned:** Fund balance that is the residual classification for the General fund. A negative unassigned fund balance may be reported if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

Restricted amounts are considered to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available. The School Board reduces committed amounts, followed by assigned amounts and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**O. INTERFUND TRANSACTIONS** Quasi-external transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures, initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**P. SALES TAXES** The East Carroll Parish School Board has three sales tax ordinances as follows:

The School Board has a one-percent parish-wide sales and use tax as authorized in a special election held December 1967. In accordance with the proposition approved by the voters of the parish, the net proceeds of the tax are to be used exclusively to supplement the payment of salaries for teachers in the public elementary and secondary schools of the parish and/or for the expenses of operating the schools. Such operating expenses include payment of salaries of other personnel employed by the School Board.

The School Board also has an additional one-percent sales and use tax as authorized in a special election held July 17, 1993. In accordance with the proposition approved by voters of the parish, the net proceeds of the tax are to be used for the purpose of salary enhancement for teachers and other employees of the School Board, to be divided annually on an equal basis among all employees.

In October 1998, voters approved another one-percent sales and use tax. In accordance with the proposition approved by the voters of the parish, the net proceeds of the tax are to be used for salary enhancements for teachers and other employees of the School Board, to be divided annually on an equal basis among all employees.

**Q. BUDGETS**

**General Budget Practices** The School Board follows these procedures in establishing the budgetary data reflected in the combined 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' budgets that are not grant oriented. Public hearings are conducted, prior to the Board's approval, to obtain taxpayer comments. Grant funds are included in special revenue funds and their budgets are adopted at the time the grant applications are approved by the governor. The operating budgets include proposed expenditures and the means of financing them.

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

Formal budget integration (within the accounting records) is employed as a management control device. All budgets are controlled at the function level. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

**Encumbrances** Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed. However, outstanding purchase orders are taken into consideration before expenditures are incurred in order to assure that applicable appropriations are not exceeded.

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

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

**S. ELIMINATIONS AND RECLASSIFICATIONS** In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified.

Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

**T. PENSIONS** For purposes measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement systems and additions to/deductions from the retirements systems fiduciary net position have been determined on accrual basis, the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**U. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Excess of Expenditures Over Appropriation in Individual Funds** The following individual fund had actual expenditures over budgeted expenditures for the year ended June 30, 2019:

Fund	Budget	Actual	Variance
General fund	\$ 9,803,189	\$ 10,277,675	\$ (474,486)

This variance was the result of unanticipated expenditures after the last budget revision.

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**NOTE 2 - LEVIED TAXES** The School Board levies taxes on real and business personal property located within East Carroll Parish's boundaries. Property taxes are levied by the School Board on property values assessed by the East Carroll Parish Tax Assessor and approved by the Louisiana Tax Commission.

The East Carroll Parish Sheriff's Office bills and collects property taxes for the School Board. Collections are remitted to the School Board monthly.

Property Tax Calendar

Millage rates adopted	April 3, 2018
Tax bills mailed	October 11, 2018
Due date	December 31, 2018
Lien date	January 1, 2019
Tax sale date – 2018 delinquent property	April 24, 2019

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

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

A revaluation of all property is required after 1978 to be completed no less than every four years. The last revaluation was completed for the roll of January 1, 2016. Total assessed value was \$49,851,773 in calendar year 2018. 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 \$5,237,220 of the assessed value in calendar year 2018.

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

The tax roll is prepared by the parish tax assessor in October of each year. The collection of the 2018 property taxes occurs in December, and January and February of the next year. Historically, virtually all ad valorem taxes receivable were collected since they are secured by property. Therefore, there is no allowance for uncollectible taxes.

The following is a summary of maximum and levied (tax rate per \$1,000 Assessed Value) ad valorem taxes:

	<u>Maximum Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Parish-wide taxes:			
Constitutional	8.20	8.20	Statutory
Maintenance and operation	8.24	8.24	2028



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**NOTE 3 - DEPOSITS** As of June 30, 2019, the School Board has cash and cash equivalents (book balances) as follows:

Interest-bearing demand deposits:	
Statement A - Cash	\$ 5,976,794
Statement A - Investments (Time Deposits)	204,582
Statement G	149,690
Total deposits	6,331,066
Less: Deposits classified as investments	(204,582)
Total cash and cash equivalents	\$ 6,126,484

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

Custodial Credit Risk-Deposits: This is the risk that in the event of a bank failure, the government’s deposit may not be returned to it. As of June 30, 2019, the School Board had a bank balance of \$7,087,312 in which \$6,382,730 was exposed to custodial credit risk because it was uninsured and secured by pledged securities held by the School Board’s agent but not in the School Board’s name. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 day of being notified by the School Board that the fiscal agent has failed to pay deposited funds upon request.

**NOTE 4 - INVESTMENTS** As of June 30, 2019, the School Board had the following investments:

	Fair Value	Weighted Average Maturity
Certificate of Deposit	\$ 204,582	< 1 Year
U.S. Treasury SLGS	800,000	3.7 Years
	\$ 1,004,582	

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

The recurring fair value measurement for the U.S. Treasury securities totaling \$800,000 were determined using quoted market prices (Level 1). The nonnegotiable certificate of deposit is measured at cost. The School Board’s investment in U.S. Treasury SLGS is to be used exclusively for the QSCB 2011 principal payment due on March 1, 2023.

Interest Rate Risk: The School Board’s policy does not address interest rate risk.

Custodial Credit Risk – Investments: For an investment, this is the risk that, in the event of the failure of the counter party, the School Board will not be able to recover the value of its investments. The School Board’s investment of \$800,000 in U.S. Treasuries are registered in the School Board’s name held by the Trust department of a financial institution. The School Board’s policy does not address custodial credit risk.

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**NOTE 5 - RECEIVABLES** The receivables at June 30, 2019, are as follows:

	<u>General</u>	<u>Title I</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Taxes:				
Sales tax	\$ 141,484	\$ -	\$ -	\$ 141,484
Intergovernmental -				
Federal	-	231,300	356,874	588,174
State	26,305	-	-	26,305
Other	10,684	-	-	10,684
Total	<u>\$ 178,473</u>	<u>\$ 231,300</u>	<u>\$ 356,874</u>	<u>\$ 766,647</u>

The School Board expects to collect these balances in full; therefore, no allowance for doubtful accounts was established.

**NOTE 6 - CAPITAL ASSETS** Capital asset balances and activity for the year ended June 30, 2019 is as follows:

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Ending</u>
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 318,180	\$ -	\$ -	\$ 318,180
Total capital assets, not being depreciated	<u>318,180</u>	<u>-</u>	<u>-</u>	<u>318,180</u>
Capital assets, being depreciated:				
Buildings and improvements	11,524,665	-	-	11,524,665
Furniture and equipment	1,407,814	233,406	78,005	1,563,215
Total capital assets, being depreciated	<u>12,932,479</u>	<u>233,406</u>	<u>78,005</u>	<u>13,087,880</u>
Less accumulated depreciation				
Buildings	6,908,260	353,768	-	7,262,028
Furniture and equipment	1,168,274	68,181	78,005	1,158,450
Total accumulated depreciation	<u>8,076,534</u>	<u>421,949</u>	<u>78,005</u>	<u>8,420,478</u>
Depreciable capital assets, net	<u>4,855,945</u>	<u>(188,543)</u>	<u>-</u>	<u>4,667,402</u>
Governmental activities capital assets, net	<u>\$ 5,174,125</u>	<u>\$ (188,543)</u>	<u>\$ -</u>	<u>\$ 4,985,582</u>

Depreciation expense was charged to governmental activities as follows:

	<u>Amount</u>
Regular programs	\$ 314,963
Other instructional programs	4,224
School administration	14,151
Plant services	11,406
Student transportation services	41,826
Food services	35,379
Total depreciation expense	<u>\$ 421,949</u>

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**NOTE 7 - PENSION PLANS** The School Board is a participating employer in two statewide, public employee retirement systems, the Louisiana School Employees' Retirement System (LSERS) and the Teacher's Retirement System of Louisiana (TRSL). Both systems have separate boards of trustees and administer cost-sharing, multiple-employer defined benefit pension plans, including classes of employees with different benefits and contribution rates (sub-plans). Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of all sub-plans administered by these systems to the State Legislature. Each system issues a public report that includes financial statements and required supplementary information. Copies of these reports for LSERS and TRSL may be obtained at [www.lsers.net](http://www.lsers.net) and [www.trsl.org](http://www.trsl.org), respectively.

**General Information about the Pension Plans**

**Plan Descriptions/Benefits Provided:**

Louisiana School Employees' Retirement System: LSERS administers a plan to provide retirement, disability, and survivor's benefits to non-teacher school employees excluding those classified as lunch workers and their beneficiaries as defined in R.S. 11:1001. The age and years of creditable service (service) required in order for a member to receive retirement benefits are established by R.S. 11:1141-1153 and vary depending on the member's hire date.

A member who joined the system on or after July 1, 2015 is eligible for normal retirement if he has at least 5 years of creditable service and is at least age 62. A member who joined between July 1, 2010 and June 30, 2015 is eligible for normal retirement if he has at least 5 years of creditable service and is at least age 60. A member who joined the system on or before June 30, 2010 is eligible for normal retirement if he has at least 30 years of creditable service regardless of age, 25 years of creditable service and is at least age 55, or 10 years of creditable service and is at least age 60. All members are eligible for retirement with 20 years of creditable service regardless of age with an actuarially reduced benefit.

For members who joined the system prior to July 1, 2006, the maximum retirement benefit is an amount equal to 3 1/3% of the average compensation for the 3 highest consecutive years of membership service, subject to the 10% salary limitation, multiplied by the number of years of service limited to 100% of final average compensation plus a supplementary allowance of \$2.00 per month for each year of service. For members who joined the system on or after July 1, 2006 through June 30, 2010, 3 1/3% of the average compensation is used to calculate benefits, however, the calculation consists of the five highest consecutive years of membership service, subject to the 10% salary limitation. For members who joined the system on or after July 1, 2010, 2 1/2% of the average compensation is used to calculate benefits and consists of the five highest consecutive years' average salary, subject to the 15% salary limitation. The supplemental allowance was eliminated for members entering the plan on or after July 1, 1986. Effective January 1, 1992, the supplemental allowance was reinstated to all members whose service retirement became effective after July 1, 1971.

A member is eligible to retire and receive disability benefits if the member has at least 5 years of creditable service, is not eligible for normal retirement and has become totally and permanently disabled and is certified as disabled by the Medical Board. A vested person with twenty or more years of creditable service who has withdrawn from active service prior to the age at which that person is eligible for retirement benefits, is eligible for a disability benefit until normal retirement age. A member who joins the system on or after July 1, 2006, must have at least 10 years of service to qualify for disability benefits. Upon the death of a member with five or more years of creditable service, the plan provides benefits for surviving spouses and minor children. Under certain conditions outlined in the statutes, a spouse is entitled to 75% of the member's benefit.

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Teachers' Retirement System of Louisiana: TRSL administers a plan to provide retirement, disability, and survivor benefits to employees who meet the legal definition of a "teacher" as provided for in R.S. 11:701. Statutory changes closed existing sub-plans and created new sub-plans for members hired on or after January 1, 2011 and July 1, 2015. The age and years of creditable service required for a member to receive retirement benefits are established by R.S. 11:761 and vary depending on the member's hire date. The computation for retirement benefits is defined in R.S. 11:768.

Members hired prior to January 1, 2011, are eligible to receive retirement benefits (1) at the age of 60 with five years of service, (2) at the age of 55 with at least 25 years of service, or (3) at any age with at least 30 years of service. Members hired between January 1, 2011, and June 30, 2015, are eligible to retire at age 60 with five years of service. Members hired on or after July 1, 2015, are eligible to retire at age 62 with five years of service. All regular plan members are eligible to retire at any age with 20 years of service and a reduced benefit. Retirement benefits for regular plan members are calculated by applying a percentage ranging from 2% to 2.5% of final average compensation multiplied by years of creditable service. Average compensation is defined in R.S. 11:701 as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to January 1, 2011, or highest 60 consecutive months of employment for members employed on or after that date.

Under R.S. 11:778 and 11:779, members who have suffered a qualified disability are eligible for disability benefits if employed prior to January 1, 2011, and attained at least five years of service, or if employed on or after January 1, 2011, and attained at least ten years of service. Members employed prior to January 1, 2011, receive disability benefits equal to 2.5% of average compensation multiplied by the years of service but not more than 50% of average compensation subject to statutory minimums. Members employed on or after January 1, 2011, receive disability benefits equivalent to the regular retirement formula without reduction by reason of age.

Survivor benefits are provided for in R.S. 11:762. In order for survivor benefits to be paid, the deceased member must have been an active member at the time of death and must have a minimum of five years of service, at least two of which were earned immediately prior to death, or must have had a minimum of 20 years of service regardless of when earned in order for a benefit to be paid to a minor or handicapped child. The minimum service credit requirement is ten years for a surviving spouse with no minor children. Surviving spouse benefits are equal to 50% of the benefit to which the member would have been entitled if retired on the date of death using a factor of 2.5% regardless of years of service or age, or \$600 per month, whichever is greater. Benefits are payable to an unmarried child until age 21, or age 23 if the child remains a full-time student. Benefits are paid for life to a qualified handicapped child.

**Deferred Retirement Option Program (DROP)**

In lieu of terminating employment and accepting a service retirement, an eligible LSERS or TRSL member can begin participation in the DROP on the first retirement eligibility date for a period not to exceed 3 years. A member has a 60 day window from his first eligible date to participate in the program in order to participate for the maximum number of years. Delayed participation reduces the three year maximum participation period. During participation, benefits otherwise payable are fixed, and deposited in an individual DROP account. Upon termination of DROP participation, the member can continue employment and earn additional benefit accruals to be added to the fixed pre-DROP benefit. Upon termination of employment, the member is entitled to the fixed benefit, an additional benefit based on post-DROP service (if any), and the individual DROP account balance which can be paid in a lump sum or an additional annuity based upon the account balance.

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**Cost of Living Adjustments**

As fully described in Title 11 of the Louisiana Revised Statutes, LSERS and TRSL allow for the payment of permanent benefit increases, also known as cost of living adjustments, or COLAs, that are funded through investment earnings when recommended by the board of trustees and approved by the Legislature. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as these ad hoc COLAs were deemed not to be substantively automatic.

**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. For those members participating in the TRSL defined contribution ORP, a portion of the employer contributions are used to fund the TRSL defined benefit plans' unfunded accrual liability.

Employer contributions to LSERS for fiscal year 2019 were \$134,933, with active member contributions ranging from 7.5% to 8%, and employer contributions of 28.0%. Employer defined benefit plan contributions to TRSL for fiscal year 2019 were \$1,396,227, with active member contributions of 8%, and employer contributions of 26.7%. Non-employer contributions to TRSL, which are comprised of \$57,925 from ad valorem taxes and revenue sharing funds and \$5,768 from the State for PIP salaries, totaled \$63,693 for fiscal year 2019. These non-employer contributions were recorded as revenue and were used as employer contributions.

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

At June 30, 2019, the School Board reported liabilities of \$1,015,642 and \$11,327,579 under LSERS and TRSL, respectively, for its proportionate share of the Net Pension Liability (NPL). The NPL will be liquidated through the contributions to the pension plans from the governmental fund in which the related salary was paid. The NPL for LSERS and TRSL was measured as of June 30, 2018, and the total pension liabilities used to calculate the NPL were determined by actuarial valuations as of that date. The School Board's proportions of the NPL were based on projections of the School Board's long-term share of contributions to the pension plans relative to the projected contribution of all participating employers, actuarially determined. As of June 30, 2018, the most recent measurement date, the School Board's proportions and the changes in proportion from the prior measurement date were 0.152011%, or an increase of 0.036912% for LSERS and 0.11526% or an increase of 0.01262% for TRSL.

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For the year ended June 30, 2019, the School Board recognized a total pension expense (benefit) of \$1,029,262 or \$59,692 and \$969,570 for LSERS and TRSL, respectively. The School Board reported deferred outflows of resources and deferred inflows of resources related to pensions as components of unrestricted net position from the following sources:

	<b>Deferred Outflows</b>			<b>Deferred Inflows</b>		
	<u>LSERS</u>	<u>TRSL</u>	<u>Total</u>	<u>LSERS</u>	<u>TRSL</u>	<u>Total</u>
Differences between expected and actual experience	\$ -	\$ -	\$ -	\$ 28,027	\$ 373,154	\$ 401,181
Changes of assumptions	42,787	727,834	770,621	-	-	-
Net difference between projected and actual earnings on pension plan investments	20,168	-	20,168	-	730,041	730,041
Changes in proportion and differences between employer contributions and proportionate share of contributions	162,759	1,492,484	1,655,243	36,738	758,344	795,082
Employer contributions subsequent to the measurement date	134,933	1,396,227	1,531,160	-	-	-
<b>Total</b>	<u>\$ 360,647</u>	<u>\$ 3,616,545</u>	<u>\$ 3,977,192</u>	<u>\$ 64,765</u>	<u>\$ 1,861,539</u>	<u>\$ 1,926,304</u>

Deferred outflows of resources related to pensions resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the LSERS and TRSL NPL in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>LSERS</u>	<u>TRSL</u>	<u>Total</u>
2020	\$ 86,802	\$ 108,620	\$ 195,422
2021	100,092	80,926	181,018
2022	(30,669)	(126,142)	(156,811)
2023	4,724	295,375	300,099

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**Actuarial Assumptions**

The total pension liabilities for LSERS and TRSL in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurements:

	<u>LSERS</u>	<u>TRSL</u>
<b>Valuation Date</b>	June 30, 2018	June 30, 2018
<b>Actuarial Cost Method</b>	Entry Age Normal	Entry Age Normal
<b>Expected Remaining Service Lives</b>	3 years, closed period	5 years, closed period
<b>Investment Rate of Return</b>	7.0625% per annum	7.65%, net of investment expenses
<b>Inflation Rate</b>	2.50% per annum	2.5% per annum
<b>Mortality - Non-disabled Active</b>	RP-2014 Sex Distinct Employee Tables	RP-2014 White Collar Employee tables, adjusted by 1.010 for males and by 0.997 for females
<b>Mortality - Non-disabled Retiree</b>	RP-2014 Healthy Annuitant Tables	'RP-2014 White Collar Healthy Annuitant tables, adjusted by 1.366 for males and by 1.189 for females
<b>Mortality - Disabled</b>	RP-2014 Sex Distinct Disabled Tables	RP-2014 Disability tables, adjusted by 1.111 for males and by 1.134 for females
<b>Termination, Disability, Retirement</b>	2013-2017 experience study	2012-2017 experience study
<b>Salary Increases</b>	3.25%	3.3% to 4.8% varies depending on duration of service
<b>Cost of Living Adjustments</b>	Not substantively automatic	Not substantively automatic

*Changes of assumptions.* For LSERS, the current year actuarial assumptions were reset based on a plan experience study performed in 2018 using plan data for the period July 1, 2012, through June 30, 2017. The June 30, 2018, actuarial valuation reflects the following changes to actuarial methodologies and assumptions:

- As a result of the experience study, the LSERS Board of Trustees approved a reduction in the discount rate to 7.0% over the next two years. As a result, the discount rate decreased from 7.125% as of June 30, 2017 valuation, to 7.0625% as of June 30, 2018.
- The inflation rate decreased from 2.625% annum as of June 30, 2017, to 2.50% annum as of June 30, 2018.
- The mortality assumption was updated to reflect the results of the new experience study and was based on the RP-2014 Healthy Annuitant, Sex Distinct Employee, and Sex Distinct Disabled Lives mortality tables with generational projections using the full generational scale MP2017. The previous valuation set mortality from the RP-2000 Combined Healthy Sex Distinct and Disabled Lives mortality tables with no projection scale.
- The salary increase assumption was updated to 3.25% as of June 30, 2018, to reflect the results of the new experience study and change to the inflation rate. The previous valuation included a range of 3.075% to 5.375%.

The TRSL discount rate used in the June 30, 2018 net pension liability valuation was decreased from the 7.70% used in the June 30, 2017 valuation to 7.65%. The discount rate was reduced in accordance with the TRSL Board's adopted plan to reduce the discount rate to 7.5% in 0.05% annual increments. This change was anticipated in the prior valuation when determining the projected contribution requirements for fiscal year 2019.

**East Carroll Parish School Board**  
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For LSERS, the long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation, of 2%, and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return was 7.76% for 2018.

For TRSL, the long-term expected rate of return 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 8.07% for 2018.

Best estimates of arithmetic real rates of return for each major asset class are summarized for each plan in the following table:

		<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
<b>LSERS (arithmetic)</b>			
Fixed income	Core Fixed Income	8.00%	1.68%
	High Yield	5.00%	4.13%
Equity	Emerging Markets Debt	7.00%	4.42%
	Global Fixed Income	10.00%	1.63%
	US Equity	20.00%	6.15%
	Developed Equity	18.00%	7.11%
	Emerging Markets Equity	10.00%	9.41%
Alternative	Global REIT's	3.00%	5.77%
	Private Equity	5.00%	10.28%
	Hedge Fund of Funds	3.00%	3.94%
Real Assets	Real Estate	5.00%	4.90%
	Timber	2.00%	5.67%
	Oil & Gas	2.00%	10.57%
	Infrastructure	2.00%	6.25%
Total		<u>100.00%</u>	
<b>TRSL (arithmetic)</b>			
	Domestic equity	27.00%	4.01%
	International equity	19.00%	4.90%
	Domestic fixed income	13.00%	1.36%
	International fixed income	5.50%	2.35%
	Private equity	25.50%	8.39%
	Other private assets	10.00%	3.57%
Total		<u>100.00%</u>	

*Discount Rate.* The discount rate used to measure the total pension liability was 7.0625% for LSERS and 7.65% for TRSL. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers will be made at



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

*Sensitivity of the proportionate share of the NPL to changes in the discount rate.* The following presents the School Board's proportionate share of the NPL for LSERS and TRSL using the current discount rate 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:

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
LSERS	\$ 1,394,236	\$ 1,015,642	\$ 692,020
TRSL	15,006,300	11,327,579	8,224,386

*Pension plan fiduciary net position.* Detailed information about LSERS and TRSL fiduciary net position is available in the separately issued financial reports referenced above.

*Payables to the Pension Plan.* At June 30, 2019, the School Board had \$1,165 and \$9,309 in payables to LSERS or TRSL, respectively, for the June 2019 employee and employer legally required contributions.

**NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS**

**Plan Description** - In accordance with state statutes, the School Board provides certain continuing health care and life insurance benefits for its retired employees on a pay-as-you-go basis. The School Board OPEB plan is a single-employer defined benefit "substantive plan" as understood by past practices of the School Board and its employees. Although no written plan or trust currently exists or is sanctioned by law, the OPEB plan is reported based on communication to plan members. No stand-alone financial report was prepared. Substantially all of the School Board's employees become eligible for these benefits if they reach normal retirement age while working for the School Board. These benefits and similar benefits for active employees are provided through the Office of Group Benefits, whose monthly premiums are paid jointly by the employee and the School Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

**Benefits Provided and Funding Policy** - The plan provides medical and life insurance benefits for retirees and their dependents. The contribution requirements of plan members and the School Board are established and may be amended by LRS 42:801-883. Employees do not contribute to their post-employment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute approximately 25% of the medical premium with the School Board contributing the balance. This percentage will be greater for eligible retirees with less than 20 years of service. Medical coverage is provided through options under the Louisiana Office of Group Benefits (OGB). A Medicare supplement benefit is provided at Medicare eligibility. Benefits continue for life.

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

**East Carroll Parish School Board**  
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**Employees Covered by Benefit Terms** – In the July 1, 2017 valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	119
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	106
Total	225

**Total OPEB Liability** – The School Board’s total OPEB liability of \$33,579,450 was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2017. The liability will be liquidated by the General fund. Update procedures were used to roll forward the total OPEB liability to the June 30, 2019 measurement date.

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

Actuarial cost method	Entry age normal
Inflation	2.30%
Discount rate	3.50% based on the Bond Buyer General Obligation 20 Bond Municipal Index
Healthcare cost trend rates	The expected rate of increase in healthcare costs was 4.3% for Pre-65 and 6.3% for Post-65 graduated down to a rate of 3.9% and 4.1%, respectively. Both rates include a 2.3% inflation assumption. For post-65 retirees with Medicare, Medicare is assumed to coordinate with the health plan in the "Coordination of Benefits "manner, as described by Health Cost Guidelines.
Mortality- Nondisabled	RP-2014 Total Dataset Mortality Table projected backward to 2006 with Mortality Improvement Scale MP-2014 and then forward with Mortality Improvement Scale MP-2018 on a generational basis with healthy annuitant rates after benefit commencement
Mortality- Disabled	RP-2014 Disabled Retiree Mortality Table projected backward to 2006 with Mortality Improvement Scale MP-2014 and then forward with Mortality Improvement Scale MP-2018 on a generational basis with disabled annuitant rates after benefit commencement
Withdrawal rates	Range from 9% at ages 25 to 4% at ages 50 and over
Retirement rates	Ranges from 4.0% at age 39 increasing to 25.6% at age 60, declining 21.9% at age 69. Age 73 and older is 100%.
Salary increase	2.30% including inflation

The Plan has not had a formal actuarial experience study performed. Utilizing the “pay-as-you-go’ method, the School Board contributed \$653,184 in benefits payments.

**East Carroll Parish School Board  
Notes to the Financial Statements  
June 30, 2019**

**Changes of assumptions:** The discount rate used in the June 30, 2018 measurement was decreased from 3.75% to 3.50%. This change is due to the decrease in the Bond Buyers 20 year general obligation municipal index rate.

**Changes in the Total OPEB Liability:**

	Total OPEB Liability
Balance at July 1, 2018	\$ 30,652,487
Changes for the year:	
Service cost	727,473
Interest	1,111,814
Differences between expected and actual experience	-
Changes in assumptions or other inputs	1,740,860
Benefit payments	(653,184)
Net changes	2,926,963
Balance at June 30, 2019	\$ 33,579,450

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate** – The following presents the total OPEB liability of the School Board, as well as what the School Board’s total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.50%) and one percentage point higher (4.50%) than the current discount rate.

	1% Decrease (2.5%)	Discount Rate (3.5%)	1% Increase (4.5%)
Total OPEB liability	\$ 39,190,597	\$ 33,579,450	\$ 29,134,922

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates** – The following presents the total OPEB liability of the School Board, as well as what the School Board’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.3 decreasing to 2.9) and one percentage point higher (7.3 decreasing to 4.9) than the current healthcare cost trend rates.

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	\$ 28,608,717	\$ 33,579,450	\$ 39,900,718

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** – For the year ended June 30, 2019, the School Board recognized OPEB expense of \$2,995,712. At June 30, 2019, the School Board reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 1,030,947
Changes in assumptions	1,612,636
Total deferred outflows	\$ 2,643,583

**East Carroll Parish School Board**  
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Amounts reported as deferred outflows of resources of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2020	\$ 1,156,425
2021	1,085,420
2022	401,738

**NOTE 9 - ACCOUNTS, SALARIES AND OTHER PAYABLES** The payables at June 30, 2019 are as follows:

	<u>General</u>	<u>Title I</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Salaries and benefits	\$ 401,682	\$ 68,246	\$ 86,130	\$ 556,058
Accounts	16,559	11,249	71,459	99,267
Total	<u>\$ 418,241</u>	<u>\$ 79,495</u>	<u>\$ 157,589</u>	<u>\$ 655,325</u>

**NOTE 10 - COMPENSATED ABSENCES** At June 30, 2019, employees of the School Board have accumulated and vested \$452,664 of employee leave benefits, including \$6,470 of salary-related benefits. These employee leave benefits were computed in accordance with GASB Codification Section C60.

**NOTE 11 - INTERFUND TRANSACTIONS (FFS LEVEL ONLY)**

**Interfund receivable/payable:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Title I	\$ 151,805
General	Nonmajor Governmental	200,343
Total		<u>\$ 352,148</u>

The purpose of interfund receivable/payables between the General fund, Title I, and Nonmajor Governmental funds is to cover expenditures on cost reimbursement programs until reimbursements are received.

**Interfund transfers:**

<u>Transfers in</u>	<u>Transfers out</u>	<u>Amount</u>
Nonmajor Governmental	General Fund	<u>\$ 258,016</u>

The General fund transferred money to the Debt Service fund to account for current year debt transactions.

**NOTE 12 - AGENCY FUND DEPOSITS DUE OTHERS** A summary of changes in agency fund deposits due others follows:

	<u>Balance, Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, Ending</u>
Agency fund: School Activities	<u>\$ 175,636</u>	<u>\$ 182,417</u>	<u>\$ 208,363</u>	<u>\$ 149,690</u>

**East Carroll Parish School Board**  
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**NOTE 13 - LONG-TERM OBLIGATIONS** The following is a summary of the long-term obligation transactions for the year ended June 30, 2019:

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities</u>					
Private placement revenue bonds:					
Certificate of Indebtedness, Series 2004	\$ 45,000	\$ -	\$ 22,000	\$ 23,000	\$ 23,000
Excess Revenue Refunding Bonds, Series 2012	259,000	-	128,000	131,000	131,000
QSCB Revenue Bonds, Series 2011	1,200,000	-	-	1,200,000	-
Other liabilities:					
Compensated absences	522,454	391,303	461,093	452,664	452,664
Governmental Activities					
Long-term liabilities	<u>\$ 2,026,454</u>	<u>\$ 391,303</u>	<u>\$ 611,093</u>	<u>\$ 1,806,664</u>	<u>\$ 606,664</u>

The compensated absences liability attributable to the governmental activities will be liquidated 100% by the General fund.

The School Board issues debt to construct, acquire and improve energy facilities and equipment as part of an energy retrofit project. Payments on the private placement debt are made from the General fund through transfers to the Debt Service fund.

The private placement individual bond issues are as follows:

Bond Issue	Original Issue	Interest Rates	Final Due	Interest to Maturity	Principal Outstanding
Certificate of Indebtedness, Series 2004	\$ 267,000	0.000%	2020	\$ -	\$ 23,000
Excess Revenue Refunding Bonds, Series 2012	874,000	2.0-2.9%	2020	1,900	131,000
QSCB Revenue Bonds, Series 2011	1,200,000	1.250%	2023	60,000	1,200,000
				<u>\$ 61,900</u>	<u>\$ 1,354,000</u>

All principal and interest requirements are funded from general operating funds of the General fund. The School Board's debt service requirements are due as follows:

Year ending June 30,	Principal Payments	Interest Payments	Total
2020	\$ 154,000	\$ 16,900	\$ 170,900
2021	-	15,000	15,000
2022	-	15,000	15,000
2023	1,200,000	15,000	1,215,000
Total	<u>\$ 1,354,000</u>	<u>\$ 61,900</u>	<u>\$ 1,415,900</u>

In accordance with the Louisiana Revised Statutes 39:562, the School Board is legally restricted from incurring long-term bonded debt in excess of 35% of the assessed value of taxable property. At June 30, 2019, the statutory limit was \$17,448,121 and the outstanding net bonded debt totaled \$0.

**East Carroll Parish School Board**  
**Notes to the Financial Statements**  
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Pledged Revenue

In February 2011, the School Board issued \$1,200,000 in taxable Qualified School Construction Bonds (QSCB) to finance the renovation and repair of public school facilities. The School Board has pledged, as security for the bonds, a portion of the 8.2 mills constitutional ad valorem tax. The bonds are payable solely from constitutional tax collected and are payable through 2023. Annual sinking fund and interest payments are expected to require approximately 31% of the tax revenues over the next four years. Total sinking fund contributions and interest remaining to be paid on the QSCB bonds is \$400,000 in sinking fund contributions and \$60,000 in interest. For the year ended June 30, 2019, the School Board received \$366,904 from the collection of the 8.2 mills and paid \$15,000 in debt service interest payments and made the required annual contribution of \$100,000 into the QSCB sinking fund investment account.

**NOTE 14 - RISK MANAGEMENT** The School Board is at risk for property damage, liability and theft which are covered by insurance policies. The School Board is also fully insured for workers' compensation. Settled claims have not exceeded commercial insurance in any of the past three years.

**NOTE 15 - LITIGATION AND CLAIMS**

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

**Grant Disallowance** The School Board participates in a number of state and federally assisted grant programs. These programs are subject to compliance audits under the single audit approach. Such audits could lead to request for reimbursement by the grantor agency for expenditures disallowed under the terms of the grants. School Board management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

**Energy Performance Contract** The School Board entered into an energy performance contract with TAC Americas, Inc. in November 2004. The contract includes a stipulated operational savings. The Louisiana Attorney General recently issued an opinion (A.G. Opinion No. 07-0002) regarding a similar contract with another School Board and concluded that some of these contracts may not meet the statutory definition of a performance based energy contract.

**NOTE 16 - ON-BEHALF PAYMENTS FOR FRINGE BENEFITS AND SALARIES** On-behalf payments for fringe benefits and salaries are direct payments made by an entity (the paying agent) to a third-party recipient for the employees of another, legally separate entity (the employer entity). GASB Statement No. 24 requires employer governments to recognize revenue and expenditures or expenses for these on-behalf payments.

The Parish Tax Collector makes retirement remittances to the teacher's retirement system of the State of Louisiana. These remittances are a portion of the property taxes and state revenue sharing collected which are statutorily set aside for teacher's retirement. The basis for recognizing the revenue and expenditure payments is the actual contribution made by the Tax Collector's office. For 2019, the Tax Collector paid the Teacher's Retirement System of Louisiana \$57,925. These amounts are recognized as ad valorem revenue and as employer contributions to the TRSL pension plan.

The State of Louisiana made pension contributions (regarding Professional Improvement Program) directly to the Teachers' Retirement System of Louisiana on behalf of the School Board in the amount of \$5,768. This amount was recognized as state revenue and as employer contributions to the TRSL pension plan.

**East Carroll Parish School Board**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 17 - FUND BALANCE CLASSIFICATION DETAILS** The following are details of the fund balance classifications.

	General	Nonmajor Governmental	Total
Nonspendable	\$ -	\$ 9,908	\$ 9,908
Restricted for:			
Grants	13,561	433,775	447,336
School construction	-	5,876	5,876
Debt service	-	800,000	800,000
Salary enhancements	343,225	-	343,225
Unassigned	5,496,261	-	5,496,261
<b>Total</b>	<b>\$ 5,853,047</b>	<b>\$ 1,249,559</b>	<b>\$ 7,102,606</b>

**NOTE 18 - TAX ABATEMENTS** The School Board is subject to tax abatements granted by the Louisiana Department of Economic Development, Office of Commerce and Industry. Louisiana has a ten-year industrial exemption law that provides any manufacturing establishment entering Louisiana, or any manufacturing establishment expanding its Louisiana facilities is eligible to receive exemption on buildings and equipment from state, parish and local property taxes for a period of ten years. The exemption is for the “contract” value of buildings or equipment used by the business. When the exemption expires, the property is to be placed on the tax roll at 15% of its current market value. The amount of tax abatement under this program during the fiscal year ended June 30, 2019 by authorized millage is as follows:

Tax Code	Millage	Assessed Valuate Lost to ITEP	Estimated Tax Dollar Lost to ITEP
Constitutional	8.20	\$ 3,870,000	\$ 31,734
Maintenance and operations	8.24	3,870,000	31,889
			<b>\$ 63,623</b>

**NOTE 19 - NEW GASB STANDARDS** In fiscal year 2019, the School Board adopted the following new statement of financial accounting standard issued by the Governmental Accounting Standards Board:

*Statement No. 88 – Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placement*, issued by the Government Accounting Standards Board. This Statement defines debt for purposes of disclosure in notes to the financial statements; clarifies which liabilities governments should include when disclosing information related to debt; and requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The Statement also requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant termination events with finance-related consequences and significant subjective acceleration clauses.

The adoption of this standard had no impact on the School Board’s governmental fund or government-wide financial statements.

**NOTE 20 – CHANGE IN PRESENTION** For fiscal year 2019, the School Board reported Educational Excellence and Miscellaneous Grants in the General fund. In prior year, Educational Excellence and Miscellaneous Grants were reported as a nonmajor special revenue funds.

**East Carroll Parish School Board**

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**REQUIRED SUPPLEMENTARY INFORMATION**

**East Carroll Parish School Board**

**Exhibit 1**

**SCHEDULE OF CHANGES IN THE SCHOOL BOARD'S TOTAL OPEB  
LIABILITY AND RELATED RATIOS**  
**Last Two Fiscal Years**

<b>Total OPEB Liability</b>	<u>2019</u>	<u>2018</u>
Service cost	\$ 727,473	\$ 699,106
Interest cost at 3.5%	1,111,814	973,727
Differences between expected and actual experience	-	2,116,155
Changes in assumptions or other inputs	1,740,860	653,044
Benefit payments	<u>(653,184)</u>	<u>(574,025)</u>
Net changes	<u>2,926,963</u>	<u>3,868,007</u>
Total OPEB liability - beginning	<u>30,652,487</u>	<u>26,784,480</u>
Total OPEB liability - ending	<u>\$ 33,579,450</u>	<u>\$ 30,652,487</u>
Covered payroll	\$ 6,376,753	\$ 7,229,454
Total OPEB liability as a percentage of covered payroll	526.59%	423.99%

**Notes to Schedule:**

**Changes of Assumptions**

Changes of assumptions and other inputs reflect the effect of changes in the discount rate each period. The following is the discount rate used:

2019	3.50%
2018	3.87%

No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related benefits.

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

**East Carroll Parish School Board**

**Exhibit 2-1**

**SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**Last Five Fiscal Years**

<u>Fiscal Year</u>	<u>Employer's Proportion of the Net Pension Liability</u>	<u>Employer's Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
<b>Louisiana School Employees' Retirement System</b>					
2015	0.162521%	\$ 943,669	\$ 456,069	207%	76.18%
2016	0.167489%	1,062,096	407,986	260%	74.49%
2017	0.130881%	987,297	371,871	265%	70.09%
2018	0.115099%	736,550	329,491	224%	75.03%
2019	0.152011%	1,015,642	438,482	232%	74.44%
<b>Teacher's Retirement System of Louisiana</b>					
2015	0.12106%	\$ 12,373,974	\$ 6,142,496	201%	63.7%
2016	0.11145%	11,983,313	5,789,766	207%	62.5%
2017	0.10909%	12,803,292	5,325,200	240%	59.9%
2018	0.10264%	10,522,424	5,235,850	201%	65.6%
2019	0.11526%	11,327,579	6,103,995	186%	68.2%

**Notes:**

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

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

**East Carroll Parish School Board**

**Exhibit 2-2**

**SCHEDULE OF EMPLOYER'S CONTRIBUTIONS TO PENSION PLANS**  
**Last Five Fiscal Years**

<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
<b>Louisiana School Employees' Retirement System</b>					
2015	\$ 126,822	\$ 126,822	\$ -	\$ 407,986	31.1%
2016	112,305	112,305	-	371,871	30.2%
2017	89,951	89,951	-	329,491	27.3%
2018	121,021	121,021	-	438,482	27.6%
2019	134,933	134,933	-	481,904	28.0%
<b>Teacher's Retirement System of Louisiana</b>					
2015	\$ 1,616,916	\$ 1,616,916	\$ -	\$ 5,789,766	27.9%
2016	1,400,527	1,400,527	-	5,325,200	26.3%
2017	1,335,142	1,335,142	-	5,235,850	25.5%
2018	1,623,663	1,623,663	-	6,103,995	26.6%
2019	1,396,227	1,396,227	-	5,229,316	26.7%

**Notes:**

The amounts presented were determined as of the fiscal year end.

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

## East Carroll Parish School Board

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR PENSIONS

#### **Louisiana School Employees' Retirement System**

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

Changes in assumptions: For amounts reported for 2016, the valuation investment rate of return was reduced from the 7.25% reported in 2015 to 7.00%. The reduction was made to account for the funding of administrative expenses out of investment earnings. Prior to this valuation, no explicit provision was made to fund or offset administrative expenses.

For amounts reported for 2017, based on Act 94 of the 2016 Regular Session of the Legislature, the explicit cost of projected noninvestment related administrative expense were included in the calculation of the actuarially required contribution for the plan. With this change, the valuation of plan liabilities based on valuation interest rate set for 0.25% below the assumed long-term rate of return was reduced from 7.25% to 7.125%, and the valuation interest rate was set equal to the long-term rate of return.

For amounts reported for 2018, the actuarial assumptions were reset based on a plan experience study performed in 2018 using plan data for the period July 1, 2012, through June 30, 2017. The June 30, 2018, actuarial valuation reflects the following changes to actuarial methodologies and assumptions:

- As a result of the experience study, the LSERS Board of Trustees approved a reduction in the discount rate to 7.0% over the next two years. As a result, the discount rate decreased from 7.125% as of June 30, 2017 valuation, to 7.0625% as of June 30, 2018.
- The inflation rate decreased from 2.625% annum as of June 30, 2017, to 2.50% annum as of June 30, 2018.
- The mortality assumption was updated to reflect the results of the new experience study and was based on the RP-2014 Healthy Annuitant, Sex Distinct Employee, and Sex Distinct Disabled Lives mortality tables with generational projections using the full generational scale MP2017. The previous valuation set mortality from the RP-2000 Combined Healthy Sex Distinct and Disabled Lives mortality tables with no projection scale.
- The salary increase assumption was updated to 3.25% as of June 30, 2018, to reflect the results of the new experience study and change to the inflation rate. The previous valuation included a range of 3.075% to 5.375%.

#### **Teacher's Retirement System of Louisiana**

Changes in Benefit Terms: Members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after July 1, 2015 may retire with a 2.5% benefit factor after attaining the age of 62 with at least 5 years of service credit and are eligible for an actuarially reduced benefit with 20 years of service at any age. This benefit change raised the age requirement from 60 years of age for members hired after January 1, 2011.

Changes in assumptions: Amounts reported in 2017 and earlier were valued using a discount rate of 7.75%. For 2018, the discount rate was decreased from 7.75% to 7.70%. For 2019, the discount rate was decreased from 7.70% to 7.65%.

**East Carroll Parish School Board  
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** This program is designed 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. Services supplement, not supplant, those normally provided by state and local educational agencies.

**EAST CARROLL PARISH SCHOOL BOARD**

**GENERAL FUND  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2019**

Exhibit 3-1

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
BUDGETARY FUND BALANCES, BEGINNING	\$ 6,564,103	\$ 6,357,523	\$ 6,357,523	\$ -
Resources (inflows)				
Local sources:				
Taxes:				
Ad valorem	765,283	792,084	789,905	(2,179)
Sales and use	1,800,000	1,800,000	1,727,953	(72,047)
Interest earnings	600	58,199	62,720	4,521
Other	287,967	544,368	704,959	160,591
State sources:				
Equalization	6,694,081	6,246,840	6,361,290	114,450
Other	177,267	228,894	126,372	(102,522)
	<u>16,289,301</u>	<u>16,027,908</u>	<u>16,130,722</u>	<u>102,814</u>
Charges to appropriations (outflows)				
Current:				
Instruction:				
Regular programs	2,704,966	3,241,070	3,681,634	(440,564)
Special programs	593,416	626,411	673,999	(47,588)
Other instructional programs	618,324	946,871	911,045	35,826
Support services:				
Student services	558,696	650,608	554,039	96,569
Instructional staff support	363,467	407,644	360,191	47,453
General administration	372,016	290,875	311,348	(20,473)
School administration	734,917	726,077	748,817	(22,740)
Business services	462,034	525,304	576,655	(51,351)
Plant services	1,083,739	1,278,518	1,304,789	(26,271)
Student transportation services	651,146	739,682	743,011	(3,329)
Food services	-	103,828	149,694	(45,866)
Community service programs	4,000	4,440	4,437	3
Transfers to other funds	261,861	261,861	258,016	3,845
	<u>8,408,582</u>	<u>9,803,189</u>	<u>10,277,675</u>	<u>(474,486)</u>
BUDGETARY FUND BALANCES, ENDING	<u>\$ 7,880,719</u>	<u>\$ 6,224,719</u>	<u>\$ 5,853,047</u>	<u>\$ 577,300</u>

**EAST CARROLL PARISH SCHOOL BOARD**

**TITLE I  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2019**

**Exhibit 3-2**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
BUDGETARY FUND BALANCES, BEGINNING	\$ -	\$ -	\$ -	\$ -
Resources (inflows)				
Federal sources	<u>1,088,446</u>	<u>1,577,961</u>	<u>1,289,315</u>	<u>(288,646)</u>
Amounts available for appropriations	<u>1,088,446</u>	<u>1,577,961</u>	<u>1,289,315</u>	<u>(288,646)</u>
Charges to appropriations (outflows)				
Current:				
Instruction:				
Other instructional programs	946,405	1,040,833	1,035,640	5,193
Support services:				
Instructional staff support	46,665	398,572	137,517	261,055
General administration	<u>95,376</u>	<u>138,556</u>	<u>116,158</u>	<u>22,398</u>
Total charges to appropriations	<u>1,088,446</u>	<u>1,577,961</u>	<u>1,289,315</u>	<u>288,646</u>
BUDGETARY FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**East Carroll Parish School Board  
Notes to Budgetary Comparison Schedules  
For the Year Ended June 30, 2019**

**A. BUDGETS**

**General Budget Practices** The School Board follows these procedures in establishing the budgetary data reflected in the combined 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' budgets that are not grant oriented. Public hearings are conducted, prior to the Board's approval, to obtain taxpayer comments. Grant funds are included in special revenue funds and their budgets are adopted at the time the grant applications are approved by the governor. The operating budgets include proposed expenditures and the means of financing them.

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

Formal budget integration (within the accounting records) is employed as a management control device. All budgets are controlled at the function level. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments. These revisions were considered insignificant by the Board.

**Encumbrances** Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed. However, outstanding purchase orders are taken into consideration before expenditures are incurred in order to assure that applicable appropriations are not exceeded.

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

**B. EXCESS OF ACTUAL EXPENDITURES OVER BUDGETED APPROPRIATION**

The following individual fund had actual expenditures over budgeted expenditures for the year ended June 30, 2019:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General fund	\$ 9,803,189	\$ 10,277,675	\$ (474,486)

**EAST CARROLL PARISH SCHOOL BOARD**

**Notes to Budgetary Comparison Schedule  
For the Year Ended June 30, 2019**

**C. Budget to GAAP Reconciliation - Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures:**

	<b>GENERAL</b>	<b>TITLE I</b>
<b><u>Sources/inflows of resources:</u></b>		
Actual amounts (budgetary basis) "available for appropriation" from the Budgetary Comparison Schedule	\$ 16,130,722	\$ 1,289,315
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(6,357,523)	-
Total revenues as reported on the Statement of Revenues, Expenditures, and changes in Fund Balances - Governmental Funds	\$ 9,773,199	\$ 1,289,315
<b><u>Uses/outflows of resources:</u></b>		
Actual amounts (budgetary basis) "Total charges to appropriations" from the Budgetary Comparison Schedule	\$ 10,277,675	\$ 1,289,315
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(258,016)	-
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 10,019,659	\$ 1,289,315

**SUPPLEMENTARY INFORMATION:  
COMBINING  
NONMAJOR GOVERNMENTAL FUNDS -  
BY FUND TYPE**

**EAST CARROLL PARISH SCHOOL BOARD**

**NONMAJOR GOVERNMENTAL FUNDS  
Combining Balance Sheet - By Fund Type  
June 30, 2019**

Exhibit 4

	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 434,833	\$ -	\$ 5,876	\$ 440,709
Investments	-	800,000	-	800,000
Receivables	356,874	-	-	356,874
Inventory	9,908	-	-	9,908
<b>TOTAL ASSETS</b>	<u>801,615</u>	<u>800,000</u>	<u>5,876</u>	<u>1,607,491</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts, salaries and other payables	157,589	-	-	157,589
Interfund payables	200,343	-	-	200,343
<b>TOTAL LIABILITIES</b>	<u>357,932</u>	<u>-</u>	<u>-</u>	<u>357,932</u>
<b>FUND BALANCES:</b>				
Nonspendable	9,908	-	-	9,908
Restricted	433,775	800,000	5,876	1,239,651
<b>TOTAL FUND BALANCES</b>	<u>443,683</u>	<u>800,000</u>	<u>5,876</u>	<u>1,249,559</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 801,615</u>	<u>\$ 800,000</u>	<u>\$ 5,876</u>	<u>\$ 1,607,491</u>

**EAST CARROLL PARISH SCHOOL BOARD**

**NONMAJOR GOVERNMENTAL FUNDS  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances - By Fund Type  
For the Year Ended June 30, 2019**

Exhibit 5

	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL</u>
<b>REVENUES</b>				
Local sources:				
Interest earnings	\$ 29	\$ 9,394	\$ 6	\$ 9,429
Food service	6,925	-	-	6,925
Other	3,012	-	-	3,012
State sources:				
Equalization	11,367	-	-	11,367
Federal sources	1,866,838	-	-	1,866,838
<b>TOTAL REVENUES</b>	<b>1,888,171</b>	<b>9,394</b>	<b>6</b>	<b>1,897,571</b>
<b>EXPENDITURES</b>				
Current:				
Instruction:				
Regular programs	73,546	-	-	73,546
Special programs	118,830	-	-	118,830
Other instructional programs	466,227	-	-	466,227
Support services:				
Student services	36,571	-	-	36,571
Instructional staff support	152,928	-	-	152,928
General administration	58,916	-	-	58,916
Plant services	4,433	-	-	4,433
Student transportation services	1,801	-	-	1,801
Food services	868,432	-	-	868,432
Debt service:				
Principal retirement	-	150,000	-	150,000
Interest and bank charges	-	22,064	-	22,064
<b>TOTAL EXPENDITURES</b>	<b>1,781,684</b>	<b>172,064</b>	<b>-</b>	<b>1,953,748</b>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	<b>106,487</b>	<b>(162,670)</b>	<b>6</b>	<b>(56,177)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	258,016	-	258,016
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>258,016</b>	<b>-</b>	<b>258,016</b>
Net Change in Fund Balances	106,487	95,346	6	201,839
<b>FUND BALANCES - BEGINNING</b>	<b>337,196</b>	<b>704,654</b>	<b>5,870</b>	<b>1,047,720</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 443,683</b>	<b>\$ 800,000</b>	<b>\$ 5,876</b>	<b>\$ 1,249,559</b>

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**East Carroll Parish School Board**

**Nonmajor Special Revenue Funds**

**CHILD NUTRITION** The basic goals of the Child Nutrition Programs are to serve nutritionally adequate, attractive and moderately priced meals, to help children grow socially and emotionally, to extend educational influence to homes of school children, and to provide learning experiences that will improve the children's food habits with the ultimate goal of becoming physically fit adults.

**SPECIAL EDUCATION** These grants are to assist in providing free appropriate public education to all children with disabilities.

**TITLE II** This program was designed to improve the skills of teachers and the quality of instruction in mathematics and science, also to increase the accessibility of such instruction to all students.

**JAG** This is a division of the TANF grant which delivers services to at-risk and disadvantaged youth to aid them in pursuing a post secondary education and ensure participants an opportunity to enter the workforce in a quality job.

**TEACHER INCENTIVE** This program was designed to develop, implement, improve, or expand human capital management systems or performance-based compensation systems for teachers, principal, or other school leaders in schools (and especially those in high-need schools).

**STRIVING READERS** The purpose of this grant is to advance the pre-literacy skills, reading and writing skills of disadvantaged youth birth through grade 12, including English learners and students with disabilities.

**VOCATIONAL EDUCATION** This program was designed to make the United States more competitive in the world economy by developing more fully the academic and occupational skills of all segments of the population, principally through concentrating resources on improving educational programs leading to academic and occupational skills needed to work in a technologically advanced society.

**STUDENT SUPPORT** This program was designed to improve school conditions for student learning and improve the use of technology in order to improve the academic achievement and digital literacy for all students.

**RURAL EDUCATION** This grant is to assist rural school districts that serve concentrations of children from low-income families to improve the quality of instruction and student achievement.

**EAST CARROLL PARISH SCHOOL BOARD**

**NONMAJOR SPECIAL REVENUE FUNDS  
Combining Balance Sheet  
June 30, 2019**

	<b>CHILD NUTRITION</b>	<b>SPECIAL EDUCATION</b>	<b>TITLE II</b>	<b>JAG</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 434,833	\$ -	\$ -	\$ -
Receivables	56,978	58,763	97,778	33,415
Inventory	9,908	-	-	-
<b>TOTAL ASSETS</b>	<b>501,719</b>	<b>58,763</b>	<b>97,778</b>	<b>33,415</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts, salaries and other payables	58,036	29,369	-	15,637
Interfund payables	-	29,394	97,778	17,778
<b>TOTAL LIABILITIES</b>	<b>58,036</b>	<b>58,763</b>	<b>97,778</b>	<b>33,415</b>
<b>FUND BALANCES:</b>				
Nonspendable	9,908	-	-	-
Restricted	433,775	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>443,683</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 501,719</b>	<b>\$ 58,763</b>	<b>\$ 97,778</b>	<b>\$ 33,415</b>



Exhibit 6

<u>TEACHER INCENTIVE</u>	<u>STRIVING READERS</u>	<u>VOCATIONAL EDUCATION</u>	<u>STUDENT SUPPORT</u>	<u>RURAL EDUCATION</u>	<u>TOTAL</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 434,833
62,619	4,568	4,407	32,028	6,318	356,874
-	-	-	-	-	9,908
<u>62,619</u>	<u>4,568</u>	<u>4,407</u>	<u>32,028</u>	<u>6,318</u>	<u>801,615</u>
43,650	354	102	10,441	-	157,589
18,969	4,214	4,305	21,587	6,318	200,343
<u>62,619</u>	<u>4,568</u>	<u>4,407</u>	<u>32,028</u>	<u>6,318</u>	<u>357,932</u>
-	-	-	-	-	9,908
-	-	-	-	-	433,775
-	-	-	-	-	443,683
<u>\$ 62,619</u>	<u>\$ 4,568</u>	<u>\$ 4,407</u>	<u>\$ 32,028</u>	<u>\$ 6,318</u>	<u>\$ 801,615</u>

**EAST CARROLL PARISH SCHOOL BOARD**

**NONMAJOR SPECIAL REVENUE FUNDS  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
For the Year Ended June 30, 2019**

REVENUES	<u>CHILD NUTRITION</u>	<u>SPECIAL EDUCATION</u>	<u>TITLE II</u>	<u>JAG</u>
Local sources:				
Interest earnings	\$ 29	\$ -	\$ -	\$ -
Food service	6,925	-	-	-
Other	3,012	-	-	-
State sources:				
Equalization	11,367	-	-	-
Federal sources	956,667	228,412	167,568	67,430
<b>TOTAL REVENUES</b>	<u>978,000</u>	<u>228,412</u>	<u>167,568</u>	<u>67,430</u>
<b>EXPENDITURES</b>				
Current:				
Instruction:				
Regular programs	-	-	-	44,102
Special programs	-	118,830	-	-
Other instructional programs	-	4,668	154,013	21,605
Support services:				
Student services	-	36,571	-	-
Instructional staff support	-	48,449	-	-
General administration	-	19,894	13,555	1,723
Plant services	1,773	-	-	-
Student transportation services	1,308	-	-	-
Food services	868,432	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>871,513</u>	<u>228,412</u>	<u>167,568</u>	<u>67,430</u>
Net Change in Fund Balances	106,487	-	-	-
<b>FUND BALANCES - BEGINNING</b>	<u>337,196</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 443,683</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Exhibit 7

<b>TEACHER INCENTIVE</b>	<b>STRIVING READERS</b>	<b>VOCATIONAL EDUCATION</b>	<b>STUDENT SUPPORT</b>	<b>RURAL EDUCATION</b>	<b>TOTAL</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29
-	-	-	-	-	6,925
-	-	-	-	-	3,012
-	-	-	-	-	11,367
248,343	61,978	11,022	111,964	13,454	1,866,838
248,343	61,978	11,022	111,964	13,454	1,888,171
26,170	-	-	-	3,274	73,546
-	-	-	-	-	118,830
109,743	56,976	10,529	99,479	9,214	466,227
-	-	-	-	-	36,571
104,479	-	-	-	-	152,928
7,951	5,002	-	9,825	966	58,916
-	-	-	2,660	-	4,433
-	-	493	-	-	1,801
-	-	-	-	-	868,432
248,343	61,978	11,022	111,964	13,454	1,781,684
-	-	-	-	-	106,487
-	-	-	-	-	337,196
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 443,683

## **East Carroll Parish School Board**

### **Agency Funds**

**SCHOOL ACTIVITIES FUND** The activities of the various individual school accounts are accounted for in the School Activities fund. Although the accounts are under the supervision of the School Board, they belong to the individual schools or their student bodies and are not available for use by the School Board.

EAST CARROLL PARISH SCHOOL BOARD

AGENCY FUNDS  
Statement of Changes in Fiduciary Assets and Liabilities  
For the Year Ended June 30, 2019

Exhibit 8

	<u>Balance, Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, Ending</u>
<b>****SCHOOL ACTIVITIES FUND****</b>				
ASSETS				
Cash and cash equivalents	\$ 175,636	\$ 182,417	\$ 208,363	\$ 149,690
TOTAL ASSETS	<u>175,636</u>	<u>182,417</u>	<u>208,363</u>	<u>149,690</u>
LIABILITIES				
Deposits due others	<u>175,636</u>	<u>182,417</u>	<u>208,363</u>	<u>149,690</u>
TOTAL LIABILITIES	<u>\$ 175,636</u>	<u>\$ 182,417</u>	<u>\$ 208,363</u>	<u>\$ 149,690</u>

EAST CARROLL PARISH SCHOOL BOARD

SCHOOL ACTIVITIES AGENCY FUND  
Schedule of Changes in Deposits Due Others  
For the Year Ended June 30, 2019

Exhibit 9

<u>SCHOOL</u>	<u>Balance, Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, Ending</u>
General Trass High	\$ 86,233	\$ 131,679	\$ 140,745	\$ 77,167
Griffin Middle Academy	74,424	22,076	42,477	54,023
Southside Elementary	14,979	28,662	25,141	18,500
Totals	<u>\$ 175,636</u>	<u>\$ 182,417</u>	<u>\$ 208,363</u>	<u>\$ 149,690</u>

**East Carroll Parish School Board**

**Schedule of Compensation Paid Board Members  
For The Year Ended June 30, 2019**

**Exhibit 10**

The schedule of compensation paid School Board members is in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the School Board members is included in the general administrative expenditures of the General fund. In accordance with Louisiana Revised Statute 17:56, the School Board members have elected the monthly payment method of compensation. Under this method, each member of the School Board receives \$650 per month and the president receives an additional \$50 per month for performing the duties of his/her office. Members received an additional \$50 for extra meetings held during the year.

<u>Board Member</u>	<u>Actual Salary</u>
Jacqueline Folks, President	\$ 9,150
Gene Edmondson, Vice President	8,500
Shirley Fairchild	8,450
Pamela Harvey	3,900
Wanda Jackson	8,500
John Shoemaker	<u>4,550</u>
Total	<u>\$ 43,050</u>

East Carroll Parish School Board

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD  
For the Year Ended June 30, 2019

Exhibit 11

**Agency Head Name: Dr. Volaria Millikin, Superintendent**

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 148,795
Benefits - Retirement	39,316
Benefits - Insurance and Workers' Compensation	1,393
Benefits - Medicare	2,208
Car allowance	3,500
Cell phone	1,148
Dues	525
Registration fees	787
	<u>\$ 197,672</u>



**SINGLE AUDIT INFORMATION**



# ALLEN, GREEN & WILLIAMSON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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Mallory Stone, CPA  
Audit Manager: Margie Williamson, CPA

Ernest L. Allen, CPA  
(Retired) 1963 - 2000

## **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***

### **Independent Auditor's Report**

Board Members  
East Carroll Parish School Board  
Lake Providence, 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 East Carroll Parish School Board as of and for the year ended June 30, 2019, 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 March 31, 2020.

### **Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2019-001 and 2019-002 that we consider to be significant deficiencies.

## **Compliance and Other Matters**

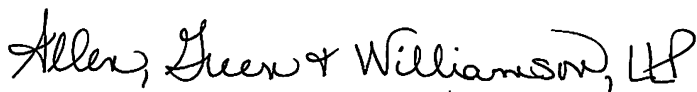
As part of obtaining reasonable assurance about whether the School Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as items 2019-002 and 2019-003.

## **The 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 and Corrective Action Plan for Current Year 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 result of that testing, and not to provide an opinion on the effectiveness of the School Board's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513 this report is distributed by the Louisiana Legislative Auditor as a public document.



ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana  
March 31, 2020



# ALLEN, GREEN & WILLIAMSON, LLP

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## Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

### Independent Auditor's Report

Board Members  
East Carroll Parish School Board  
Lake Providence, Louisiana

#### Report on Compliance for Each Major Federal Program

We have audited East Carroll Parish School Board's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School Board's major federal programs for the year ended June 30, 2019. The School Board's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

#### *Management's Responsibility*

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

#### *Auditor's Responsibility*

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

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

### ***Opinion on Each Major Federal Program***

In our opinion, the East Carroll Parish School Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned costs as items 2019-004 and 2019-005. Our opinion on each major federal program is not modified with respect to these matters.

The School board's response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs and Corrective Action Plan for Current Year Findings and Questioned Costs. The School Board's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

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

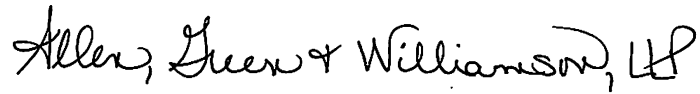
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with 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, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2019-004 and 2019-005 that we considered to be significant deficiencies.

The School Board's response to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs and in the accompanying Corrective Action Plan for

Current Year Audit Findings and Questioned Costs. The School Board's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

A handwritten signature in black ink that reads "Allen, Green & Williamson, LLP". The signature is written in a cursive, flowing style.

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana  
March 31, 2020

**East Carroll Parish School Board  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2019**

**Exhibit 12**

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME</u>	<u>CFDA Number</u>	<u>Pass Through Grantor No.</u>	<u>Expenditures</u>
United States Department of Agriculture			
Passed Through Louisiana Department of Education:			
Child Nutrition Cluster:			
Cash awards:			
National School Lunch Program	10.555		\$ 690,730
Non-cash awards:			
Food Distribution (Commodities)	10.555		<u>56,308</u>
Total Child Nutrition Cluster			\$ 747,038
Child and Adult Care Food Program	10.558		140,556
Summer Food Service Program for Children	10.559		34,944
Fresh Fruit and Vegetable Program	10.582		<u>34,129</u>
Total United States Department of Agriculture			<u>956,667</u>
United States Department of Education			
Passed through Louisiana Department of Education:			
Title I Grants to Local Educational Agencies	84.010A	28-19-T1-18 28-19-DDS-18	1,328,513
Special Education Cluster (IDEA):			
Special Education Grants to States	84.027A	28-19-B1-18	221,405
Special Education Preschool Grants	84.173A	28-19-P1-18 28-18-CY-18	<u>2,069</u>
Total Special Education Cluster (IDEA)			223,474
Supporting Effective Instruction State Grants	84.367A	28-19-50-18	167,568
Student Support and Academic Enrichment	84.424A	28-19-71-18	72,766
Striving Readers/Comprehensive Literacy	84.371C	28-18-SR04-18	61,978
Teacher and School Leadership Incentive Grants	84.374A	28-19-TP-18 28-18-PBCS-18	248,343
Career and Technical Education: Basic Grants to States	84.048A	28-19-02-18	11,022
Rural Education	84.358B	28-19-RE-18	<u>13,454</u>
Total United States Department of Education			<u>2,127,118</u>
Department of Health and Human Services			
Passed Through the Louisiana Department of Education			
TANF Cluster:			
Temporary Assistance for Needy Families	93.558	28-19-JS-18 28-19-JSP-18	<u>67,430</u>
Total TANF Cluster			67,430
CCDF Cluster:			
Child Care and Development Block Grant	93.575	28-19-CO-18 28-18-CO-18	<u>4,938</u>
Total CCDF Cluster			4,938
Total United States Department of Health and Human Services			<u>72,368</u>
TOTAL FEDERAL AWARDS			<u>\$ 3,156,153</u>

THE ACCOMPANYING NOTES ARE AN INTERGRAL PART OF THIS SCHEDULE.

**East Carroll Parish School Board**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2019**

**NOTE 1 - BASIS OF PRESENTATION** The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal awards activity of the East Carroll Parish School Board (the "School Board") under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School Board, it is not intended to and does not present the financial position or changes in fund balances of the School Board.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** Expenditures reported on the Schedule are reported using the modified accrual basis of accounting, which is described in Note 1 to the School Board's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS** Federal awards are reported in the School Board's basic financial statements as follows:

	Federal Sources
Major fund:	
Title I	\$ 1,289,315
Nonmajor governmental:	
Child Nutrition	956,667
Special Education	228,412
Title II	167,568
JAG	67,430
Teacher Incentive	248,343
Striving Readers	61,978
Vocational Education	11,022
Student Support	111,964
Rural Education	13,454
Total	\$ 3,156,153

**NOTE 4 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS** Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with accounting principles generally accepted in the United States of America.

**NOTE 5 - MAJOR FEDERAL AWARDS PROGRAMS** The dollar threshold of \$750,000 was used to distinguish between Type A and Type B federal programs. For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures.

**NOTE 6 - NONCASH PROGRAMS** The commodities received, which are noncash revenues, are valued using prices provided by the United States Department of Agriculture.

**NOTE 7 - DE MINIMIS INDIRECT COST RATE** The School Board did not elect to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



**East Carroll Parish School Board  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019**

**PART 1 - Summary of the auditor's results**

**Financial statement audit**

- i. The type of audit report issued was unmodified.
- ii. There were two significant deficiencies required to be disclosed by *Government Auditing Standards* issued by the Comptroller General of the United States. The significant deficiencies were not considered to be a material weakness.
- iii. There were two instances of noncompliance considered material, as defined by the *Government Auditing Standards*, to the financial statement.

**Audit of federal awards**

- iv. There were two significant deficiencies required to be disclosed by the Uniform Guidance (2 CFR 200). The significant deficiencies were not considered to be material weaknesses.
- v. The type of report the auditor issued on compliance for major programs was unmodified.
- vi. The audit disclosed two audit findings which the auditor is required to report in accordance with 2 CFR 200.516(a).
- vii. The major federal programs are:

Title I Grants to Local Educational Agencies	CFDA #84.010A
Education Cluster (IDEA):	
Special Education Grants to States	CFDA #84.027A
Special Education Preschool Grants	CFDA #84.173A
- viii. The dollar threshold used to distinguish between Type A and Type B programs as described in the Uniform Guidance (2 CFR 200) was \$750,000.
- ix. The auditee does not qualify as a low-risk auditee under the Uniform Guidance (2 CFR 200).

**East Carroll Parish School Board  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019**

**Part II – Findings related to the financial statements which are required to be reported in accordance with *Government Auditing Standards* generally accepted in the United States of America:**

**Reference # and title:**                2019-001                Financial Management

**Entity-wide or program/department specific:** This finding is entity-wide.

**Criteria or specific requirement:** Proper internal controls over financial reporting requires that accounting records contain up-to-date, accurate and complete information to ensure that the financial data can be relied upon to monitor the financial condition of the School Board. Financial records should be reviewed timely to ensure that transactions are properly recorded and classified in the appropriate accounting period. Balance sheet accounts should be reconciled on regular and timely basis.

**Condition found:** In testing the master bank reconciliation, it was noted that \$35,220 of checks have been outstanding for more than one year. Checks totaling \$82,411 written in July 2019 were listed as outstanding on the June 2019 bank reconciliation understating cash and accounts payable.

In testing ninety-five vendor disbursements, the following exceptions were noted:

- Five checks did not agree to support resulting in the vendor being overpaid.
- Three credit card payments included late fees or interest charged.
- Five invoices were not approved for payment.
- One payment did not have supporting documentation.
- Three payments were recorded incorrectly.
- One payment included sales tax.

In testing payroll for 56 employees, five employees were not being paid in accordance with the School Board’s salary schedule, two were over paid and three were under paid.

In testing two employees with over 40 years of service, the School Board had not paid one month of School Board’s portion of retirement for both employees. For one employee tested, in error, the School Board had withheld the employee portion from several of the employee’s paychecks. In correcting the error, the refunds to the employee increased pension expense instead of reducing the liability.

Accounts payable listing at the end of the year included payables to payroll fund for June 2019 payroll. Two accounts payable batches posted in July to cash and not accounts payable. In performing the search for unrecorded liabilities, five checks totaling \$55,919 were not accrued in the correct accounting period.

The payroll withholdings and benefits payable were not reconciled at year-end. A journal entry was provided to the auditor to correct.

**Context:** This finding appears to be systemic.

**Possible asserted effect (cause and effect):**

**Cause:** Long outstanding checks were not investigated and resolved appropriately. Disbursements to vendors are not being reconciled to payments and approval verified. There is no review process of the information entered into the payroll system to ensure the information is accurate.

**Effect:** The internal controls over accounting were weakened.

**East Carroll Parish School Board  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019**

**Part II – Findings related to the financial statements which are required to be reported in accordance with *Government Auditing Standards* generally accepted in the United States of America:**

**Recommendations to prevent future occurrences:** Proper procedures should be established to ensure old outstanding items are being investigated and items after year end are not included on bank reconciliation. Procedures should be established to ensure accounts payable at year end are complete. Pay rates per for payroll system for each employee should be reconciled and retirement payments for employees reviewed.

**Origination date and prior year reference (if applicable):** Outstanding checks greater than one year originated June 30, 2012. Pay rate difference originated June 30, 2017 and both had a prior year reference of 2018-001.

**View of responsible official:** Procedures are in place and old outstanding checks have been researched and resolved. A review process of information entered in payroll will be implemented.

**Reference # and title:**                    **2019-002**                    **Receipt of Gifts**

**Entity-wide or program/department specific:** This finding is isolated to specific areas.

**Criteria or specific requirement:** LSA-R.S. 42:1115 states that no public servant shall solicit or accept, directly or indirectly, anything of economic value as a gift or gratuity from any person who has or is seeking a contractual business, or financial relationship with the public servant’s agency. In addition, Article 7, Section 14 of the Louisiana Constitution prohibits, except as otherwise provided by this constitution, the funds, credit, property, or things of value of the state or of any political subdivision being loaned, pledged, or donated to or for any person, association, or corporation, public or private.

**Condition found:** Complimentary items received as a result of vendor purchases were taken for personal use by purchasing personnel. In testing five vendor checks, the supporting invoices noted 52 free gifts that were supplied to the School Board. All gift items were of a personal nature and not school related.

**Context:** This finding was in purchasing departments of different areas.

**Possible asserted effect (cause and effect):**

**Cause:** Personnel were not aware that individual use items could not be received from vendor.

**Effect:** Complimentary items that were school and student related were not chosen. No benefit to the students or the School Board.

**Recommendations to prevent future occurrences:** Only items that can directly benefit the students should be chosen for complimentary gift items from vendor.

**View of responsible official:** Employees are instructed to not accept complimentary gifts from vendors.

**East Carroll Parish School Board  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019**

**Part II – Findings related to the financial statements which are required to be reported in accordance with *Government Auditing Standards* generally accepted in the United States of America:**

**Reference # and title:**                **2019-003**                **Late Submission of Audit Report to the Legislative Auditor**

**Entity-wide or program/department specific:** This finding is entity-wide.

**Criteria or specific requirement:** R.S. 24:513 A (5)(a)(i) requires that “...audits shall be completed within six months of the close of the entity’s fiscal year.” The School Board’s audit report should be submitted to the Louisiana Legislative Auditor by December 31<sup>st</sup> each year.

**Condition found:** The School Board’s audit report for the fiscal year ending June 30, 2019 was not completed within the six month deadline as per R.S. 24:513 A (5)(a)(i).

**Context:** This finding is an isolated incident.

**Possible asserted effect (cause and effect):**

**Cause:** The School Board’s auditor needed additional time because of significant turnover in key positions within the auditing firm.

**Effect:** The auditor was unable to submit the School Board’s report within the six month deadline as required by R.S. 24:513 A (5)(a)(i).

**Recommendations to prevent future occurrences:** Management should meet with the auditor to ensure they will have adequate staff to prevent this from occurring in the future.

**Origination date and prior year reference (if applicable):** This finding originated fiscal year ended June 30, 2019.

**View of responsible official:** Management will meet with the auditor to ensure the auditor has adequate staff to prevent this from occurring in the future.

**East Carroll Parish School Board  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019**

**PART III – Findings and questioned costs for federal awards which are required to be reported under the Uniform Guidance:**

**Reference # and title:**                    **2019-004**                    **Internal controls Over Allowable Costs and Cost Principles**

**CFDA#, Federal Award Title, Federal Agency, Federal Award # and Year, and the name of Pass-Through**

**Entity:** This finding relates to the Title I grants CFDA# 84.010A for the Federal Award Year 2018, received from Federal Agency: U.S. Department of Education, passed through Louisiana Department of Education and to the Special Education Grants to States CFDA #84.027A for the Federal Award Year 2018, received from Federal Agency: U.S. Department of Education, passed through Louisiana Department of Education.

**Criteria or specific requirement:** Proper internal controls over disbursements require proper documentation to be obtained, the charge should be properly allocated based on documentation and all charges should be reasonable and necessary for the grants objectives.

**Condition found:**

Title I - When testing payroll disbursements it was noted that two employees were being underpaid by one step level. It was also noted that the Supervisor did not have a study of her time spent working on this grant. The Supervisor had a time certification stating the percent of time she worked on Title I was 30% but her payroll history did not agree with the time certification form paying her 8.4% from Title I.

Title I- When testing vendor disbursements the following items were noted:

- Late fee and sales tax paid on one check.
- Three disbursements either the invoice or purchase order was not approved. One disbursement the purchase order was dated three months after invoice.
- One disbursement was for equipment and was recorded as supplies and budgeted as supplies. The amount of this equipment was also mistyped in the budget.
- Computer tablets budgeted to Title IV were recorded as a Title I purchase.
- One invoice was paid for the incorrect amount.

Special Education - When testing payroll disbursements it was noted that the Supervisor did not have a study of her time spent working on this grant. The Supervisor had a time certification stating the percent of time she worked on Special Education was 30% but her payroll history did not agree with the time certification form paying her 34.4% from Special Education.

Special Education - When testing vendor disbursements the following items were noted:

- Early registration discount was not taken for conference as submitted by employee.
- An invoice was paid twice on one check.
- One disbursement was paid for purchase order amount and not invoice amount for items received.

**Context:** For Title I grants, a sample of forty-four disbursements were selected for testing, which six were noted with exceptions. For Special Education grants, a sample of forty-seven disbursements were selected for testing, which five were noted with exceptions.

**Possible asserted effect (cause and effect):**

**Cause:** The cause associated with both Title I and Special Education grants is due to no time study being conducted by the Supervisor of the program and allocation of pay by payroll not being consistent with certification of time spent. Personnel salaries were not reviewed for proper placement on salary schedule. Vendor disbursements were not reviewed and approved consistently.

**East Carroll Parish School Board  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019**

**PART III – Findings and questioned costs for federal awards which are required to be reported under the Uniform Guidance:**

**Effect:** The School Board may have not met all federal requirements related to allowable costs and cost principles.

**Recommendations to prevent future occurrences:** The School Board should establish procedures to ensure all employees are paid properly on the salary schedule, properly allocated and are properly documented regarding time spent on the program. Procedures should be established to ensure that all invoices and purchase orders are properly approved, budgeted and matched to payment.

**View of responsible official:** Management agrees with recommendation to prevent future occurrences.

**Reference # and title:**                    **2019-005**                    **Earmarking – Coordinated Early Intervening Services**

**CFDA#, Federal Award Title, Federal Agency, Federal Award # and Year, and the name of Pass-Through Entity:** This finding relates to the Special Education Grants to States CFDA #84.027A for the Federal Award Year 2019, received from Federal Agency: U.S. Department of Education, passed through Louisiana Department of Education.

**Criteria or specific requirement:** IDEA Sec. 300.646 (d) states that a local education agency must document that 15 percent of its IDEA Part B Funds were reserved and used to provide comprehensive early intervening services to address factors contributing to significant disproportionality.

**Condition found:** Louisiana Department of Education identified East Carroll Parish as significantly disproportionate in the identification of intellectual disabilities of Black or African American with a risk ratio of 4. A plan was submitted by the School Board to address the factors contributing to the significantly disproportionality. Fifteen percent of IDEA Part B Funds were budgeted for the plan (\$40,048), but only \$25,969 was spent.

**Context:** This finding is an isolated incident.

**Possible asserted effect (cause and effect):**

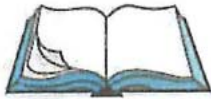
**Cause:** The School Board did not follow its plan and the minimum amount was not spent on coordinated early intervening services.

**Effect:** The plan to address the factors contributing to the significantly disproportionality was not fully implemented.

**Recommendations to prevent future occurrences:** The School Board should put policies and procedures in place to monitor the plan and spending for coordinated early intervening services.

**View of responsible official:** Management agrees with recommendations to prevent future occurrences by monitoring plan that School Board has established.

**OTHER INFORMATION**



**Schedule of Prior Year Audit Findings and Questioned Costs  
For the Year Ended June 30, 2019**

*Jacqueline Folks  
President  
District 4*

**Reference # and title:**            2018-001            Financial Management

**Entity-wide or program/department specific:** This finding is entity-wide.

*Gene Edmondson  
Vice President  
District 5*

**Condition:** Proper internal controls over financial reporting requires that accounting records contain up-to-date, accurate and complete information to ensure that the financial data can be relied upon to monitor the financial condition of the School Board. Financial records should be reviewed timely to ensure that transactions are properly recorded and classified in the appropriate accounting period. Balance sheet accounts should be reconciled on regular and timely basis.

*Shirley Fairchild  
District 1*

The June 30, 2018 payroll bank reconciliation was not completed in a timely manner. The reconciliation was not provided to the auditor until late December 2018 and contained over \$670 thousand of invalid reconciling items. The invalid reconciling items included electronic fund transfers of payroll liabilities that were recorded twice, (once as an issued check and then again as an electronic fund transfer), transactions that cleared earlier in the fiscal year, and transactions that occurred after June 30, 2018. The School Board provided a journal entry to correct these errors. The bank reconciliation also included \$7,894 in checks that have been outstanding more than one year. No payroll bank reconciliations were performed for the months of November 2017 to May 2018.

*John Shoemaker  
District 2*

*Wanda Jackson  
District 3*

In testing 49 payroll disbursements, four exceptions were noted for employees not being paid in accordance with the School Board’s salary schedule. In testing five administrative salaries, one exception was noted where the employee did not receive the additional pay for change in position. Also, one exception was noted where the employee tested changed position but this change was not made in the payroll system and the employee’s time was posted to the wrong fund. This error was not corrected in a timely manner.

The payroll withholdings and benefits payable were not reconciled at year-end. Before the entries to correct the June 30, 2019 payroll bank reconciliation, the payroll liabilities had a debit balance of over \$570 thousand.

The June 2018 masterbank bank reconciliation did not agree to the general ledger and had over \$30,232 in checks that have been outstanding for more than one year. No masterbank bank reconciliations were performed for the months of July 2017 and November 2017. None of the masterbank bank reconciliations were performed timely except for the June 2018 bank reconciliation.

In performing the search for unrecorded liabilities, five checks totaling \$95,060 were not accrued in the appropriate accounting period.

**Corrective action planned:** See current year finding 2019-001.



**Schedule of Prior Year Audit Findings and Questioned Costs (continued)**

**Reference # and title:**                2018-002                Controls over Compensated Absences

**Entity-wide or program/department specific:** This finding is entity-wide.

**Condition:** Proper internal controls require that sick and annual leave be granted to School Board employees in accordance with School Board policy, and that accurate records be maintained regarding the employee information and the available balances for each employee.

In testing 15 School Board employees for controls over compensated absences, the following exceptions were noted:

- One employee was charged for both vacation and sick leave for the same day for two consecutive days.
- One employee's leave balance for sick leave was reduced for professional leave taken.
- On two separate occasions, an employee was charged for a sick day taken when the employee's attendance records shows the employee was present at work.
- One employee requested 2.75 days without pay but the employee's sick leave was reduced when no sick time was available per the approved absence from work report.

In testing ten employees' salaries used to calculate the compensated absences liability, there were two exceptions where the salary per the compensated absence report did not agree with the employee's salary per their payroll history. One exception was noted where a board member inappropriately had sick leave balance on the compensated absences report.

In testing five employees' attendance and leave records for one pay period to ensure employees documented their daily attendance and leave and written documentation was appropriately approved and maintained, it was noted that three employees' attendance records were not appropriately approved.

**Corrective action taken:** The accounted system has been updated and personnel will be trained on input of date. Attendance will be reconciled monthly using already established procedures. This finding is considered cleared.

**Reference # and title:**                2018-003                Late Submission of Audit Report to the Legislative Auditor

**Entity-wide or program/department specific:** This finding is entity-wide.

**Condition:** R.S. 24:513 A (5)(a)(i) requires that "...audits shall be completed within six months of the close of the entity's fiscal year." The School Board's audit report should be submitted to the Louisiana Legislative Auditor by December 31<sup>st</sup> each year

The School Board's audit report for the fiscal year ending June 30, 2018 was not completed within the six month deadline as per R.S. 24:513 A (5)(a)(i).

**Corrective action taken:** Steps have been taken to ensure that all aspects of the audit are completed timely including reconciling bank statements and liability accounts, correcting any general ledger postings made in error. This finding is considered cleared.

Respectfully submitted:



Theresa Thomas  
Business Manager



Corrective Action Plan for Current Year Audit Findings and Questioned Costs  
For the Year Ended June 30, 2019

Jacqueline Folks  
President  
District 4

**Reference # and title:**                    2019-001                    Financial Management

Gene Edmondson  
Vice President  
District 5

**Entity-wide or program/department specific:** This finding is entity-wide.

Shirley Fairchild  
District 1

**Condition:** Proper internal controls over financial reporting requires that accounting records contain up-to-date, accurate and complete information to ensure that the financial data can be relied upon to monitor the financial condition of the School Board. Financial records should be reviewed timely to ensure that transactions are properly recorded and classified in the appropriate accounting period. Balance sheet accounts should be reconciled on regular and timely basis.

Pamela Harvey  
District 2

In testing the master bank reconciliation, it was noted that \$35,220 of checks have been outstanding for more than one year. Checks totaling \$82,411 written in July 2019 were listed as outstanding on the June 2019 bank reconciliation understating cash and accounts payable.

Wanda Jackson  
District 3

In testing ninety-five vendor disbursements, the following exceptions were noted:

- Five checks did not agree to support resulting in the vendor being overpaid.
- Three credit card payments included late fees or interest charged.
- Five invoices were not approved for payment.
- One payment did not have supporting documentation.
- Three payments were recorded incorrectly.
- One payment included sales tax.

In testing payroll for 56 employees, five employees were not being paid in accordance with the School Board’s salary schedule, two were over paid and three were under paid.

In testing two employees with over 40 years of service, the School Board had not paid one month of School Board’s portion of retirement for both employees. For one employee tested, in error, the School Board had withheld the employee portion from several of the employee’s paychecks. In correcting the error, the refunds to the employee increased pension expense instead of reducing the liability.

Accounts payable listing at the end of the year included payables to payroll fund for June 2019 payroll. Two accounts payable batches posted in July to cash and not accounts payable. In performing the search for unrecorded liabilities, five checks totaling \$55,919 were not accrued in the correct accounting period.

The payroll withholdings and benefits payable were not reconciled at year-end. A journal entry was provided to the auditor to correct.

**Corrective action planned:** Procedures are in place and old outstanding checks have been researched and resolved. A review process of information entered in payroll will be implemented.

## Corrective Action Plan for Current Year Audit Findings and Questioned Costs (concluded)

### **Person responsible for corrective action:**

Theresa Thomas Telephone: (318) 559-2222  
East Carroll Parish School Board Fax: (318) 559-3864  
P. O. Box 792  
Lake Providence, LA 71254-0792

**Anticipated completion date:** June 30, 2020

**Reference # and title:**                **2019-002**                **Receipt of Gifts**

**Entity-wide or program/department specific:** This finding is isolated to specific areas.

**Condition:** LSA-R.S. 42:1115 states that no public servant shall solicit or accept, directly or indirectly, anything of economic value as a gift or gratuity from any person who has or is seeking a contractual business, or financial relationship with the public servant's agency. In addition, Article 7, Section 14 of the Louisiana Constitution prohibits, except as otherwise provided by this constitution, the funds, credit, property, or things of value of the state or of any political subdivision being loaned, pledged, or donated to or for any person, association, or corporation, public or private.

Complimentary items received as a result of vendor purchases were taken for personal use by purchasing personnel. In testing five vendor checks, the supporting invoices noted 52 free gifts that were supplied to the School Board. All gift items were of a personal nature and not school related.

**Corrective action planned:** No complimentary items will be accepted by purchasing personnel or any other employee of the school board.

### **Person responsible for corrective action:**

Theresa Thomas Telephone: (318) 559-2222  
East Carroll Parish School Board Fax: (318) 559-3864  
P. O. Box 792  
Lake Providence, LA 71254-0792

**Anticipated completion date:** June 30, 2020

**Reference # and title:**                **2019-003**                **Late Submission of Audit Report to the Legislative Auditor**

**Entity-wide or program/department specific:** This finding is entity-wide.

**Condition:** R.S. 24:513 A (5)(a)(i) requires that "...audits shall be completed within six months of the close of the entity's fiscal year." The School Board's audit report should be submitted to the Louisiana Legislative Auditor by December 31<sup>st</sup> each year.

The School Board's audit report for the fiscal year ending June 30, 2019 was not completed within the six month deadline as per R.S. 24:513 A (5)(a)(i).

**Corrective action planned:** Management will meet with the auditor to ensure the auditor has adequate staff to prevent this from occurring in the future.

## Corrective Action Plan for Current Year Audit Findings and Questioned Costs (concluded)

### **Person responsible for corrective action:**

Theresa Thomas Telephone: (318) 559-2222  
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Lake Providence, LA 71254-0792

**Anticipated completion date:** June 30, 2020

**Reference # and title:**            **2019-004**            **Internal controls Over Allowable Costs and Cost Principles**

### **CFDA#, Federal Award Title, Federal Agency, Federal Award # and Year, and the name of Pass-Through**

**Entity:** This finding relates to the Title I grants CFDA# 84.010A for the Federal Award Year 2018, received from Federal Agency: U.S. Department of Education, passed through Louisiana Department of Education and to the Special Education Grants to States CFDA #84.027A for the Federal Award Year 2018, received from Federal Agency: U.S. Department of Education, passed through Louisiana Department of Education.

**Condition:** Proper internal controls over disbursements require proper documentation to be obtained, the charge should be properly allocated based on documentation and all charges should be reasonable and necessary for the grants objectives.

Title I - When testing payroll disbursements it was noted that two employees were being underpaid by one step level. It was also noted that the Supervisor did not have a study of her time spent working on this grant. The Supervisor had a time certification stating the percent of time she worked on Title I was 30% but her payroll history did not agree with the time certification form paying her 8.4% from Title I.

Title I- When testing vendor disbursements the following items were noted:

- Late fee and sales tax paid on one check.
- Three disbursements either the invoice or purchase order was not approved. One disbursement the purchase order was dated three months after invoice.
- One disbursement was for equipment and was recorded as supplies and budgeted as supplies. The amount of this equipment was also mistyped in the budget.
- Computer tablets budgeted to Title IV were recorded as a Title I purchase.
- One invoice was paid for the incorrect amount.

Special Education - When testing payroll disbursements it was noted that the Supervisor did not have a study of her time spent working on this grant. The Supervisor had a time certification stating the percent of time she worked on Special Education was 30% but her payroll history did not agree with the time certification form paying her 34.4% from Special Education.

Special Education - When testing vendor disbursements the following items were noted:

- Early registration discount was not taken for conference as submitted by employee.
- An invoice was paid twice on one check.
- One disbursement was paid for purchase order amount and not invoice amount for items received.

**Corrective action planned:** Procedures are being implemented to ensure that all employees are being properly compensated according to schedules. Procedures are in place for vendor disbursements and educational in-services on following these procedures are conducted semi-annually. Special Education Supervisor and Payroll Clerk will collaborate on time spent per federal program and pay accordingly.

**Corrective Action Plan for Current Year Audit Findings and Questioned Costs (concluded)**

**Person responsible for corrective action:**

Theresa Thomas Telephone: (318) 559-2222  
East Carroll Parish School Board Fax: (318) 559-3864  
P. O. Box 792  
Lake Providence, LA 71254-0792

**Anticipated completion date:** June 30, 2020

**Reference # and title:**                **2019-005**                **Earmarking – Coordinated Early Intervening Services**

**CFDA#, Federal Award Title, Federal Agency, Federal Award # and Year, and the name of Pass-Through**

**Entity:** This finding relates to the Special Education Grants to States CFDA #84.027A for the Federal Award Year 2019, received from Federal Agency: U.S. Department of Education, passed through Louisiana Department of Education.

**Condition:** IDEA Sec. 300.646 (d) states that a local education agency must document that 15 percent of its IDEA Part B Funds were reserved and used to provide comprehensive early intervening services to address factors contributing to significant disproportionality.

Louisiana Department of Education identified East Carroll Parish as significantly disproportionate in the identification of intellectual disabilities of Black or African American with a risk ratio of 4. A plan was submitted by the School Board to address the factors contributing to the significantly disproportionality. Fifteen percent of IDEA Part B Funds were budgeted for the plan (\$40,048), but only \$25,969 was spent.

**Corrective action planned:** The plan submitted by the School Board will be followed.

**Person responsible for corrective action:**

Theresa Thomas Telephone: (318) 559-2222  
East Carroll Parish School Board Fax: (318) 559-3864  
P. O. Box 792  
Lake Providence, LA 71254-0792

**Anticipated completion date:** June 30, 2020

Respectfully submitted:



Theresa Thomas  
Business Manager



# ALLEN, GREEN & WILLIAMSON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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Austin Hogue, CPA  
Crystal Patterson, CPA  
Mallory Stone, CPA  
Audit Manager: Margie Williamson, CPA

Ernest L. Allen, CPA  
(Retired) 1963 - 2000

## Management Letter

Board Members  
East Carroll Parish School Board  
Lake Providence, Louisiana

In planning and performing our audit of the financial statements of the School Board for the year ended June 30, 2019, we considered the School Board's internal control to plan our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control.

However, during our audit, we noted certain matters involving internal control that is presented for your consideration. This letter does not affect our report dated March 31, 2020, on the financial statements of the School Board. We will review the status of these comments during our next audit engagement. Our comments and recommendations, which has been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendations. Our comments and management's responses are summarized as follows:

### **2019-M1**                      **Student Activity Fund**

**Comment:** When performing student activity fund testing at one school within the District, there was an exception noted where there was no evidence of receipt of goods or services for one payment. An exception was noted where the accounting distribution/classification was not correctly posted and an exception where an expenditure was not in accordance with the School Board's purchasing policy.

When testing fifteen student activity fund disbursements, there were six exceptions noted where there were not at least two employees involved in initiating a purchase request, approving a purchase and placing an order or there were not at least two employees involved in processing approving payments to vendors.

**Recommendation:** The School Board should continue to train school bookkeepers and secretaries on proper procedures for disbursements. Additionally, school bookkeepers and secretaries should ensure that all proper supporting documentation is retained and that disbursements are correctly posted in the general ledger.

**Management's response:** Management agrees with recommendations.

**2019-M2**

**Attendance Records**

**Comment:** Proper internal controls require that absences from an assigned position be properly documented and reflected in the payroll records for each employee. Furthermore, proper supervisory approval should be obtained for daily attendance and leave.

In testing internal controls over compensated absences, the auditor was not provided with leave documentation for three of the fifteen employees tested. In testing one month of leave and attendance for five employees, it was noted that none the employee's attendance were approved by their supervisor and one employee was missing three days of attendance records.

**Recommendation:** School employees should document daily attendance and leave. The School Board should implement controls to obtain supervisory approval for attendance and leave records.


**Management's response:** Management agrees with recommendations.

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Our audit procedures are designed primarily to enable us to form opinions on the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board, as of and for the year ended June 30, 2019, which collectively comprise the School Board's basic financial statements, and therefore, may not reveal all weaknesses in policies and procedures that may exist.

Included in this letter are management's response to our current year management letter item. We have performed no audit work to verify the content of the responses.

This report is intended solely for the information and use of the Board and management and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of this letter may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.



ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana  
March 31, 2020

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**AGREED UPON PROCEDURES**



# ALLEN, GREEN & WILLIAMSON, LLP

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Audit Manager: Margie Williamson, CPA

Ernest L. Allen, CPA  
(Retired) 1963 - 2000

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING STATEWIDE AGREED-UPON PROCEDURES

Board Members  
East Carroll Parish School Board  
Lake Providence, Louisiana

We have performed the procedures enumerated below, which were agreed to by the East Carroll Parish School Board and the Louisiana Legislative Auditor (LLA), on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the period April 1, 2018 through March 31, 2019. The School Board's management is responsible for the control and compliance areas identified in these Statewide Agreed-Upon Procedures. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

### Written Policies and Procedures

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

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics** including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

**Comment:** When viewing the applicable written policies and procedures for the required elements, the following exceptions were noted:

- **Contracting** – there are no written policies and procedures noted over (1) types of services requiring written contracts, (2) standard term and conditions, (3) legal review, (4) approval process, and (5) monitoring.
- **Debt Service** – there are no written policies and procedures noted over (3) debt reserves requirements and (4) debt service requirements.
- **Disaster Recovery/Business Continuity** – there are no written policies and procedures noted over including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event

**Management's Response:** Policies are being reviewed and changes will be made accordingly.

### ***Board or Finance Committee***

---

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

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the General Fund. If the General Fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the General Fund.

**Comment:** No exceptions were noted as a result of applying the agreed upon procedures.

### ***Bank Reconciliations***

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

**Comment:** Four bank account reconciliations were reviewed by a member of management who does handle cash, post ledgers, or issue checks.

**Management's Response:** Management will reallocate duties performed by personnel as it relates to bank reconciliations.

### ***Collections***

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- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job

duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

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

**Comment:** At two of the five cash collection sites tested, the employee responsible for collecting the cash is also responsible for preparing the bank deposit slips, posting collection entries to the general ledger, and reconciling cash collections to the general ledger.

**Management’s Response:** Management will reassess duties of personnel as it pertains to cash collections.

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

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8. Obtain a listing of locations that process payments for the fiscal period and management’s representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
  - a) Observe that the disbursement matched the related original invoice/billing statement.
  - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

**Comment:** The School Board has four locations that process non-payroll disbursements, and all were tested. At all locations the employee who signs the checks gives the signed checks to an employee to mail who is responsible for processing payments.

At two locations, at least two employees were not involved in approving payments to vendors.

**Management's Response:** Procedures are in place with regards to processing disbursements and will be reinforced with personnel.

### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

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11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
  - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

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

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

**Comment:** Three of the five credit card statements tested had a finance charge assessed and two credit card statements had a late fee assessed.

**Management's Response:** Credit cards will be paid in a timely manner so as to not be assessed these fees.

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

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14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Comment:** Four exceptions were noted where a reimbursement was not supported by adequate documentation. Support for participation in the event for which the expense was incurred was not obtained and/or retained.

**Management's Response:** Procedures are in place and appropriate personnel will be responsible for ensuring procedures are followed at all times.

#### **Payroll and Personnel**

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15. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

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

**Comment:** Five employees were tested for payroll and personnel procedures. One employee did not document their daily attendance and leave. All five employees did not have supervisor approval on their attendance and leave.

**Management's Response:** Employees will be in-serviced on daily attendance and leave procedures. Procedures will be followed.

### ***Other***

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

**Comment:** The notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds was not posted on the premises.

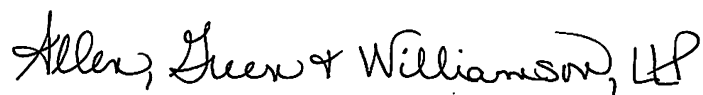
**Management's Response:** The premises poster had been removed for office décor maintenance and was erroneously not replaced after completion of said maintenance. Poster has been replaced and is in plain view.

\*\*\*\*\*



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

The purpose of this report is solely to describe the scope of testing performed on those control and compliance 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. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

A handwritten signature in black ink that reads "Allen, Green & Williamson, LLP". The signature is written in a cursive, flowing style.

Allen, Green & Williamson, LLP

Monroe, Louisiana  
March 31, 2020



# ALLEN, GREEN & WILLIAMSON, LLP

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(Retired) 1963 - 2000

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

Board Members  
East Carroll Parish School Board  
Lake Providence, Louisiana

We have performed the procedures enumerated below, which were agreed to by the East Carroll Parish School Board; the Louisiana Department of Education, and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of the East Carroll Parish School Board for the fiscal year ended June 30, 2019; and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) in compliance with Louisiana Revised Statute 24:514 I. Management of the School Board is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

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

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

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

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

### Class Size Characteristics (Schedule 2)

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

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

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

3. We obtained October 1<sup>st</sup> PEP data submitted to the Department of Education (or equivalent listing prepared by management), including full-time teachers, principals, and assistant principals by classification, as well as their level of education and experience, and obtained management's representation that the data/listing was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's education level and experience was properly classified on the PEP data or equivalent listing prepared by management.

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

Public School Staff Data: Average Salaries (NO SCHEDULE)

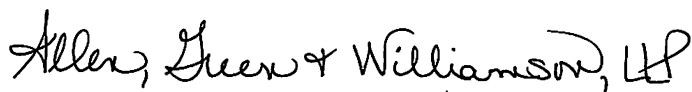
4. We obtained June 30<sup>th</sup> PEP data submitted to the Department of Education (or equivalent listing provided by management) of all classroom teachers, including base salary, extra compensation, and ROTC or rehired retiree status, as well as full-time equivalents, and obtained management's representation that the data/listing was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's salary, extra compensation, and full-time equivalents were properly included on the PEP data (or equivalent listing prepared by management).

**Comment:** Two exceptions noted where fund salaries are not pulling into the PEP report correctly.

**Management's Response:** Fund set up was not complete at the time of PEP reporting. Set up is now complete.

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 East Carroll Parish School Board, as required by Louisiana Revised Statute 24:514(I) and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.



ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana  
March 31, 2020

**EAST CARROLL PARISH SCHOOL BOARD**  
**Lake Providence, Louisiana**

**General Fund Instructional and Support Expenditures  
and Certain Local Revenue Sources  
For the Year Ended June 30, 2019**

	<b>Column A</b>	<b>Column B</b>
<b>Schedule 1</b>		
<b><u>General Fund Instructional and Equipment Expenditures</u></b>		
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$ 2,459,474	
Other Instructional Staff Activities	462,334	
Instructional Staff Employee Benefits	1,670,720	
Purchased Professional and Technical Services	214,059	
Instructional Materials and Supplies	169,399	
Instructional Equipment	<u>2,330</u>	
Total Teacher and Student Interaction Activities		\$ 4,978,316
Other Instructional Activities		25,371
Pupil Support Activities	554,040	
Less: Equipment for Pupil Support Activities	<u>-</u>	
Net Pupil Support Activities		554,040
Instructional Staff Services	372,191	
Less: Equipment for Instructional Staff Services	<u>-</u>	
Net Instructional Staff Services		372,191
School Administration		
Less: Equipment for School Administration	748,816	
Net School Administration	<u>-</u>	748,816
Total General Fund Instructional Expenditures (Total of Column B)		<u>6,678,734</u>
Total General Fund Equipment Expenditures (Object 730; Function Series 1000-4000)		<u>-</u>
<b><u>Certain Local Revenue Sources</u></b>		
Local Taxation Revenue:		
Constitutional Ad Valorem Taxes		366,941
Renewable Ad Valorem Tax		365,040
Debt Service Ad Valorem Tax		-
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes		57,924
Sales and Use Taxes		<u>-</u>
Total Local Taxation Revenue		<u>789,905</u>
Local Earnings on Investment in Real Property:		
Earnings from 16th Section Property		-
Earnings from Other Real Property		355,296
Total Local Earnings on Investment in Real Property		<u>355,296</u>
State Revenue in Lieu of Taxes:		
Revenue Sharing - Constitutional Tax		7,340
Revenue Sharing - Other Taxes		7,340
Revenue Sharing - Excess Portion		-
Other Revenue in Lieu of Taxes		<u>-</u>
Total State Revenue in Lieu of Taxes		<u>14,680</u>
Nonpublic Textbook Revenue		<u>3,685</u>
Nonpublic Transportation Revenue		<u>\$ -</u>

**EAST CARROLL PARISH SCHOOL BOARD**  
**Lake Providence, Louisiana**

**Class Size Characteristics**  
**As of October 1, 2018**

**Schedule 2**

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	10.20%	13	89.80%	114	0.00%	0	0.00%	0
Elementary Activity Classes	5.60%	1	94.40%	17	0.00%	0	0.00%	0
Middle/Jr. High	51.30%	40	34.60%	27	14.10%	11	0.00%	0
Middle/Jr. High Activity Classes	61.50%	8	15.40%	2	23.10%	3	0.00%	0
High	83.70%	108	13.20%	17	3.10%	4	0.00%	0
High Activity Classes	77.30%	17	9.10%	2	9.10%	2	4.50%	1
Combination	0.00%	0	0.00%	0	0.00%	0	0.00%	0
Combination Activity Classes	0.00%	0	0.00%	0	0.00%	0	0.00%	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.