

ALLEN PARISH SCHOOL BOARD

Oberlin, Louisiana

Financial Report

Year Ended June 30, 2019

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INDEPENDENT AUDITOR'S REPORT

Mr. Kent Reed, Superintendent,
and Members of the Allen Parish School Board
Oberlin, 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 Allen Parish School Board (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 Allen 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information, schedule of changes in total OPEB liability and related ratios, schedule of employer's share of net pension liability, and schedule of employer contributions on pages 56-64 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.

The School Board has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Board's basic financial statements. The combining nonmajor and fiduciary funds financial statements included in other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining nonmajor and fiduciary funds financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor and fiduciary funds financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The prior year comparative information included in the required supplementary information has been derived from the School Board's 2018 financial statements. The information has been subjected to the auditing procedures applied in the audit of those 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 and, in our opinion, was fairly presented, in all material respects, in relation to the basic financial statements from which they have been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2019, on our consideration of the School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Board's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Oberlin, Louisiana
October 28, 2019

BASIC FINANCIAL STATEMENTS

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

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Statement of Net Position
Governmental Activities
June 30, 2019

| ASSETS | | |
|---------------------------------------|--|--------------------------------|
| Cash and interest-bearing deposits | | \$ 15,077,348 |
| Investments | | 18,247,970 |
| Receivables | | 835,294 |
| Due from other governmental agencies | | 1,692,588 |
| Prepaid insurance | | 370,474 |
| Inventories, at cost | | 56,005 |
| Capital assets: | | |
| Land and construction in progress | | 8,426,483 |
| Capital assets, net | | <u>24,595,354</u> |
| Total assets | | <u>69,301,516</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred loss on bond refunding | | 218,672 |
| Pension plans | | 10,158,850 |
| OPEB | | <u>14,403,450</u> |
| Total deferred outflows of resources | | <u>24,780,972</u> |
| LIABILITIES | | |
| Accounts, salaries and other payables | | 6,597,330 |
| Interest payable | | 151,706 |
| Long-term liabilities: | | |
| Due within one year | | 1,305,000 |
| Due in more than one year | | 27,081,329 |
| OPEB liability | | 112,534,071 |
| Net pension liability | | <u>52,748,809</u> |
| Total liabilities | | <u>200,418,245</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Pension plans | | <u>9,063,482</u> |
| NET POSITION | | |
| Net investment in capital assets | | 15,113,719 |
| Restricted for: | | |
| Debt service | | 1,226,762 |
| Capital projects | | 10,033,735 |
| Salaries and related benefits | | 3,293,526 |
| Unrestricted (deficit) | | <u>(145,066,981)</u> |
| Total net position | | <u><u>\$ (115,399,239)</u></u> |

The accompanying notes are an integral part of the basic financial statements.

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Statement of Activities
Year Ended June 30, 2019

| Functions/Programs | Expenses | Program Revenues | | Net (Expense) Revenue and Changes in Net Position Governmental Activities |
|---|---------------|-------------------------|--|---|
| | | Charges for Services | Operating Grants and Contributions | |
| Governmental activities: | | | | |
| Instruction: | | | | |
| Regular programs | \$23,047,025 | \$ - | \$ 2,032,873 | \$ (21,014,152) |
| Special education programs | 3,680,562 | - | 398,033 | (3,282,529) |
| Vocational education programs | 1,457,455 | - | 76,585 | (1,380,870) |
| Other instructional programs | 253,187 | - | 34,786 | (218,401) |
| Special programs | 1,828,202 | - | 1,112,436 | (715,766) |
| Support services: | | | | |
| Pupil support | 3,010,502 | - | 441,547 | (2,568,955) |
| Instructional staff support | 2,934,387 | - | 1,211,936 | (1,722,451) |
| General administration | 1,231,327 | - | 18,985 | (1,212,342) |
| School administration | 4,592,386 | - | 58,317 | (4,534,069) |
| Business services | 363,745 | - | 5,857 | (357,888) |
| Plant services | 4,526,216 | - | 62,863 | (4,463,353) |
| Student transportation services | 3,605,459 | - | 57,393 | (3,548,066) |
| Central services | 98,311 | - | 1,974 | (96,337) |
| Non-instructional services: | | | | |
| Food services | 2,955,034 | 185,868 | 1,721,421 | (1,047,745) |
| Community service operations | 30,768 | - | 606 | (30,162) |
| Facilities acquisition and construction | 200,656 | - | - | (200,656) |
| Interest on long-term debt | 503,104 | - | 3,589 | (499,515) |
| Total governmental activities | \$ 54,318,326 | \$ 185,868 | \$ 7,239,202 | (46,893,256) |
| General revenues: | | | | |
| Taxes: | | | | |
| Ad valorem taxes, levied for general purposes | | | | 3,674,571 |
| Ad valorem taxes, levied for debt service | | | | 1,749,359 |
| Sales and use taxes, levied for general purposes | | | | 7,116,433 |
| Grants and contributions not restricted to specific programs: | | | | |
| State source - Minimum Foundation Program | | | | 29,807,840 |
| State source - PIPS | | | | 7,078 |
| State revenue sharing | | | | 86,739 |
| Interest and investment earnings | | | | 328,144 |
| Miscellaneous | | | | 3,064,758 |
| Special item - gain on sale of asset | | | | 1,150 |
| Total general revenues | | | | 45,836,072 |
| Change in net position | | | | (1,057,184) |
| Net position - July 1, 2018 | | | | (114,342,055) |
| Net position - June 30, 2019 | | | | \$ (115,399,239) |

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

MAJOR FUNDS DESCRIPTIONS

General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Coushatta Tribe of Louisiana Community Grant Fund

The Coushatta Tribe of Louisiana Community Grant Fund accounts for grant revenues received from the Coushatta Tribe of Louisiana.

Title I - Improving America's Schools

TITLE I - IMPROVING AMERICA'S SCHOOLS is a program for economically and educationally deprived school children that is federally financed, state-administered, and locally operated by the School Board. The Title I Fund accounts for the federal monies received. The Title I services are provided through various projects that are designed to meet the special needs of educationally deprived children. The activities supplement, rather than replace, state and locally mandated activities.

Special Education

The Special Education Fund accounts for federal monies provided to extend and improve comprehensive educational programs for handicapped children and to provide a free, appropriate public education in the least restrictive environment to handicapped children.

School District No. 25 Capital Project Fund

The capital project fund is used to account for district-wide construction and improvements of public school facilities. Financing is provided by the proceeds from the sale of general obligation bonds.

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Balance Sheet - Governmental Funds
June 30, 2019

| ASSETS | General Fund | Coushatta Tribe of Louisiana Community Grant Fund | Improving America's Schools Act Title I | Special Education | District 25 Capital Projects | Other Governmental Funds | Total |
|--------------------------------------|----------------------|--|--|----------------------|------------------------------------|--------------------------------|----------------------|
| Cash and interest-bearing deposits | \$ 8,687,925 | \$ 1,614,420 | \$ - | \$ - | \$ 40,276 | \$ 4,734,727 | \$ 15,077,348 |
| Investments | 8,352,238 | - | - | - | 9,895,732 | - | 18,247,970 |
| Receivables - | | | | | | | |
| Due from other funds | 1,296,093 | - | - | - | - | 704,734 | 2,000,827 |
| Due from other governmental agencies | 314,632 | 244,476 | 428,413 | 585,578 | - | 119,489 | 1,692,588 |
| Other | 215,557 | - | - | - | - | 619,737 | 835,294 |
| Prepaid insurance | 370,474 | - | - | - | - | - | 370,474 |
| Inventories, at cost | - | - | - | - | - | 56,005 | 56,005 |
| Total assets | <u>\$ 19,236,919</u> | <u>\$ 1,858,896</u> | <u>\$ 428,413</u> | <u>\$ 585,578</u> | <u>\$ 9,936,008</u> | <u>\$ 6,234,692</u> | <u>\$ 38,280,506</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable | \$ 89,952 | \$ - | \$ - | \$ - | \$ 67,801 | \$ 114,190 | \$ 271,943 |
| Accrued salaries payable | 5,237,266 | - | 87,845 | 78,009 | - | 128,669 | 5,531,789 |
| Claims payable | 292,118 | - | - | - | - | - | 292,118 |
| Contract's payable | - | - | - | - | - | 181,673 | 181,673 |
| Retainage payable | - | - | - | - | - | 319,807 | 319,807 |
| Due to other funds | 700,800 | 106,296 | 340,568 | 507,569 | - | 345,594 | 2,000,827 |
| Total liabilities | <u>6,320,136</u> | <u>106,296</u> | <u>428,413</u> | <u>585,578</u> | <u>67,801</u> | <u>1,089,933</u> | <u>8,598,157</u> |
| Fund balances: | | | | | | | |
| Nonspendable | 370,474 | - | - | - | - | 56,005 | 426,479 |
| Restricted | 3,293,526 | - | - | - | 9,868,207 | 1,543,996 | 14,705,729 |
| Committed | 292,118 | 1,752,600 | - | - | - | 3,544,758 | 5,589,476 |
| Unassigned | 8,960,665 | - | - | - | - | - | 8,960,665 |
| Total fund balances | <u>12,916,783</u> | <u>1,752,600</u> | <u>-</u> | <u>-</u> | <u>9,868,207</u> | <u>5,144,759</u> | <u>29,682,349</u> |
| Total liabilities and fund balances | <u>\$ 19,236,919</u> | <u>\$ 1,858,896</u> | <u>\$ 428,413</u> | <u>\$ 585,578</u> | <u>\$ 9,936,008</u> | <u>\$ 6,234,692</u> | <u>\$ 38,280,506</u> |

The accompanying notes are an integral part of the basic financial statements.

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

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

| | | |
|--|---------------------|-------------------------|
| Total fund balances for governmental funds at June 30, 2019 | | \$ 29,682,349 |
| Total net position reported for governmental activities in the statement of net position is different because: | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of: | | |
| Cost of capital assets at June 30, 2019 | \$ 79,153,755 | |
| Less: Accumulated depreciation as of June 30, 2019: | | |
| Buildings | (43,008,508) | |
| Movable property | <u>(3,123,410)</u> | 33,021,837 |
| The difference between the net carrying amount of refunded debt and the cost of refunding are deferred and amortized in the statement of net position, however these amounts are not reported at the fund level. | | |
| | | 218,672 |
| Deferred outflows of resources are not available resources, and therefore, are not reported in the funds: | | |
| Pension plans | 10,158,850 | |
| OPEB | <u>14,403,450</u> | 24,562,300 |
| Some liabilities are not due and payable from current financial resources and, therefore are not reported in the funds. These liabilities consist of the following: | | |
| Bonds payable | \$ (27,655,184) | |
| Compensated absences payable | (731,145) | |
| Accrued interest payable | (151,706) | |
| OPEB liability | (112,534,071) | |
| Net pension liability | <u>(52,748,809)</u> | (193,820,915) |
| Deferred inflows of resources are not payable from current expendable resources, and therefore, are not reported in the funds: | | |
| Pension plans | | <u>(9,063,482)</u> |
| Net position at June 30, 2019 | | <u>\$ (115,399,239)</u> |

The accompanying notes are an integral part of the basic financial statements.

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance:
Year Ended June 30, 2019

| | General Fund | Coushatta Tribe of Louisiana Community Grant Fund | Improving America's Schools Act Title I | Special Education | District 25 Capital Projects | Other Governmental Funds | Total |
|--|-----------------|--|--|----------------------|---------------------------------|--------------------------------|---------------|
| REVENUES | | | | | | | |
| Parish sources: | | | | | | | |
| Ad valorem taxes | \$ 1,270,982 | \$ - | \$ - | \$ - | \$ - | \$ 4,152,948 | \$ 5,423,930 |
| Sales taxes | 7,116,433 | - | - | - | - | - | 7,116,433 |
| Other | 1,139,346 | 996,799 | - | - | 2,649 | 208,764 | 2,347,558 |
| Total parish sources | 9,526,761 | 996,799 | - | - | 2,649 | 4,361,712 | 14,887,921 |
| State sources | 30,170,390 | - | - | - | - | 534,801 | 30,705,191 |
| Federal sources | 25,500 | - | 1,306,216 | 2,004,365 | - | 2,097,352 | 5,433,433 |
| Total revenues | 39,722,651 | 996,799 | 1,306,216 | 2,004,365 | 2,649 | 6,993,865 | 51,026,545 |
| EXPENDITURES | | | | | | | |
| Current: | | | | | | | |
| Instruction - | | | | | | | |
| Regular programs | 19,622,048 | - | 222,556 | 180,660 | - | 274,331 | 20,299,595 |
| Special education programs | 2,952,817 | - | - | 328,250 | - | - | 3,281,067 |
| Vocational education programs | 1,231,980 | - | - | 51,354 | - | - | 1,283,334 |
| Other instructional programs | 209,649 | - | - | - | - | 1,759 | 211,408 |
| Special programs | 754,522 | - | 678,798 | 364,315 | - | - | 1,797,635 |
| Support services - | | | | | | | |
| Pupil support services | 2,321,121 | - | - | 337,274 | - | 42,419 | 2,700,814 |
| Instructional staff support services | 1,705,022 | - | 336,890 | 648,773 | - | 88,383 | 2,779,068 |
| General administration | 1,234,258 | - | - | - | 2,259 | 137,721 | 1,374,238 |
| School administration | 3,184,392 | - | - | - | - | 682,491 | 3,866,883 |
| Business services | 313,855 | - | - | - | - | - | 313,855 |
| Operation and maintenance of plant services | 3,347,594 | - | - | - | - | 807,742 | 4,155,336 |
| Student transportation services | 3,097,128 | - | - | - | - | 94,442 | 3,191,570 |
| Central services | 107,316 | - | - | - | - | - | 107,316 |
| Non-instructional services - | | | | | | | |
| Food services | - | - | - | - | - | 2,593,494 | 2,593,494 |
| Community service operations | 30,768 | - | - | - | - | - | 30,768 |
| Facilities acquisition and construction | - | - | - | - | 200,656 | 5,024,121 | 5,224,777 |
| Debt service: | | | | | | | |
| Principal retirement | 180,000 | - | - | - | - | 1,140,000 | 1,320,000 |
| Interest and fiscal charges | 2,160 | - | - | - | - | 485,907 | 488,067 |
| Total expenditures | 40,294,630 | - | 1,238,244 | 1,910,626 | 202,915 | 11,372,810 | 55,019,225 |
| Excess (deficiency) of revenues over expenditures | (571,979) | 996,799 | 67,972 | 93,739 | (200,266) | (4,378,945) | (3,992,680) |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Issuance of debt | - | - | - | - | 8,825,000 | - | 8,825,000 |
| Bond premium | - | - | - | - | 1,170,184 | - | 1,170,184 |
| Insurance proceeds | - | - | - | - | - | 2,234,597 | 2,234,597 |
| Transfers in | 1,282,517 | - | - | - | - | 298,678 | 1,581,195 |
| Transfers out | (350,060) | (1,049,833) | (67,972) | (93,739) | - | (19,591) | (1,581,195) |
| Total other financing sources (uses) | 932,457 | (1,049,833) | (67,972) | (93,739) | 9,995,184 | 2,513,684 | 12,229,781 |
| Net change in fund balances | 360,478 | (53,034) | - | - | 9,794,918 | (1,865,261) | 8,237,101 |
| FUND BALANCES, BEGINNING | 12,556,305 | 1,805,634 | - | - | 73,289 | 7,010,020 | 21,445,248 |
| FUND BALANCES, ENDING | \$ 12,916,783 | \$ 1,752,600 | \$ - | \$ - | \$ 9,868,207 | \$ 5,144,759 | \$ 29,682,349 |

The accompanying notes are an integral part of the basic financial statements.

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2019

Total net change in fund balances for year ended June 30, 2019 per the statement of revenues, expenditures and changes in fund balances \$ 8,237,101

The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report facilities acquisition and construction costs as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

| | | |
|---|--------------------|-----------|
| Facilities acquisition and construction costs which are considered an expenditure on the statement of revenues, expenditures and changes in fund balances | \$ 5,177,854 | |
| Depreciation expense for the year ended June 30, 2019 | <u>(1,061,466)</u> | 4,116,388 |

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities over multiple periods.

| | | |
|---|------------------|-------------|
| Proceeds from issuance of debt received | (8,825,000) | |
| Original issue premium on debt issued | (1,170,184) | |
| Repayment of long-term debt | <u>1,320,000</u> | (8,675,184) |

Some long-term liabilities are not recognized at the fund level because they do not represent a claim on current financial resources. Expenses at the government-wide level are recognized when these liabilities are incurred, while expenditures are recognized at the fund level when cash payments are made. The amounts below represent the difference between the expenses incurred at the government-wide level and the current financial resources expended at the fund level.

| | | |
|------------------------------|------------------|--------------------|
| Compensated absences payable | (18,028) | |
| Accrued interest payable | (15,037) | |
| OPEB liability | (8,757,225) | |
| Net pension liability | <u>4,054,801</u> | <u>(4,735,489)</u> |

Total change in net position for year ended June 30, 2019 per the statement of activities \$ (1,057,184)

The accompanying notes are an integral part of the basic financial statements.

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Statement of Fiduciary Net Position
June 30, 2019

| | <u>Agency Funds</u> |
|------------------------------------|---------------------|
| ASSETS | |
| Cash and interest-bearing deposits | \$ 1,115,462 |
| Investments | <u>16,806</u> |
| Total assets | <u>\$ 1,132,268</u> |
| LIABILITIES | |
| Due to other governmental units | \$ 423,065 |
| School activity funds payable | <u>709,203</u> |
| Total liabilities | <u>\$ 1,132,268</u> |

The accompanying notes are an integral part of the basic financial statements.

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Notes to the Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Allen Parish School Board (School Board) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

The School Board was created by Louisiana Revised Statute (LRS-R.S.) 17:51 to provide public education for the children within Allen Parish. The School Board is authorized by LRS-R.S. 17:81 to establish policies and regulations for its own government consistent with the laws of the State of Louisiana and the regulations of the Louisiana Board of Elementary and Secondary Education. The School Board is comprised of seven members who are elected from seven districts for terms of four years.

The School Board operates twelve schools within the parish with a total enrollment of 4,271 pupils for the year ended June 30, 2019, based on the October 2018 official MFP student count. In conjunction with the regular educational programs, some of these schools offer special education and/or adult education programs. In addition, the School Board provides transportation and school food services for the students.

For financial reporting purposes, the School Board includes all funds and activities for which the School Board exercises financial accountability. Because the School Board members are independently elected and are solely accountable for fiscal matters, which include (1) budget authority, (2) responsibility for funding deficits and operating deficiencies, and (3) fiscal management for controlling the collection and disbursement of funds, the School Board is a separate governmental reporting entity, primary government. The School Board has no component units nor is it a component unit of any other entity.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The government-wide financial statements provide operational accountability information for the School Board as an economic unit. The government-wide financial statements report the School Board's ability to maintain service levels and continue to meet its obligations as they come due. The statements include all governmental activities and business-type activities of the primary government. The School Board does not have any business-type activities. Fiduciary funds are omitted from the government-wide financial statements.

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

Fund Financial Statements

The accounts of the School Board are organized on the basis of funds, each of which is considered to be an independent fiscal and accounting entity. The operations of each fund are accounted for within separate sets of self-balancing accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, expenditures, and transfers.

Major funds are determined as funds whose revenues, expenditures, assets and deferred outflows of resources or liabilities and deferred inflows of resources are at least ten percent of the totals for all governmental funds or enterprise funds and at least five percent of the aggregate amount for all governmental and enterprise funds for the same item or funds designated as major at the discretion of the School Board. Funds not classified as a major fund are aggregated and presented in a single column in the fund financial statements. The School Board uses the following funds, grouped by fund type.

Governmental Funds –

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

General Fund –

The General Fund is the general operating fund of the School Board. All financial resources not accounted for in other funds are reported in the General Fund.

Special Revenue Funds –

Special revenue funds are used to account for the proceeds of government grants or other specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects of the School Board. The following are the School Board's major Special Revenue Funds:

The Coushatta Tribe of Louisiana Community Grant fund accounts for grant revenues received from the Coushatta Tribe of Louisiana.

Chapter I Title I of the Improving America's Schools Act (IASA) is a program for economically and educationally deprived school children that is federally financed, state-administered, and locally operated by the School Board. The Title I Fund accounts for the federal monies received through this program. The Title I services are provided through various projects that are designed to meet the special needs of educationally deprived children. The activities supplement, rather than replace, state and locally mandated activities.

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

The Special Education Fund accounts for federal and state monies provided to extend and improve comprehensive educational programs for handicapped children and to provide a free, appropriate public education in the least restrictive environment to handicapped children.

Debt Service Funds

Debt service funds, established to meet requirements of bond ordinances, are used to account for and report resources that are restricted, committed, or assigned to expenditures for the payment of long-term debt principal, interest, and related costs. The School Board has no major debt service funds.

Capital Projects Funds

Capital projects funds are used to report resources that are restricted, committed, or assigned to expenditure for major capital acquisition and construction separately from ongoing operational activities. The School Board has one major capital projects fund, its School District No. 25 Capital Projects Fund.

The School District No. 25 Capital Projects Fund accounts for financial resources received and used for district-wide construction and improvements of public-school facilities.

Fiduciary Funds –

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of other funds within the School Board. The funds accounted for in this category by the School Board are agency funds. The agency funds of the School Board are as follows:

The School Activity Fund accounts for assets held by the School Board as an agent for the individual schools and school organizations.

The Sales Tax Collection Fund accounts for monies collected on behalf of other taxing authorities within the parish.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The measurement focus determines the accounting and financial reporting treatment applied to a fund. The governmental activities within the government-wide statement of net position and statement of activities are presented using the economic resources measurement focus. The economic resources measurement focus meets the accounting objectives of determining net income, net position, and cash flows.

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

The fund financial statements use either the current financial resources measurement focus or the economic resources measurement focus as appropriate. Governmental funds use the current financial resources measurement focus. This measurement focus is based upon the receipt and disbursement of current available financial resources rather than upon net income.

The accrual basis of accounting is used throughout the government-wide statements; conversely, the financial statements of the governmental funds have been prepared in accordance with the modified accrual basis of accounting, whereby revenues are recognized when considered both measurable and available to finance expenditure of the current period. For this purpose, the School Board considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. An exception to this is grant revenue collected on a reimbursement basis. Those reimbursable grants are recognized as revenue when reimbursable expenditures are made. The School Board considers reimbursement amounts received within one year as available. The School Board accrues ad valorem taxes, sales and use taxes, federal and state grants, and investment income based upon this concept. Expenditures generally are recognized when the related fund liabilities are incurred and become payable in the current period. Proceeds of debt are reported as other financing sources, and principal and interest on long-term debt, as well as expenditures related to compensated absences and claims and judgments, are recorded as expenditures when paid.

Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized in the period in which the expenditures are recorded. All other revenue items are considered to be measurable and available only when cash is received by the School Board. Transfers between governmental funds are recorded when the related liability is incurred. These transfers do not represent revenues (expenditures) to the School Board and are, therefore, reported as other financing sources (uses) in the governmental fund financial statements.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentations. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The financial statements of the fiduciary funds have been prepared in accordance with the accrual basis of accounting. Accordingly, revenues are recorded when earned, and expenses and related liabilities are recorded when incurred.

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity

Cash and interest-bearing deposits

For purposes of the statement of net position, cash and interest-bearing deposits include all demand deposits, money market accounts, and time deposits of the School Board, which are stated at cost.

Investments

Under state law the School Board may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The School Board may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool (LAMP), a nonprofit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. Investments are stated at fair value.

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Short-term interfund loans (current portion) are reported as ‘interfund receivables and payables.’ Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. The majority of this balance is comprised of ad valorem taxes, sales and use taxes and federal and state grants.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2019 are recorded as prepaid items.

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

Inventories

The cost of inventories is recorded as expenses when consumed on the government-wide financial statements and some inventories are reported as expenditures when purchased on the fund financial statements. Reserves are established for an amount equal to the carrying value of inventories.

Inventory of the School Food Service Special Revenue Fund consists of food purchased by the School Board and commodities granted by the United States Food and Consumer Service through the Louisiana Department of Agriculture. The commodities are recorded as revenues and expenditures when consumed. All inventory items purchased are valued at cost (first-in, first-out), and donated commodities are assigned values based on information provided by the United States Department of Agriculture.

Capital Assets

Capital assets, which include property, plant, and equipment assets, are reported in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at acquisition value at the date of donation. The School Board maintains a threshold level of \$5,000 or more for capitalizing capital assets.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. Land and construction in progress are not depreciated. The range of estimated useful lives by type of asset is as follows:

| | |
|----------------------------|--------------|
| Vehicles | 5 years |
| Equipment | 5 - 10 years |
| Buildings and improvements | 40 years |

In the fund financial statements, the acquisition of capital assets used in governmental fund operations are accounted for as expenditures of the governmental funds upon acquisition.

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

The School Board does not possess any material amounts of infrastructure capital assets, such as sidewalks and parking lots. Such items are considered to be part of the cost of buildings and improvements. In the future, if such items are built or constructed, and appear to be material in cost compared to all capital assets, they will be capitalized and depreciated over their estimated useful lives in the same manner as all other depreciable capital assets.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period 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. The first item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is the deferred outflow of resources attributable to its pension plans. The School Board reported deferred outflows of resources totaling \$24,780,972 at June 30, 2019.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The School Board has only one item that qualifies for reporting in this category, the deferred inflow of resources attributable to its pension plans. The School Board reported deferred inflows of resources totaling \$9,063,482 at June 30, 2019.

Compensated Absences

All 12-month employees in the central office earn from 12 to 18 days of vacation leave each year, depending on their length of service with the School Board. Vacation leave is credited at the end of each calendar month; however, no employee is permitted to use, during the course of a fiscal year, more consecutive days than may be earned during that period. No payment of accumulated vacation leave is made upon resignation but may be made at retirement. All 12-month school personnel earn up to eighteen days of vacation leave each year, which may be accumulated up to a maximum of thirty-six days.

Sabbatical leave may be granted for medical leave with doctor's certification and for professional and cultural improvement. Any employee with a teaching certificate is entitled, subject to approval by the School Board, to one semester of sabbatical leave after three years of continuous service or two semesters of sabbatical leave after six or more years of continuous service. Due to its restrictive nature, sabbatical leave benefits are recorded as expenditures in the period taken and no liability is recorded in advance of the sabbatical.

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

For fund financial statements, vested or accumulated sick leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a current fund liability of the governmental fund that will pay it. In the government-wide statements, amounts of vested or accumulated sick leave that are not expected to be liquidated with expendable available financial resources are recorded as noncurrent liabilities.

No liability is recorded for non-vesting accumulating rights to receive vacation pay. A liability has been recorded for up to 25 days of accumulated sick leave for those employees eligible for retirement as of June 30, 2019.

At June 30, 2019, employees of the School Board have accumulated and vested \$731,145 of compensated absence benefits payable.

Long-term debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. Since the School Board does not have a proprietary fund, all School Board long-term debt is used in governmental fund operations.

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of general obligation bonds.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources net of the applicable premium or discount and payment of principal and interest reported as expenditures. For government-wide reporting, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Equity Classifications

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

- a. Net investment in capital assets consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgage notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

- b. Restricted net position consists of net position with constraints placed on the use either by external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or law through constitutional provisions or enabling legislation. It is the School Board's policy to use restricted net position prior to the use of unrestricted net position when both restricted and unrestricted net position are available for an expense which has been incurred.
- c. Unrestricted net position consists of all other assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of "restricted" or "net investment in capital assets."

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily upon the extent to which the School Board is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The categories and their purposes are:

- a. Nonspendable includes fund balance amounts that cannot be spent either because they are in nonspendable form or because of legal or contractual constraints requiring they remain intact. The School Board's nonspendable fund balance includes inventories and prepaid items.
- b. Restricted includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, grantors, contributors or amounts constrained due to constitutional provisions or enabling legislation or the laws or regulations of other governments.
- c. Committed includes fund balance amounts that are constrained for specific purposes that are internally imposed by the School Board through formal legislative action of the School Board and do not lapse at year end. A committed fund balance constraint can only be established, modified or rescinded by passage of a resolution by the School Board.
- d. Assigned includes fund balance amounts that are constrained by the School Board's intent to be used for specific purposes, that are neither restricted nor committed. The assignment of fund balance is authorized by a directive approved by the School Board's finance committee.

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

- e. Unassigned includes fund balance amounts which have not been classified within the above-mentioned categories.

It is the School Board's policy to use restricted amounts first when both restricted and unrestricted fund balance is available unless prohibited by legal or contractual provisions. Additionally, the School Board uses committed, assigned, and lastly, unassigned amounts of fund balance in that order when expenditures are made unless Board members or the finance committee has provided otherwise in its commitment or assignment actions.

As of June 30, 2019, fund balances are comprised of the following:

| | General Fund | Coushatta Tribe of Louisiana Community Grant Fund | School District No. 25 Capital Projects Fund | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|--|---|--------------------------------|--------------------------------|
| Nonspendable: | | | | | |
| Inventories | \$ - | \$ - | \$ - | \$ 56,005 | \$ 56,005 |
| Prepaid items | 370,474 | - | - | - | 370,474 |
| Restricted: | | | | | |
| Debt retirement | - | - | - | 1,378,468 | 1,378,468 |
| Sales tax for salaries and benefits | 3,293,526 | - | - | - | 3,293,526 |
| Capital expenditures | - | - | 9,868,207 | 165,528 | 10,033,735 |
| Committed: | | | | | |
| Worker's compensation For subsequent years expenditures | 292,118 | - | - | - | 292,118 |
| Unassigned | - | 1,752,600 | - | 3,544,758 | 5,297,358 |
| | <u>8,960,665</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>8,960,665</u> |
| Total fund balances | <u>\$ 12,916,783</u> | <u>\$ 1,752,600</u> | <u>\$ 9,868,207</u> | <u>\$ 5,144,759</u> | <u>\$ 29,682,349</u> |

E. Revenues, Expenditures and Expenses

Revenues

The School Board considers revenue to be susceptible to accrual in the governmental funds as it becomes measurable and available, as defined under the modified accrual basis of accounting. The School Board generally defines the availability period for revenue recognition as received within sixty (60) days of year end. The School Board's major revenue sources that meet this availability criterion are ad valorem taxes, sales and use taxes, and federal and state grants.

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

There are three classifications are programmatic revenues for the School Board, program specific grant and contributions revenue (operating and capital) and charges for services. Grant revenues are revenues from federal, state and private grants. These revenues are recognized when all applicable eligibility requirements are met and reported as intergovernmental revenues. Charges for services are revenues derived directly from the program itself or from parties outside of the School Board's taxpayers as a whole. Program revenues reduce the cost of the function to be financed from the School Board's general revenues. The primary source of program revenues is grant revenues.

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

Ad valorem taxes are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed in November, by the Parish Assessor, based on the assessed value and become due on December 31 of each year. The taxes become delinquent on January 1. An enforceable lien attaches to the property as of January 1. The taxes are generally collected in December, January, and February of the fiscal year. Property tax revenues are recognized when levied to the extent that they result in current receivables. Such amounts are measurable and available to finance current operations.

Interest income is recorded as earned in the fund holding the interest-bearing assets. Revenues from rentals, leases, and royalties are recorded when earned. Sales and use tax revenues are recorded in the month collected by the School Board.

Substantially all other revenues are recorded when received.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function. In the fund financial statements, expenditures are classified by character. In the fund financial statements, governmental funds report expenditure of financial resources whereas the government-wide financial statements report expenses related to the use of economic resources.

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. Indirect expenses of other functions are not allocated to those functions but are reported separately in the statement of activities. Depreciation expense is specifically identified by function and is included in direct expenses of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the statement of activities.

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

Salaries are recorded as expenditures when incurred. Nine-month employee salaries are incurred over a nine-month period but paid over a twelve-month period. Compensated absences are recognized as expenditures when leave is actually taken or when employees (or heirs) are paid for accrued leave upon retirement or death.

Commitments under construction contracts are recognized as expenditures when earned by the contractor. Principal and interest on long-term obligations are not recognized until due.

All other expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

Other Financing Sources (Uses)

Other types of transactions such as capital lease transactions, sales of capital assets, debt extinguishments, long-term debt proceeds, et cetera, are accounted for as other financing source (uses) in the fund financial statements. These other financing sources (uses) are recognized at the time the underlying event occurs.

F. Revenue Restrictions

The School Board has various restrictions/assignments placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

| <u>Revenue Source</u> | <u>Legal Restrictions/Assignments on Use</u> |
|-----------------------|--|
| Sales taxes | See Note 6 |
| Ad valorem taxes | See Note 4 |

G. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, expenditures, and expenses during the reported period. Actual results could differ from those estimates.

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

(2) Cash and Interest-bearing Deposits

Under state law, the School Board may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The School Board may invest in direct obligations of the United States government, bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies and/or the United States government, and time certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2019, the School Board had cash and interest-bearing deposits (book balances) totaling \$16,192,810 as follows:

| | Governmental Activities | Fiduciary Funds | Total |
|--------------------------------|----------------------------|--------------------|---------------|
| Demand deposits | \$ 11,535,496 | \$ 1,115,462 | \$ 12,650,958 |
| Time and money market accounts | 3,541,852 | - | 3,541,852 |
| Total | \$ 15,077,348 | \$ 1,115,462 | \$ 16,192,810 |

Custodial credit risk is the risk that in the event of the failure of a depository financial institution, the School Board's deposits may not be recovered or the collateral securities that are in the possession of an outside party will not be recovered. These deposits are stated at cost, which approximates fair value. Under state law, deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. 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.

Deposit balances (bank balances) at June 30, 2019, are secured as follows:

| | |
|---------------------------|---------------|
| Bank balances | \$ 17,707,685 |
| Federal deposit insurance | \$ 1,199,606 |
| Pledged securities | 16,508,079 |
| Total | \$ 17,707,685 |

Deposits in the amount of \$16,508,079 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the School Board's name. The School Board does not have a policy for custodial credit risk.

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

(3) Investments

At June 30, 2019, the School Board had the following investments and maturities:

| <u>Investment Type</u> | <u>% of Portfolio</u> | <u>Fair Value</u> | <u>Less Than One Year</u> | <u>One - Five Years</u> |
|-------------------------------|-----------------------|----------------------|---------------------------|-------------------------|
| Governmental Activities - | | | | |
| Mutual Funds: | | | | |
| Fixed Income | 16.7% | \$ 3,042,872 | \$ - | \$ 3,042,872 |
| Money market | 0.1% | <u>22,053</u> | <u>22,053</u> | <u>-</u> |
| Total Mutual Funds | | 3,064,925 | 22,053 | 3,042,872 |
| State Investment Pool (LAMP) | 83.1% | <u>15,183,045</u> | <u>15,183,045</u> | <u>-</u> |
| Total Governmental Activities | | <u>\$ 18,247,970</u> | <u>\$ 15,205,098</u> | <u>\$ 3,042,872</u> |
| Fiduciary Funds - | | | | |
| State Investment Pool (LAMP) | <u>0.1%</u> | <u>16,806</u> | <u>16,806</u> | <u>-</u> |
| Total Fiduciary Funds | | <u>\$ 16,806</u> | <u>\$ 16,806</u> | <u>\$ -</u> |
| Total Investments | <u>100.0%</u> | <u>\$ 18,264,776</u> | <u>\$ 15,221,904</u> | <u>\$ 3,042,872</u> |

Interest Rate Risk – The School Board does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk/Concentration of Credit Risk – Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School Board limits investments to government securities that are direct and indirect obligations of the United States Government. More than 5% of the investments above are in fixed income government securities which are invested in Federal Farm Credit Bank and Federal Home Loan Mortgage Association. At June 30, 2019, investments with a fair value of \$3,042,872 were rated Aaa/AA+ by Standard & Poor's and the remaining investments with a fair value of \$22,053 were not rated.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of a counterparty, the School Board will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School Board requires all investments to be in the School Board's name and all ownership securities to be evidenced by an acceptable safekeeping receipt issued by a third-party financial institution which is acceptable to the School Board. Accordingly, the School Board had no custodial credit risk related to its investments at June 30, 2019.

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

The School Board participates in the Louisiana Asset Management Pool (LAMP). LAMP is an investment pool established as a cooperative endeavor to enable public entities of the State of Louisiana to aggregate funds for investment. LAMP is not registered with the Securities and Exchange Commission (SEC) as an investment company. LAMP is intended to improve administrative efficiency and increase yield of participating public entities. LAMP's portfolio securities are valued at market value even though amortized cost method is permitted by Rule 2a-7 of the Investment Company Act of 1940, as amended, which governs registered money market funds. Because LAMP is not a money market fund, it has no obligation to conform to this rule.

The investment in LAMP is not exposed to custodial credit risk and is not categorized in the three categories provided by GASB Codification Section I50.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. LAMP has a fund rating of AAA issued by Standard & Poor's. The fair value of investments is determined on a weekly basis by LAMP, and the fair value of the School Board's investment in LAMP is the same as the value of the pool shares.

(4) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. During the fiscal year ended June 30, 2019, taxes were levied by the School Board in September 2018 and were billed to taxpayers by the Assessor in November. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year. The taxes are based on assessed values determined by the Tax Assessor of Allen Parish and are collected by the Sheriff. The taxes are remitted to the School Board net of deductions for Pension Fund contributions.

For the year ended June 30, 2019, taxes were levied on property with net assessed valuations totaling \$101,668,685 and were dedicated as follows:

| | |
|---|-------------|
| Constitutional school tax - parish wide | 4.28 mills |
| Special school taxes: | |
| Special parish school | 5.15 mills |
| Maintenance taxes, by district: | |
| School district - | |
| Ward 1 Maintenance | 5.76 mills |
| No. 1 Maintenance | 23.75 mills |
| No. 3 Maintenance | 9.77 mills |
| No. 5 Maintenance | 7.62 mills |
| No. 25 Maintenance | 5.67 mills |

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

Bond and interest taxes, by district:

School district -

| | |
|---------------------|-------------|
| Ward 1 Sinking Fund | 19.50 mills |
| No. 3 Sinking Fund | 19.50 mills |
| No. 4 Sinking Fund | 27.50 mills |
| No. 5 Sinking Fund | 12.50 mills |
| No. 25 Sinking Fund | 18.50 mills |

Construction taxes, by district:

School district -

| | |
|---------------------|--------------|
| Ward 1 Construction | 14.29 mills |
| No. 1 Construction | 25.08 mills |
| No. 1 Construction | 42.58 mills |
| No. 3 Construction | 8.51 mills |
| No. 4 Construction | 23.62 mills |
| No. 4 Construction | 12.66 mills |
| No. 4 Construction | 12.07 mills |
| No. 5 Construction | 12.63 mills |
| No. 25 Construction | 7.60 mills |
| Total | 318.54 mills |

Gross taxes levied for the current fiscal year totaled \$5,252,517. After adjustments for various uncollectible taxes and collections of back taxes, net taxes remitted to the School Board amounted to \$5,423,930.

(5) Tax Abatements

The School Board is subject to tax abatements granted by the Louisiana Department of Economic Development. This program has the stated purpose of increasing business activity and employment in the Parish and the State. Under the program, companies commit to expand or maintain facilities or employment in the Parish, establish a new business in the Parish, or relocate an existing business to the Parish. Agreements include an abatement of ad valorem taxes for a period of 10 years from the initial assessment date. The School Board's ad valorem tax revenues were reduced by \$145,393 as a result of the tax abatement.

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

(6) Sales and Use Taxes

The School Board receives sales and use tax revenues from three sales and use tax levies, as follows:

- A. On September 12, 1967, the voters of the parish approved a one percent sales and use tax to be levied by the School Board for a period of ten years. On March 8, 2008, voters of the parish approved this levy for another ten years. (See Note 16A) The proceeds of the tax are used to supplement other revenues available to the School Board to pay salaries of teachers and the expenses of operating the public school of Allen Parish.
- B. On January 16, 1988, the voters of the parish approved a one percent sales and use tax to be levied by the School Board for a period of ten years. On April 21, 2012 voters of the parish approved this levy for another ten years. The proceeds of the tax are used to supplement other revenues available to the School Board to pay salaries of teachers and the expenses of operating the public schools of Allen Parish.
- C. On July 19, 2003, the voters of the parish approved an additional one percent sales and use tax to be levied by the School Board. The proceeds of the tax will be used exclusively for the purpose of supplementing the salaries and benefits of teachers and other school employees.
- D. On May 4, 2019, the voters of the parish approved a one percent sales and use tax to be levied by the School Board for a period of ten years effective July 1, 2019. The proceeds of the tax are used to supplement other revenues available to the School Board to pay salaries of teachers and the expenses of operating the public schools of Allen Parish.

The School Board is also authorized to collect sales taxes on behalf of the Allen Parish Policy Jury and other taxing authorities within Allen Parish. Sales tax revenues for the School Board (\$7,116,433 in 2019) are included in the revenues of the General Fund.

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

(7) School Board Collections on Behalf of Other Taxing Authorities (Cash Basis)

| | Total Collections | Collection Cost | Final Distribution |
|--|----------------------|--------------------|-----------------------|
| Allen Parish School Board #1 & #2 (2%) | \$ 4,146,220 | \$ - | \$ 4,146,220 |
| Allen Parish School Board #3 (1%) | 2,709,978 | - | 2,709,978 |
| Allen Parish Police Jury (.7%) | 1,896,982 | 37,940 | 1,859,042 |
| Town of Kinder (1%) | 556,313 | 11,127 | 545,186 |
| Town of Oberlin (1.3%) | 192,542 | 3,851 | 188,691 |
| Town of Elizabeth (1.3%) | 87,593 | 1,752 | 85,841 |
| City of Oakdale (1.3%) | 1,273,261 | 25,465 | 1,247,796 |
| Town of Kinder Library/Sewerage (.3%) | 166,894 | 3,338 | 163,556 |
| Allen Parish Occupancy Tax (1%) | 61,328 | 1,226 | 60,102 |
| Allen Parish Tourist Commission (3%) | 183,983 | 3,679 | 180,304 |
| Allen Parish Sheriff District (1%) | 2,709,966 | 54,199 | 2,655,767 |
| Village of Reeves (1%) | 56,475 | 1,130 | 55,345 |
| Totals | <u>\$ 14,041,535</u> | <u>\$ 143,707</u> | <u>\$ 13,897,828</u> |

(8) Due from Other Governmental Agencies

Due from other governmental agencies consisted of the following at June 30, 2019:

| | |
|--|---------------------|
| State of Louisiana, Department of Education for various appropriations and reimbursements | \$ 1,448,112 |
| Coushatta Tribe of Louisiana for Grant Revenue | <u>244,476</u> |
| | <u>\$ 1,692,588</u> |

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

(9) Capital Assets

Capital assets balances and activity for the year ended June 30, 2019 is as follows:

| | <u>Balance</u> <u>July 1, 2018</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30, 2019</u> |
|--|---------------------------------------|---------------------|------------------|--|
| Capital assets not being depreciated: | | | | |
| Land | \$ 545,641 | \$ - | \$ - | \$ 545,641 |
| Construction in progress | 2,856,721 | 5,024,121 | - | 7,880,842 |
| Other capital assets: | | | | |
| Vehicles | 1,455,292 | 94,442 | 25,750 | 1,523,984 |
| Equipment | 2,569,326 | 59,291 | 717,737 | 1,910,880 |
| Building and improvements | 67,292,408 | - | - | 67,292,408 |
| Total | <u>74,719,388</u> | <u>5,177,854</u> | <u>743,487</u> | <u>79,153,755</u> |
| Less accumulated depreciation: | | | | |
| Vehicles | 1,344,319 | 75,999 | 25,750 | 1,394,568 |
| Equipment | 2,348,354 | 98,225 | 717,737 | 1,728,842 |
| Building and improvements | 42,121,266 | 887,242 | - | 43,008,508 |
| Total | <u>45,813,939</u> | <u>1,061,466</u> | <u>743,487</u> | <u>46,131,918</u> |
| Net capital assets | <u>\$ 28,905,449</u> | <u>\$ 4,116,388</u> | <u>\$ -</u> | <u>\$ 33,021,837</u> |

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

| | |
|--------------------------------------|---------------------|
| Regular programs | \$ 456,573 |
| Special education programs | 72,913 |
| Vocational education programs | 28,873 |
| Other instructional programs | 5,016 |
| Special programs | 36,216 |
| Pupil support services | 59,639 |
| Instructional staff support services | 58,130 |
| General administration | 24,392 |
| School administration | 90,895 |
| Business services | 7,206 |
| Operation and maintenance of plant | 89,662 |
| Student transportation services | 71,461 |
| Central services | 1,948 |
| Food services | <u>58,542</u> |
| Total depreciation expense | <u>\$ 1,061,466</u> |

(10) Accounts, Salaries, and Other Payables

At June 30, 2019, accounts, salaries, and other payables consisted of the following:

| | |
|--------------------------------------|---------------------|
| Salaries and withholdings | \$ 5,531,789 |
| Workers' compensation claims payable | 292,118 |
| Retainage | 319,807 |
| Contracts | 181,673 |
| Accounts | <u>271,943</u> |
| | <u>\$ 6,597,330</u> |

(11) Long-Term Liabilities

The School Board issues general obligation bonds, secured by ad valorem taxes, to provide for the acquisition and construction of major capital facilities. These bonds are direct obligations and pledge the full faith and credit of the Board and are generally issued as 20 or 30-year serial bonds. All of the School Board's long-term debt is associated with governmental activities. Compensated absences are generally liquidated by the General and School Food Service Special Revenue Fund. Long-term debt currently outstanding is as follows:

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

General obligation bonds:

| | Issued Amount | Issue Date | Final Maturity Date | Interest Rates | Balance Outstanding |
|---------------------------|----------------------|---------------|------------------------|-------------------|------------------------|
| General obligation bonds: | | | | | |
| Series 2010 | \$ 2,035,000 | 10/01/10 | 03/01/30 | 2.25-3.75 | \$ 1,380,000 |
| Series 2012 | 2,995,000 | 09/01/12 | 03/01/32 | 2.00-3.00 | 2,190,000 |
| Series 2012 | 8,300,000 | 09/01/12 | 03/01/12 | 2.00-3.25 | 6,290,000 |
| Series 2015 | 4,000,000 | 05/27/15 | 03/01/35 | 2.00-3.00 | 3,550,000 |
| Series 2016 | 4,720,000 | 06/21/16 | 03/01/28 | 1.975-2.125 | 4,250,000 |
| Series 2019 | 8,825,000 | 06/27/19 | 03/01/39 | 3.00-4.00 | 8,825,000 |
| | <u>\$ 30,875,000</u> | | | | 26,485,000 |
| Unamortized bond premium | | | | | 1,170,184 |
| Total bond indebtedness | | | | | <u>\$ 27,655,184</u> |

A. Changes in Long-Term Liabilities

The following is a summary of long-term liability transactions for the year ended June 30, 2019:

| | Balance 7/1/2018 | Additions | Reductions | Balance 6/30/2019 | Due Within One Year |
|-----------------------------|----------------------|----------------------|---------------------|----------------------|------------------------|
| General Obligation Bonds | \$ 18,980,000 | \$ 8,825,000 | \$ 1,320,000 | \$ 26,485,000 | \$ 1,305,000 |
| Other liabilities: | | | | | |
| Compensated Absences | 713,117 | 128,498 | 110,470 | 731,145 | - |
| | 19,693,117 | 8,953,498 | 1,430,470 | 27,216,145 | <u>\$ 1,305,000</u> |
| Unamortized bond premium | - | 1,170,184 | - | 1,170,184 | |
| Total long-term liabilities | <u>\$ 19,693,117</u> | <u>\$ 10,123,682</u> | <u>\$ 1,430,470</u> | <u>\$ 28,386,329</u> | |

B. Annual debt service requirements to maturity for the outstanding bonds are as follows:

| Year Ending June 30 | Principal | Interest | Total |
|------------------------|----------------------|---------------------|----------------------|
| 2020 | \$ 1,305,000 | \$ 707,756 | \$ 2,012,756 |
| 2021 | 1,435,000 | 796,079 | 2,231,079 |
| 2022 | 1,485,000 | 763,854 | 2,248,854 |
| 2023 | 1,530,000 | 724,949 | 2,254,949 |
| 2024 | 1,585,000 | 684,226 | 2,269,226 |
| 2025 - 2029 | 8,525,000 | 2,727,200 | 11,252,200 |
| 2030 - 2034 | 6,730,000 | 1,397,416 | 8,127,416 |
| 2035 - 2039 | 3,890,000 | 451,250 | 4,341,250 |
| | <u>\$ 26,485,000</u> | <u>\$ 8,252,730</u> | <u>\$ 34,737,730</u> |

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

(12) Post-Retirement Health Care and Life Insurance Benefits

In adopting the requirements of GASB Statement No. 75 during the year ended June 30, 2018, the School Board recognizes the cost of postemployment healthcare benefits in the year when employee services are received, recognizes a liability for OPEB obligations, known as the net OPEB liability, on the statements of net position, and provides information useful in assessing potential demands on the School Board's future cash flows. Changes in the net OPEB liability will be immediately recognized as OPEB expense on the statement of activities or reported as deferred inflows/outflows of resources depending upon the nature of the change.

Plan Description: The School Board provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the School Board's employees become eligible for these benefits upon reaching retirement age while working for the School Board. The plan is an agent multiple-employer defined benefit health care plan administered by the Louisiana Office of Group Benefits. No assets are accumulated in a trust that meets the criteria in paragraph 4 of the Governmental Accounting Standards Board Statement No. 75 to pay related benefits. The plan does not issue a publicly available financial report.

The monthly premiums of these benefits for retirees and similar benefits for active employees are paid jointly by the employee (approximately 25 percent) and the School Board (approximately 75 percent). The School Board recognizes the cost of providing these benefits (the School Board's portion of premiums) as an expenditure when the monthly premiums are due. The benefits are financed on a pay-as-you-go basis.

Plan Membership: Plan membership was as follows:

| Status | Single | Employee + Dependent Coverage | Life only | Total |
|---------|--------|-------------------------------------|-----------|-------|
| Active | 209 | 288 | - | 497 |
| Retired | 181 | 91 | 54 | 326 |
| Total | 390 | 379 | 54 | 823 |

Benefits Provided: The plan provides healthcare and life insurance benefits for retirees and their dependents. Employees who retire on or after a) attainment of age 60 with 5 years of service; b) attainment of age 55 with 25 years of service; or c) 30 years of service without regard to age are eligible for benefits. Coverage is also provided to spouses and eligible children.

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

Net OPEB Liability of the School Board: The components of the net OPEB liability of the School Board were as follows:

| | |
|---|-----------------------|
| Total OPEB Liability | \$ 112,534,071 |
| OPEB Plan Fiduciary Net Position | <u>-</u> |
| Net OPEB Liability | <u>\$ 112,534,071</u> |
| Plan Fiduciary Net Position as a percentage of the Total OPEB Liability | 0% |

Actuarial Assumptions: The total OPEB liability was determined by an actuarial valuation as of June 30, 2017. The measurement date, the date as of which the total OPEB liability is determined, was June 30, 2019. The following actuarial assumptions were applied to all periods in the measurement, unless otherwise specified.

In the June 30, 2017 actuarial valuation individual entry age normal cost method – level percentage of projected salary was used. The significant actuarial assumptions used in the valuation of the plan are as follows:

1. Mortality Rates –
 - Pre-retirement: RP-2014 Total Dataset mortality Table projected backward to 2006 with Mortality Improvement Scale MP-2014 and then forward with Mortality Improvement Scale MP-2017 on a generational basis with healthy annuitant rates after benefit commencement.
 - Post-retirement: RP-2014 Total Dataset Mortality Table projected backward to 2006 with Mortality Improvement Scale MP-2014 and then forward with Mortality Improvement Scale MP-2017 on a generational basis with healthy annuitant rates after benefit commencement.
 - Disability retirement: RP-2014 Disabled Retiree Mortality Table projected backward to 2006 with Mortality Improvement Scale MP-2014 and then forward with Mortality Improvement Scale MP-2017 on a generational basis with disabled annuitant rates after benefit commencement.

2. Withdrawal Rates – Sample withdrawal rates are as follows:

| <u>Age</u> | <u>TRSL Participants</u> | <u>LASER Participants</u> |
|------------|------------------------------|-------------------------------|
| 25 | 9.0% | 13.0% |
| 30 | 5.3% | 10.0% |
| 35 | 4.0% | 7.0% |
| 40 | 3.7% | 6.5% |
| 45 | 4.0% | 4.5% |
| 50 | 4.0% | 4.0% |

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

For TRSL and LASER participants, the rates are multiplied by 1.15, 1.20, and 1.05 in the second, third, and fourth years of employment, respectively.

3. Retirement Rates – Sample rates are as follows:

| <u>Age</u> | <u>TRSL Participants</u> | <u>LASER Participants</u> | <u>Age</u> | <u>TRSL Participants</u> | <u>LASER Participants</u> |
|------------|------------------------------|-------------------------------|------------|------------------------------|-------------------------------|
| 39 | 4.0% | 0.0% | 60 | 25.6% | 48.0% |
| 42 | 2.5% | 0.0% | 63 | 15.3% | 25.0% |
| 45 | 2.3% | 0.0% | 66 | 20.3% | 25.0% |
| 48 | 5.0% | 70.0% | 69 | 21.9% | 25.0% |
| 51 | 7.1% | 55.0% | 72 | 21.8% | 25.0% |
| 54 | 20.6% | 37.0% | 73 | 100.0% | 25.0% |
| 57 | 16.8% | 37.0% | 74+ | 100.0% | 99.0% |

4. Early Retirement Rates –
Pre-June 30, 1999 hires: Same as the Retirement Rates
Post-June 30, 1999 hires: Same as Withdrawal Rates

5. Disability Rates – Sample rates are as follows:

| <u>Age</u> | <u>TRSL Participants</u> | <u>LASER Participants</u> |
|------------|------------------------------|-------------------------------|
| 25 | 0.01% | 0.00% |
| 30 | 0.03% | 0.00% |
| 35 | 0.06% | 0.10% |
| 40 | 0.10% | 0.20% |
| 45 | 0.18% | 0.30% |
| 50 | 0.24% | 0.50% |
| 55 | 0.47% | 0.70% |

6. Participation Assumption – 60% of all employees who are eligible for retiree health benefits are assumed to elect coverage in retirement. 30% of all employees who are eligible for retiree life insurance are assumed to elect coverage in retirement.

7. Salary Increase – 3.00% per annum, as required by GASB 75

8. Marriage Assumption – For actives, it is assumed that husbands are three years older than their wives with 40% of TRSL active participants and 80% of LASER active participants electing spouse coverage at retirement.

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

9. Life Insurance – Active employees who elect live insurance coverage at retirement are assumed to have \$40,000 in life insurance and pay the annual premium of \$230.40. Retiree life insurance premiums are based on cost sharing currently in place for office of Group Benefits life insurance benefits.
10. Trend was calculated assuming an implied inflation rate of 2.3% per year, and actual premiums. The short-term trend rate of NoMedicare retirees starts off at 4.3%, and at 6.7% for Medicare retirees and reflects the ACA Excise Tax effective 2022.
11. The ACA Excise tax is assumed to be applied to single/family implied equivalent rates based on the total premium equivalent rates for Allen Parish School Board.
12. It was conservatively assumed no stop-loss recoveries for retirees.
13. For post-65 retirees with Medicare, Coordination of Benefits Descriptions was not provided. Thus, for the eligible post-65 retirees, Medicare was assumed to coordinate with the health plan in the “Coordination of Benefits” manner, as described by Health Cost guidelines

For the small portion of the post-65 retirees who are not eligible for Medicare, those have assumed to be paid as Non-Medicare Eligible claims and fully paid by the Employer-sponsored plan.
14. Claims Costs were calculated using 100% manual rates.
15. Medical and prescription drug expenses of 15% of projected premium were used.
16. Any Medicare Part D subsidy was not reflected in the estimate.
17. Claim Costs were calculated for No Medicare Medical retirees and Medicare Medical retirees assuming the current plan enrollment of each retiree; however, the per capital cost group assumes that multiple plan designs are offered together.

| Mix Assumptions for Plan Grouping | | | |
|-----------------------------------|-------------------------|--------------------------|-----------------------|
| Medical Plan | No Medicare (pre-65) | No Medicare (post-65) | Medicare (post-65) |
| Magnolia Open Access | 29.8% | 63.6% | 67.3% |
| Magnolia Local Plus | 63.5% | 36.4% | 31.5% |
| Pelican HRA | 6.7% | 0.0% | 0.4% |
| Vantage HMO | 0.0% | 0.8% | 0.0% |

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

18. Per Capita Medical Cost Assumption – The monthly per capita medical and pharmacy costs are summarized below.

Non-Medicare Retirees

| Monthly Medical Claims Costs at Sample Ages | | | | |
|---|---------|----------|---------|--------|
| Age | Retiree | | Retiree | |
| | Male | Female | Male | Female |
| 45 | \$ 899 | \$ 1,229 | \$ 694 | \$ 792 |
| 50 | 889 | 1,065 | 759 | 871 |
| 55 | 949 | 1,012 | 868 | 956 |
| 60 | 1,137 | 1,117 | 1,037 | 1,056 |
| 65 | 1,366 | 1,324 | 1,366 | 1,324 |
| 70 | 1,653 | 1,532 | 1,653 | 1,532 |
| 75 | 1,961 | 1,768 | 1,961 | 1,768 |
| 80 | 2,247 | 2,002 | 2,247 | 2,002 |
| 85 | 2,556 | 2,268 | 2,556 | 2,268 |
| 90 | 2,844 | 2,524 | 2,844 | 2,524 |

Medicare Retirees

| Monthly Medical Claims Costs at Sample Ages | | | | |
|---|---------|--------|---------|--------|
| Age | Retiree | | Retiree | |
| | Male | Female | Male | Female |
| 65 | \$ 525 | \$ 488 | \$ 525 | \$ 488 |
| 70 | 575 | 521 | 575 | 521 |
| 75 | 620 | 548 | 620 | 548 |
| 80 | 643 | 558 | 643 | 558 |
| 85 | 637 | 549 | 637 | 549 |
| 90 | 623 | 536 | 623 | 536 |

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

19. Medical Inflation (Trend Assumption) – The trend assumptions for medical and pharmacy costs and retiree premiums are summarized below:

| <u>Year</u> | <u>Pre-65 Trend</u> | <u>Post-65 Trend</u> | <u>Year</u> | <u>Pre-65 Trend</u> | <u>Post-65 Trend</u> |
|-------------|-------------------------|--------------------------|-------------|-------------------------|--------------------------|
| 2017 | 4.30% | 6.70% | 2026 | 4.80% | 4.60% |
| 2018 | 4.50% | 6.10% | 2027 - 2030 | 4.80% | 4.70% |
| 2019 | 4.70% | 5.60% | 2031 - 2033 | 4.90% | 4.70% |
| 2020 | 4.80% | 5.30% | 2034 - 2039 | 4.90% | 4.80% |
| 2021 | 4.80% | 5.20% | 2040 | 5.00% | 4.80% |
| 2022 | 4.80% | 5.10% | 2041 | 5.00% | 5.00% |
| 2023 | 4.80% | 4.90% | 2042 - 2087 | 4.90% | 5.30% |
| 2024 | 4.80% | 4.80% | 2088 | 3.90% | 4.10% |
| 2025 | 4.80% | 4.70% | | | |

Discount Rate: The discount rate used to measure the total OPEB liability was 3.87% based on the June 30, 2018 Bond Buyer General Obligation 20-Bond Municipal Index.

Changes in Actuarial Methods Since Prior Valuation: The actuarial cost method was updated from Projected Unit Cost Method to Individual Entry Age Normal Cost Method in accordance with GASB 75.

In addition to the actuarial method used, actuarial cost estimates depend to an important degree on the assumptions made relative to various occurrences, such as rate of expected investment earnings by the fund, rates of mortality among active and retired employees, rates of termination from employment and retirement rates.

The following presents changes in the net OPEB liability:

| | |
|--|------------------------------|
| Balance as of June 30, 2018 | \$ 102,109,490 |
| Changes for the year: | |
| Service cost | 2,706,729 |
| Interest cost | 4,015,817 |
| Effect of economic/demographic gains or losses | - |
| Effect of assumptions changes or inputs | 5,818,749 |
| Benefit payments | <u>(2,116,714)</u> |
| Net change in total OPEB liability | <u>10,424,581</u> |
| Balance as of June 30, 2019 | <u><u>\$ 112,534,071</u></u> |

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

Total OPEB expense recognized is as follows:

| | |
|---|--------------------------|
| Service cost | \$ 2,706,729 |
| Interest cost | 4,015,817 |
| Recognition of economic/demographic gains or losses | 2,308,718 |
| Recognition of assumption changes or inputs | <u>1,842,675</u> |
| Total OPEB expense | <u>\$ 10,873,939</u> |

At June 30, 2019, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 7,387,900 | \$ - |
| Changes of assumptions | <u>7,015,550</u> | <u>-</u> |
| Total | <u>\$ 14,403,450</u> | <u>\$ -</u> |

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

| Year Ended June 30 | Net Amount Recognized in Pension Expense |
|-----------------------|--|
| 2020 | \$ 4,151,393 |
| 2021 | 4,151,393 |
| 2022 | 4,151,393 |
| 2023 | 1,725,472 |
| 2024 | <u>223,799</u> |
| | <u>\$ 14,403,450</u> |

Sensitivity of the Net OPEB Liability to changes in the Discount Rate: The following presents the School Board's net OPEB liability calculated using the discount rate of 3.50%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.50%) or one percentage point higher (4.50%) than the current rate:

| | 1% Decrease 2.50% | Current Discount Rate 3.50% | 1% Increase 4.50% |
|--------------------|----------------------|-----------------------------------|----------------------|
| Net OPEB Liability | \$ 132,384,865 | \$ 112,534,071 | \$ 96,957,738 |

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the School Board’s net OPEB liability, calculated using the current healthcare cost trend rates, as well as what the School Board’s net OPEB liability would be if it were calculated using trend rates that are one percentage point lower or one percentage point higher than the current trend rates:

| | 1% Decrease | Current Trend Rate | 1% Increase |
|--------------------|---------------|-----------------------|----------------|
| Net OPEB Liability | \$ 94,780,388 | \$ 112,534,071 | \$ 135,477,375 |

(13) Pension Plans

The School Board participates in three cost-sharing defined benefit plans, each administered by separate public employee retirement systems. Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of all plans administered by these public employee retirement systems to the State Legislature. These plans are not closed to new entrants. Substantially all School Board employees participate in one of the following retirement systems:

Plan Descriptions

Teachers’ Retirement System of Louisiana (TRSL) provides retirement allowances and other benefits as stated under the provisions of LRS 11:700-999, as amended, for eligible teachers, employees, and their beneficiaries.

Louisiana State Employees’ Retirement System (LASERS) provides retirement, disability, and survivor benefits to eligible state employees and their beneficiaries as defined in the Louisiana Revised Statutes. The age and years of creditable service required in order for a member to receive retirement benefits are established by LRS 11:441 and vary depending on the member’s hire date, employer and job classification.

State of Louisiana School Employees’ Retirement System (LSERS) provides retirement, disability and survivor benefits as provided for by LRS 11:1001 for all eligible school bus drivers, school janitors, school custodians, school maintenance employees, school bus aides, or other regular school employees who actually work on a school bus helping with the transportation of school children.

The systems’ financial statements are prepared using the accrual basis of accounting. Employer and employee contributions are recognized in the period in which the employee is compensated for services performed. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Interest income is recognized when earned. Ad valorem taxes and revenue sharing monies are recognized in the year collected by the tax collector.

A brief summary of eligibility and benefits of the plans are follows:

Teachers’ Retirement System of Louisiana (TRSL): Regular plan members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

January 1, 2011 may retire with a 2.5% accrual rate after attaining age sixty with at least 5 years of service credit and are eligible for an actuarially reduced benefit with 20 years of service at any age. All other members, if initially hired on or after July 1, 1999, are eligible for a 2.5% accrual rate at the earliest of age 60 with 5 years of service, age 55 with 25 years of service, or at any age with 30 years of service. Members may retire with an actuarially reduced benefit with 20 years of service at any age. If hired before July 1, 1999, members are eligible for a 2% accrual rate at the earliest of age 60 with 5 years of service, or at any age with 20 years of service and are eligible for a 2.5% accrual rate at the earliest of age 65 with 20 years of service, age 55 with 25 years of service, or at any age with 30 years of service. Plan A members may retire with a 3.0% annual accrual rate at age 55 with 25 years of service, age 60 with 5 years of service or 30 years of service, regardless of age. Plan A is closed to new entrants. No School Board employees are participants of Plan A. Plan B members may retire with a 2.0% annual accrual rate at age 55 with 30 years of service, or age 60 with 5 years of service. For all plans, retirement benefits are based on a formula which multiplies the final average compensation by the applicable accrual rate, and by the years of creditably service. For Regular Plan and Lunch Plan B members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after January 1, 2011, final average compensation is defined as the highest average 60-month period. For all other members, final average compensation is defined as the highest average 36-month period.

Louisiana State Employees' Retirement System (LASERS): The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. The majority of LASERS rank and file members may either retire with full benefits at any age upon completing 30 years of creditable service or at age 60 upon completing five to ten years of creditable service depending on their plan. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service. Average compensation is defined as the member's average annual earned compensation for the highest 36 months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

State of Louisiana School Employees' Retirement System (LSERS): A member who joined the System on or before June 30, 2010 is eligible for normal retirement if he has at least 30 years of creditable service regardless of age, 25 years of creditable service and is at least age 55, 20 years of creditable service regardless of age with an actuarially reduced benefit, or 10 years of creditable service and is at least age 60. A member who joined the System on or after July 1, 2010 is eligible for normal retirement if he has at least 5 years of creditable service and is at least age 60, or 20 years of creditable service regardless of age with an actuarially reduced benefit. For members who joined the System prior to July 1, 2006, the maximum retirement benefit is an amount equal to 3 1/3% of the average compensation for the three highest consecutive years of membership service, subject to the 10% salary limitation, multiplied by the number of years of service limited to 100% of final average compensation plus a supplementary allowance of \$2.00 per month for each year of service. For members who joined the System on or after July 1, 2006 through June 30, 2010, 3 1/3% of the average compensation is used to calculate benefits, however, the calculation consists of the five highest consecutive years of members hip service, subject to the 10% salary limitation. For members who join the System on or after July 1, 2010, 2 1/2% of the average compensation is used to calculate benefits and consists of the five highest consecutive years' average salary, subject to the 15% salary limitation.

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

Contributions

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee.

Contributions to the plans are required and determined by state statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended June 30, 2019 for the School Board and covered employees were as follows:

| Plan | Active Member Contribution Percentage | Employer Contribution Percentage |
|---------------|---|--|
| TRSL: | | |
| Regular Plan | 8.00% | 26.70% |
| Optional Plan | 8.00% | 28.00% |
| Plan B | 5.00% | 26.70% |
| LASERS | 7.50% | 37.90% |
| LSERS | 7.5% - 8.00% | 28.00% |

The contributions made by the School Board to each of the retirement systems for the past three fiscal years, which equaled the required contributions for each of these years, were as follows:

| Plan | 2019 | 2018 | 2017 |
|---------------|--------------|--------------|--------------|
| TRSL: | | | |
| Regular Plan | \$ 5,752,659 | \$ 5,722,100 | \$ 5,806,557 |
| Optional Plan | 15,997 | 15,785 | 15,396 |
| Plan B | 234,348 | 203,511 | 221,254 |
| LASERS | 5,665 | 6,801 | 6,478 |
| LSERS | 602,271 | 588,773 | 605,564 |

At June 30, 2019 the School Board reported payables of \$1,362,410 for the outstanding amount of contributions due to the retirement systems for the year.

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

Net Pension Liability

The School Board's net pension liability at June 30, 2019 is comprised of its proportionate share of the net pension liability relating to each of the cost-sharing plans in which the School Board is a participating employer. The School Board's net pension liability for each plan was measured as of the plan's measurement date of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at that date. The School Board's proportionate share of the net pension liability for each of the plans in which it participates was based on the School Board's required contributions in proportion to the total required contributions for all employers.

As of the most recent measurement date, the School Board's proportion for each plan and the change in proportion from the prior measurement date were as follows:

| Plan | Proportionate Share of Net Pension Liability | Proportionate Share (%) of Net Pension Liability | Increase/(Decrease) from Prior Measurement Date |
|--------|--|--|---|
| TRSL | \$ 47,750,025 | 0.485860% | -0.028630% |
| LASERS | 57,628 | 0.000840% | -0.000070% |
| LSERS | 4,941,156 | 0.739540% | -0.036700% |
| Total | <u>\$ 52,748,809</u> | | |

Since the measurement date of the net pension liability was June 30, 2018, the net pension liability is based upon fiduciary net position for each of the plans as of those dates. Detailed information about each pension plan's assets, deferred outflows, deferred inflows, and fiduciary net position that was used in the measurement of the School Board's net pension liability is available in the separately issued plan financial reports for those fiscal years. The financial report for each plan may be accessed on their website as follows:

- TRSL - <http://www.trsl.org/>
- LASERS - <http://www.lasersonline.org/>
- LSERS - <http://www.lasers.net.com/>

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

Actuarial Assumptions

The following table provides information concerning actuarial assumptions used in the determination of the total pension liability for each of the defined benefit plans in which the School Board is a participating employer:

| | <u>TRSL</u> | <u>LASERS</u> | <u>LSERS</u> |
|---|-------------|---------------|--------------|
| Date of experience study on which significant assumptions are based | 6/30/2018 | 6/30/2018 | 6/30/2018 |
| Expected remaining service lives | 5 | 3 | 3 |
| Investment rate of return | 7.65% | 7.65% | 7.063% |
| Inflation Rate | 2.50% | 2.75% | 2.500% |
| Projected salary increases | 3.3% - 4.8% | (6) | 3.25% |
| Projected benefit changes including COLAs | None | None | None |
| Source of mortality assumptions | (1) | (2), (3) | (4) |
| Termination and disability | (5) | (6) | (5) |

- (1) RP-2014 Mortality Table adjusted to 2018 using the MP-2017 generational improvement table
- (2) RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015
- (3) RP-2000 Disabled Retiree Mortality Table with no projection for mortality improvement
- (4) RP-2014 Healthy Annuitant Tables; RP-2014 Sex Distince Employee Tables; RP-2014 Six Distince Disabled Tables
- (5) Based on a 2012-2017 experience study of plan members. Growth rates based upon members' years of service
- (6) Based on a 2009-2013 experience study of plan members. Growth rates based upon members' years of service

Cost of Living Adjustments

As fully described in Title 11 of the Louisiana Revised Statutes, each plan allows for the payment of permanent benefit increases, also known as cost-of-living adjustments (COLAs) that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature.

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contributions rates and the member rate. Based on those assumptions, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for TRSL, LASERS, and LSERS was 7.65%, 7.65%, and 7.063%, respectively for the year ended June 30, 2018.

The discount rates used to measure the School Board's total pension liability for each plan is equal to the long-term expected rate of return on pension plan investments that are expected to be used to finance the payment of benefits. For TRSL and LASERS, the long term expected rate of return on pension plan investments was determined using the 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 and an adjustment for the effect of rebalancing/diversification.

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.

The target allocation and best estimates of arithmetic/geometric real rates of return for each major asset class are summarized for each plan in the following table:

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

| Asset Class | TRSL* | | LASERS** | | LSERS** | |
|----------------------------|-------------|----------------|-------------|----------------|-------------|----------------|
| | Long-term | | Long-term | | Long-term | |
| | Target | Expected | Target | Expected | Target | Expected |
| | Allocation | Rate of Return | Allocation | Rate of Return | Allocation | Rate of Return |
| Domestic Equity | 27.0% | 4.01% | 27.0% | 4.31% | 51.0% | 7.11% |
| International Equity | 19.0% | 4.90% | 30.0% | 5.26% | - | - |
| Domestic fixed income | 13.0% | 1.36% | 10.0% | 1.49% | 30.0% | 2.97% |
| International fixed income | 5.5% | 2.35% | 2.0% | 2.23% | - | - |
| Alternative investments | - | - | 24.0% | 7.67% | 13.0% | 6.37% |
| Risk Parity | - | - | 7.0% | 2.84% | - | - |
| Cash | - | - | 0.0% | -0.48% | - | - |
| Private Equity | 25.5% | 8.39% | - | - | - | - |
| Other Private Assets | 10.0% | 3.57% | - | - | - | - |
| Real Assets | - | - | - | - | 6.0% | 7.50% |
| Total | <u>100%</u> | | <u>100%</u> | | <u>100%</u> | |

*Arithmetic real rates of return

**Geometric real rates of return

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

Changes in the net pension liability may either be reported in pension expense in the year the change occurred or recognized as a deferred outflow of resources or a deferred inflow of resources in the year the change occurred and amortized into pension expense over a number of years. For the year ended June 30, 2019, the School Board recognized \$193,428 in pension expense related to all defined benefit plans in which it participates.

At June 30, 2019, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ - | \$ 1,709,983 |
| Changes of assumptions | 3,276,844 | - |
| Net difference between projected and actual earnings on pension plan investments | 98,868 | 3,077,400 |
| Change in proportion and differences between employer contributions and proportionate share of contributions | 172,198 | 4,276,099 |
| Employer contributions subsequent to the measurement date | 6,610,940 | - |
| Total | <u>\$ 10,158,850</u> | <u>\$ 9,063,482</u> |

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

Deferred outflows of resources of \$6,610,940 resulting from the employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability during the year ending June 30, 2018. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions to be recognized in pension expense are as follows:

| Year Ended June 30 | Net Amount Recognized in Pension Expense |
|-----------------------|--|
| 2020 | \$ (560,370) |
| 2021 | (1,625,841) |
| 2022 | (2,619,636) |
| 2023 | <u>(709,725)</u> |
| | <u>\$ (5,515,572)</u> |

Sensitivity of the School Board’s Proportionate Share of the Net Pension Liabilities to Changes in the Discount Rate

The following presents the School Board’s proportionate shares of the net pension liabilities of the plans, calculated using their respective discount rates, as well as what the School Board’s proportionate shares of the net pension liabilities would be if they were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

| Plan | Current Discount Rate | Net Pension Liability | | |
|--------|--------------------------|-----------------------|--------------------------|----------------------|
| | | 1% Decrease | Current Discount Rate | 1% Increase |
| TRSL | 7.65% | \$ 63,257,223 | \$ 47,750,025 | \$ 34,668,895 |
| LASERS | 7.65% | 72,731 | 57,628 | 44,621 |
| LSERS | 7.0625% | 6,783,037 | 4,941,156 | 3,366,717 |
| Total | | <u>\$ 70,112,991</u> | <u>\$ 52,748,809</u> | <u>\$ 38,080,233</u> |

(14) On-Behalf Payments

The accompanying financial statements include on-behalf payments made by the Allen Parish Tax Collector in the amount of \$176,756 to the Teacher’s Retirement System of Louisiana for employee retirement benefits, as required by GASB Statement No. 24 *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*. The amount of \$176,756 is recorded in the accounting system of the Allen Parish School Board.

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

(15) Risk Management

The School Board has established a limited risk management program for workers' compensation. The School Board employs a third-party administrator for this program. During the year ended June 30, 2019 a total of \$206,649 was incurred in benefits and administrative costs. The School Board purchases commercial insurance for individuals' claims in excess of \$250,000. There have been no significant reductions in the insurance coverage during the year nor have settlements exceeded coverage for the past three years.

(16) Commitments and Contingencies

A. Contingent Liabilities

The one percent sales tax referred to in Note 6A expired on March 31, 2018. However, collection of the tax continued beyond the date of expiration. Unauthorized collections as of June 30, 2018 totaled \$412,649. Unauthorized collections during the fiscal year ending June 30, 2019 totaled \$1,606,742. Upon discovery in December 2018 of the tax's expiration and resulting unauthorized collection, the School Board sought the advice of legal counsel. The School Board ceased collection of this tax as of January 1, 2019. On May 4, 2019, the voters of the parish approved a one percent sales and use tax to be levied by the School Board for a period of ten years effective July 1, 2019 to supplement other revenues available to the School Board to pay salaries of teachers and the expenses of operating the public schools of Allen Parish.

At June 30, 2019, the School Board was a defendant in several lawsuits principally arising from the normal course of operations. After conferring with legal counsel, it is the opinion of the School Board that it is unlikely for any significant liability to arise from these lawsuits.

B. Grant Audits

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the School Board expects such amounts, if any, to be immaterial. Also, a liability for findings and questioned cost is not established until final disposition of such matter by the funding agency.

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

(17) Compensation, Benefits, and Other Payments to Superintendent

A detail of compensation, benefits, and other payments made to Superintendent Michael Doucet for the year ended June 30, 2019 follows:

| Purpose | Amount |
|--------------------------------------|------------|
| Salary | \$ 109,593 |
| Benefits - insurance | 23,631 |
| Benefits - retirement | 51,729 |
| Benefits - other - vehicle insurance | 1,048 |
| Benefits - other - electronics | 3,000 |
| Benefits - other - medicare | 2,187 |
| Car allowance | 11,400 |
| Cell phone | 766 |
| Dues | 525 |
| Travel | 9,688 |
| Registration fees | 100 |
| Other - PIP payments | 1,377 |
| Total | \$ 215,044 |

(18) Compensation of Board Members

A detail of the compensation paid to individual board members for the year ended June 30, 2019 follows:

| Board Member | Amount |
|----------------------|-----------|
| Gregory Monceaux | \$ 10,200 |
| Catherine Farris | 10,500 |
| Carolyn Manuel | 9,900 |
| Sally Moreaux | 9,600 |
| Wanda Reeves | 4,800 |
| July - December 2018 | |
| Karen Reed | 5,100 |
| January - June 2019 | |
| Jason Turner | 9,600 |
| Steven Sumbler | 5,400 |
| July - December 2018 | |
| Kevin Tyler | 5,100 |
| January - June 2019 | |
| Total | \$ 70,200 |

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

(19) Interfund Transactions

A. Interfund receivables and payables, by fund, at June 30, 2019 are as follows:

| | Interfund Receivables | Interfund Payables |
|---|--------------------------|-----------------------|
| Major funds: | | |
| General Fund | \$ 1,296,093 | \$ 700,800 |
| Coushatta Tribe of Louisiana Community Grant Fund | - | 106,296 |
| IASA Title I | - | 340,568 |
| Special Education | - | 507,569 |
| Total major funds | 1,296,093 | 1,655,233 |
| Nonmajor funds: | | |
| Ward No.1 - Maintenance | 3,201 | - |
| School District No. 3 - Maintenance | 3,237 | 226,105 |
| School District No. 5 - Maintenance | 16,740 | - |
| School District No. 4A - Maintenance | 4,202 | - |
| School District No. 25 - Maintenance | 155,923 | - |
| School Food Service | 59,113 | - |
| Title V | - | 12,286 |
| Title IV | - | 1,831 |
| Title VI | - | - |
| Title II | - | 105,372 |
| School District No. 5 - Capital Project | 236,213 | - |
| School District No. 3 - Debt Service | 226,105 | - |
| Total nonmajor funds | 704,734 | 345,594 |
| Total | \$ 2,000,827 | \$ 2,000,827 |

The amounts due from the General Fund from various other funds are for reimbursements owed for expenditures paid on behalf of those funds. The other receivable balances are for short-term loans.

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

B. Transfers consisted of the following at June 30, 2019:

| | Transfers in | Transfers out |
|---|-----------------|------------------|
| Major funds: | | |
| General Fund | \$ 1,282,517 | \$ 350,060 |
| Coushatta Tribe of Louisiana Community Grant Fund | - | 1,049,833 |
| IASA Title I | - | 67,972 |
| Special Education | - | 93,739 |
| Total major funds | 1,282,517 | 1,561,604 |
| Nonmajor funds: | | |
| School Food Service | 192,382 | - |
| Title IV | - | 3,245 |
| Title VI | - | 3,919 |
| Title II | - | 12,427 |
| School District No. 5 - Capital Project | 106,296 | - |
| Total nonmajor funds | 298,678 | 19,591 |
| Total | \$ 1,581,195 | \$ 1,581,195 |

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

(20) New Accounting Pronouncement

In January 2017, the Governmental Accounting Standards Board (GASB) approved Statement No. 84, *Fiduciary Activities*. GASB Statement No. 84 improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The provisions of GASB Statement No. 84 must be implemented by the School Board for the year ending June 30, 2020. The effect of implementation of this statement on the School Board's financial statements has not yet been determined.

**REQUIRED SUPPLEMENTARY
INFORMATION**

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana
General Fund

Budgetary Comparison Schedule
Year Ended June 30, 2019
With Comparative Actual Amounts for Year Ended June 30, 2018

| | 2019 | | Actual | Variance Positive (Negative) | 2018 Actual |
|---|----------------------|----------------------|----------------------|------------------------------------|----------------------|
| | Budget | | | | |
| | Original | Final | | | |
| REVENUES | | | | | |
| Parish sources: | | | | | |
| Ad valorem taxes | \$ 1,041,200 | \$ 1,268,200 | \$ 1,270,982 | \$ 2,782 | \$ 1,021,669 |
| Sales taxes | 7,400,000 | 7,100,000 | 7,116,433 | 16,433 | 7,837,493 |
| Interest earnings | 70,000 | 277,000 | 280,456 | 3,456 | 123,031 |
| Other | 526,150 | 806,992 | 858,890 | 51,898 | 631,507 |
| Total parish sources | <u>9,037,350</u> | <u>9,452,192</u> | <u>9,526,761</u> | <u>74,569</u> | <u>9,613,700</u> |
| State sources: | | | | | |
| Equalization | 28,800,000 | 29,310,000 | 29,316,227 | 6,227 | 28,870,049 |
| Other | 700,848 | 850,748 | 854,163 | 3,415 | 746,726 |
| Total state sources | <u>29,500,848</u> | <u>30,160,748</u> | <u>30,170,390</u> | <u>9,642</u> | <u>29,616,775</u> |
| Federal sources | | | | | |
| Total revenues | <u>-</u> | <u>-</u> | <u>25,500</u> | <u>25,500</u> | <u>-</u> |
| | <u>38,538,198</u> | <u>39,612,940</u> | <u>39,722,651</u> | <u>109,711</u> | <u>39,230,475</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Instruction - | | | | | |
| Regular programs | 17,245,639 | 18,522,039 | 19,622,048 | (1,100,009) | 19,203,462 |
| Special education programs | 3,006,837 | 2,802,137 | 2,952,817 | (150,680) | 2,975,066 |
| Vocational education programs | 1,202,596 | 1,172,296 | 1,231,980 | (59,684) | 1,313,646 |
| Other instructional programs | 171,524 | 200,424 | 209,649 | (9,225) | 199,291 |
| Special programs | 814,602 | 717,802 | 754,522 | (36,720) | 822,749 |
| Support services - | | | | | |
| Pupil support services | 2,372,479 | 2,204,979 | 2,321,121 | (116,142) | 2,600,343 |
| Instructional staff support services | 1,648,889 | 1,621,839 | 1,705,022 | (83,183) | 1,908,612 |
| General administration | 3,007,996 | 3,179,396 | 1,234,258 | 1,945,138 | 1,363,478 |
| School administration | 2,660,048 | 3,004,668 | 3,184,392 | (179,724) | 2,906,484 |
| Business services | 277,227 | 300,027 | 313,855 | (13,828) | 310,510 |
| Operation and maintenance of plant services | 3,078,556 | 3,295,206 | 3,347,594 | (52,388) | 3,209,892 |
| Student transportation services | 2,737,448 | 3,013,998 | 3,097,128 | (83,130) | 3,096,811 |
| Central services | 100,353 | 107,553 | 107,316 | 237 | 105,286 |
| Non-instructional services - | | | | | |
| Community service operations | 31,000 | 31,000 | 30,768 | 232 | 30,768 |
| Debt service | 185,500 | 183,500 | 182,160 | 1,340 | 176,760 |
| Total expenditures | <u>38,540,694</u> | <u>40,356,864</u> | <u>40,294,630</u> | <u>62,234</u> | <u>40,223,158</u> |
| Deficiency of revenues over expenditures | <u>(2,496)</u> | <u>(743,924)</u> | <u>(571,979)</u> | <u>171,945</u> | <u>(992,683)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | 75,000 | 1,071,000 | 1,282,517 | 211,517 | 1,570,953 |
| Transfers out | (87,975) | (186,975) | (350,060) | (163,085) | (541,046) |
| Total other financing sources (uses) | <u>(12,975)</u> | <u>884,025</u> | <u>932,457</u> | <u>48,432</u> | <u>1,029,907</u> |
| Net change in fund balance | (15,471) | 140,101 | 360,478 | 220,377 | 37,224 |
| FUND BALANCE, BEGINNING | <u>12,556,305</u> | <u>12,556,305</u> | <u>12,556,305</u> | <u>-</u> | <u>12,519,081</u> |
| FUND BALANCE, ENDING | <u>\$ 12,540,834</u> | <u>\$ 12,696,406</u> | <u>\$ 12,916,783</u> | <u>\$ 220,377</u> | <u>\$ 12,556,305</u> |

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana
Coushatta Tribe of Louisiana Community Grant Fund

Budgetary Comparison Schedule
Year Ended June 30, 2019
With Comparative Actual Amounts for Year Ended June 30, 2018

| | 2019 | | | | 2018 Actual |
|---|---------------------|---------------------|---------------------|------------------------------------|---------------------|
| | Budget | | Actual | Variance Positive (Negative) | |
| | Original | Final | | | |
| REVENUES | | | | | |
| Parish sources: | | | | | |
| Interest earnings | \$ - | \$ 30,000 | \$ 31,181 | \$ 1,181 | \$ 16,728 |
| Grant revenue | <u>981,000</u> | <u>965,000</u> | <u>965,618</u> | <u>618</u> | <u>1,021,844</u> |
| Total parish sources | <u>981,000</u> | <u>995,000</u> | <u>996,799</u> | <u>1,799</u> | <u>1,038,572</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Instruction - | | | | | |
| Regular programs | - | - | - | - | 5,590 |
| Support services - | | | | | |
| Operation and maintenance of plant services | <u>-</u> | <u>140,000</u> | <u>-</u> | <u>140,000</u> | <u>-</u> |
| Total expenditures | <u>-</u> | <u>140,000</u> | <u>-</u> | <u>140,000</u> | <u>5,590</u> |
| Excess of revenues over expenditures | 981,000 | 855,000 | 996,799 | 141,799 | 1,032,982 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers out | <u>(981,000)</u> | <u>(946,000)</u> | <u>(1,049,833)</u> | <u>(103,833)</u> | <u>(1,090,895)</u> |
| Net change in fund balance | - | (91,000) | (53,034) | 37,966 | (57,913) |
| FUND BALANCE, BEGINNING | <u>1,805,634</u> | <u>1,805,634</u> | <u>1,805,634</u> | <u>-</u> | <u>1,863,547</u> |
| FUND BALANCE, ENDING | <u>\$ 1,805,634</u> | <u>\$ 1,714,634</u> | <u>\$ 1,752,600</u> | <u>\$ 37,966</u> | <u>\$ 1,805,634</u> |

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana
Improving America's Schools Act Title I

Budgetary Comparison Schedule
Year Ended June 30, 2019
With Comparative Actual Amounts for Year Ended June 30, 2018

| | 2019 | | Actual | Variance Positive (Negative) | 2018 Actual |
|--------------------------------------|------------------|------------------|------------------|------------------------------------|------------------|
| | Budget | | | | |
| | Original | Final | | | |
| REVENUES | | | | | |
| Federal sources | \$ 1,070,408 | \$ 1,306,216 | \$ 1,306,216 | \$ - | \$ 1,035,451 |
| Total revenues | <u>1,070,408</u> | <u>1,306,216</u> | <u>1,306,216</u> | <u>-</u> | <u>1,035,451</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Instruction - | | | | | |
| Regular programs | 1,070,408 | 222,556 | 222,556 | - | 269,481 |
| Special programs | - | 678,798 | 678,798 | - | 553,685 |
| Instructional staff support services | - | 336,890 | 336,890 | - | 159,573 |
| Total expenditures | <u>1,070,408</u> | <u>1,238,244</u> | <u>1,238,244</u> | <u>-</u> | <u>982,739</u> |
| Excess of revenues over expenditures | <u>-</u> | <u>67,972</u> | <u>67,972</u> | <u>-</u> | <u>52,712</u> |
| OTHER FINANCING USES | | | | | |
| Transfers out | - | (67,972) | (67,972) | - | (52,712) |
| Net change in fund balance | - | - | - | - | - |
| FUND BALANCE, BEGINNING | - | - | - | - | - |
| FUND BALANCE, ENDING | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana
Special Education

Budgetary Comparison Schedule
Year Ended June 30, 2019
With Comparative Actual Amounts for Year Ended June 30, 2018

| | 2019 | | Actual | Variance Positive (Negative) | 2018 Actual |
|--------------------------------------|------------------|------------------|------------------|------------------------------------|------------------|
| | Budget | | | | |
| | Original | Final | | | |
| REVENUES | | | | | |
| Federal sources | \$ 1,273,729 | \$ 2,004,365 | \$ 2,004,365 | \$ - | \$ 1,438,229 |
| Total revenues | <u>1,273,729</u> | <u>2,004,365</u> | <u>2,004,365</u> | <u>-</u> | <u>1,438,229</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Instruction - | | | | | |
| Regular programs | 370,535 | 180,660 | 180,660 | - | 196,977 |
| Special education programs | 855,836 | 328,250 | 328,250 | - | 261,280 |
| Vocational education programs | 47,358 | 51,354 | 51,354 | - | 46,191 |
| Special programs | - | 364,315 | 364,315 | - | 363,401 |
| Support services - | | | | | |
| Pupil support services | - | 337,274 | 337,274 | - | 329,942 |
| Instructional staff support services | - | 648,773 | 648,773 | - | 177,537 |
| Total expenditures | <u>1,273,729</u> | <u>1,910,626</u> | <u>1,910,626</u> | <u>-</u> | <u>1,375,328</u> |
| Excess of revenues over expenditures | <u>-</u> | <u>93,739</u> | <u>93,739</u> | <u>-</u> | <u>62,901</u> |
| OTHER FINANCING USES | | | | | |
| Transfers out | <u>-</u> | <u>(93,739)</u> | <u>(93,739)</u> | <u>-</u> | <u>(62,901)</u> |
| Net change in fund balance | - | - | - | - | - |
| FUND BALANCE, BEGINNING | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE, ENDING | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Schedule of Changes in Total OPEB Liability and Related Ratios
For the Year Ended June 30, 2019

| | 2019 | 2018 |
|--|---------------|---------------|
| Service cost | \$ 2,706,729 | \$ 2,549,500 |
| Interest cost | 4,015,817 | 3,022,039 |
| Effect of economic/demographic gains or losses | - | 12,005,336 |
| Effect of assumption changes or inputs | 5,818,749 | 3,763,161 |
| Benefit payments | (2,116,714) | (2,172,012) |
| Net change in total OPEB liability | 10,424,581 | 19,168,024 |
| Total OPEB liability, beginning | 102,109,490 | 82,941,466 |
| Total OPEB liability, ending | \$112,534,071 | \$102,109,490 |
| Net OPEB liability | \$112,534,071 | \$102,109,490 |
| Covered-employee payroll | \$ 25,479,535 | \$ 11,034,072 |
| Total OPEB liability as a percentage of covered-employee payroll | 441.66% | 925.40% |

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

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Schedule of Employer's Share of Net Pension Liability
For the Year Ended June 30, 2019 *

| Year ended June 30, | Employer Proportion of the Net Pension Liability (Asset) | Employer Proportionate Share of the Net Pension Liability (Asset) | Covered Payroll | Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|--|---|--|--------------------|---|--|
| Teachers' Retirement System of Louisiana: | | | | | |
| 2019 | 0.48586% | \$ 47,750,025 | \$ 22,339,327 | 213.7% | 68.20% |
| 2018 | 0.51449% | \$ 52,744,985 | \$ 23,047,259 | 228.9% | 65.60% |
| 2017 | 0.53218% | \$ 62,462,483 | \$ 23,066,703 | 270.8% | 59.90% |
| 2016 | 0.53618% | \$ 57,651,668 | \$ 22,909,160 | 251.7% | 62.50% |
| 2015 | 0.52896% | \$ 54,067,605 | \$ 22,641,906 | 238.8% | 63.70% |
| Louisiana State Employees' Retirement System: | | | | | |
| 2019 | 0.00084% | \$ 57,628 | \$ 17,944 | 321.2% | 64.30% |
| 2018 | 0.00091% | \$ 64,405 | \$ 18,094 | 355.9% | 62.50% |
| 2017 | 0.00087% | \$ 68,239 | \$ 17,564 | 388.5% | 57.70% |
| 2016 | 0.00091% | \$ 62,030 | \$ 17,476 | 354.9% | 62.70% |
| 2015 | 0.00086% | \$ 53,912 | \$ 14,822 | 363.7% | 65.00% |
| State of Louisiana School Employees' Retirement System: | | | | | |
| 2019 | 0.73954% | \$ 4,941,156 | \$ 2,133,235 | 231.6% | 74.44% |
| 2018 | 0.77624% | \$ 4,967,369 | \$ 2,218,183 | 223.9% | 75.03% |
| 2017 | 0.77625% | \$ 5,855,643 | \$ 2,202,175 | 265.9% | 70.09% |
| 2016 | 0.79348% | \$ 5,031,665 | \$ 2,249,817 | 223.6% | 74.49% |
| 2015 | 0.80350% | \$ 4,657,530 | \$ 2,248,161 | 207.2% | 76.18% |

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

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

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Schedule of Employer Contributions
For the Year Ended June 30, 2019

| Year ended June 30, | Contractually Required Contribution | Contributions in Relation to Contractual Required Contribution | Contribution Deficiency (Excess) | Covered Payroll | Contributions as a % of Covered Payroll |
|--|---|--|--|--------------------|--|
| Teachers' Retirement System of Louisiana: | | | | | |
| 2019 | \$ 6,004,067 | \$ 6,003,004 | \$ 1,063 | \$ 22,484,361 | 26.70% |
| 2018 | \$ 5,943,262 | \$ 5,941,396 | \$ 1,866 | \$ 22,339,327 | 26.60% |
| 2017 | \$ 5,899,302 | \$ 6,043,207 | \$ (143,905) | \$ 23,047,259 | 26.22% |
| 2016 | \$ 6,088,467 | \$ 6,085,949 | \$ 2,518 | \$ 23,066,703 | 26.38% |
| 2015 | \$ 6,441,671 | \$ 6,441,671 | \$ - | \$ 22,932,398 | 28.09% |
| Louisiana State Employees' Retirement System: | | | | | |
| 2019 | \$ 5,665 | \$ 5,665 | \$ - | \$ 14,948 | 37.90% |
| 2018 | \$ 6,801 | \$ 6,801 | \$ - | \$ 17,944 | 37.90% |
| 2017 | \$ 6,478 | \$ 6,478 | \$ - | \$ 18,094 | 35.80% |
| 2016 | \$ 6,534 | \$ 6,534 | \$ - | \$ 17,564 | 37.20% |
| 2015 | \$ 6,466 | \$ 6,670 | \$ (204) | \$ 17,476 | 38.17% |
| State of Louisiana School Employees' Retirement System: | | | | | |
| 2019 | \$ 602,271 | \$ 602,271 | \$ - | \$ 2,150,968 | 28.00% |
| 2018 | \$ 588,773 | \$ 588,773 | \$ - | \$ 2,133,235 | 27.60% |
| 2017 | \$ 605,564 | \$ 605,564 | \$ - | \$ 2,218,183 | 27.30% |
| 2016 | \$ 665,147 | \$ 665,147 | \$ - | \$ 2,202,175 | 30.20% |
| 2015 | \$ 742,440 | \$ 742,440 | \$ - | \$ 2,249,817 | 33.00% |

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

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Notes to the Required Supplementary Information

(1) Retirement Systems

Changes in Benefit Terms – There were no changes in benefit terms for the retirement plans for the year ended June 30, 2019.

Changes in Assumptions – Change in assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. These assumptions include the rate of investment return, mortality of plan members, rate of salary increases, rates of retirement, rates of termination, rates of disability, and various other factors that have an impact on the cost of the plan.

Amounts reported for the fiscal year ended June 30, 2019 for the pension plan reflect the following changes used to measure the total pension liability.

| * Year ended June 31, | Discount Rate | Investment Rate of Return | Inflation Rate | Expected Remaining Service Lives | Projected Salary Increase |
|--|------------------|---------------------------------|-------------------|--|---------------------------------|
| Teachers' Retirement System of Louisiana: | | | | | |
| 2019 | 7.65% | 7.65% | 2.50% | 5 | 3.3-4.8% |
| 2018 | 7.70% | 7.70% | 2.50% | 5 | 3.5-10.0% |
| 2017 | 7.75% | 7.75% | 2.50% | 5 | 3.5-10.0% |
| 2016 | 7.75% | 7.75% | 2.50% | 5 | 3.5-10.0% |
| 2015 | 7.75% | 7.75% | 2.50% | 5 | 3.5-10.0% |
| Louisiana State Employees' Retirement System: | | | | | |
| 2019 | 7.65% | 7.65% | 2.75% | 3 | 3.8-12.8% |
| 2018 | 7.70% | 7.70% | 2.75% | 3 | 3.8-12.8% |
| 2017 | 7.75% | 7.75% | 3.00% | 3 | 4.0-13.0% |
| 2016 | 7.75% | 7.75% | 3.00% | 3 | 4.0-13.0% |
| 2015 | 7.75% | 7.75% | 3.00% | 3 | 4.0-13.0% |
| State of Louisiana School Employees' Retirement System: | | | | | |
| 2019 | 7.0625% | 7.0625% | 2.50% | 3 | 3.25% |
| 2018 | 7.125% | 7.125% | 2.625% | 3 | 3.075-5.375% |
| 2017 | 7.125% | 7.125% | 2.625% | 3 | 3.075-5.375% |
| 2016 | 7.00% | 7.00% | 2.75% | 3 | 3.2-5.5% |
| 2015 | 7.25% | 7.25% | 2.75% | 3 | 3.2-5.5% |

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

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Notes to the Required Supplementary Information (Continued)

(2) OPEB Plan

Changes in Benefit Terms – There were no changes in benefit terms for the OPEB plan.

Changes in Assumptions – The discount rate has been decreased from 3.87% to 3.50% since the previous valuation for the OPEB plan.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of the Governmental Accounting Standards Board Statement No. 75 to pay related benefits.

(3) Budget Practices

The proposed budget for 2019 was completed and made available for public inspection at the School Board office prior to the required public hearing held for suggestions and comments from taxpayers. The School Board formally adopted the proposed fiscal year 2019 budget on August 13, 2018. In accordance with R.S.17:88(A), parish school boards must adopt the budget no later than September fifteenth of each year. The budget, which included proposed expenditures and the means of financing them, for the General and Special Revenue Funds, was published in the official journal ten days prior to the public hearing.

The budgets for the General and Special Revenue Funds for the fiscal year were prepared on the modified accrual basis of accounting, consistent with generally accepted accounting principles (GAAP).

Formal budgetary accounts are integrated into the accounting system during the year as a management control device, including the recording of encumbrances. With the exception of the multi-year projects in the capital projects funds, appropriations lapse at the end of each fiscal year.

The level of control over the budget is exercised at the function or program level for the General and Special Revenue. The Superintendent and/or Director of Finance are authorized to transfer budget amounts within each fund; however, any supplemental appropriations that amend the total expenditures of any fund require School Board approval. As required by state law, when actual revenues within a fund are failing to meet estimated annual budgeted revenues by five percent or more, and/or actual expenditures within a fund are exceeding estimated budgeted expenditures by five percent or more, a budget amendment to reflect such changes is adopted by the School Board in an open meeting. Budgeted amounts included in the financial statements include the original adopted budget and all subsequent amendments.

OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

School District Maintenance Ward 1, No. 1, No. 3, No. 5, No. 25, and No. 4A Funds

To account for the various school districts proceeds of ad valorem taxes levied for maintaining and improving schools within each district.

School Food Service Fund

The school lunch program provides nourishing morning and noon meals for students in all grades. This program is supplemented by both federal and state funds that are based on reimbursement and participation.

Title II Teacher and Principal Training and Recruiting Fund

A federally funded program to the School Board which is designed to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools.

Title IV B Rural Education Achievement Program

A federally funded program to the School Board which is designed to improve student achievement in rural areas.

Debt Service Funds

School District - Ward I, No. 1, No. 3, No. 4, No. 5 and No. 25 Funds

The debt service funds accumulate monies to pay outstanding bond issues of the respective school districts. The bonds are used to acquire and improve sites, school buildings, equipment, and furnishings. The debt issues are financed by a special property tax levy on property within the territorial limits of the appropriate school districts.

Capital Projects Funds

School District - Ward I, No. 1, No. 3, No.4, and No. 5 Funds

The capital project funds account for district-wide construction and improvements of public school facilities. Financing is provided by the proceeds from the sale of general obligation bonds.

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana
Nonmajor Governmental Funds

Combining Balance Sheet - By Fund Type
June 30, 2019
With Comparative Totals for June 30, 2018

| | Special Revenue | Debt Service | Capital Projects | Totals (Memorandum Only) | |
|---|-------------------------|-------------------------|-----------------------|-----------------------------|-------------------------|
| | | | | 2019 | 2018 |
| ASSETS | | | | | |
| Cash and interest-bearing deposits | \$ 3,771,306 | \$ 1,152,363 | \$ (188,942) | \$ 4,734,727 | \$ 4,307,078 |
| Receivables - | | | | | |
| Due from other funds | 242,416 | 226,105 | 236,213 | 704,734 | 496,936 |
| Due from other governmental agencies | 119,489 | - | - | 119,489 | 162,290 |
| Other | - | - | 619,737 | 619,737 | - |
| Inventories, at cost | 56,005 | - | - | 56,005 | 48,802 |
| Total assets | <u>\$ 4,189,216</u> | <u>\$ 1,378,468</u> | <u>\$ 667,008</u> | <u>\$ 6,234,692</u> | <u>\$ 5,015,106</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 114,190 | \$ - | \$ - | \$ 114,190 | \$ 33,244 |
| Accrued salaries payable | 128,669 | - | - | 128,669 | 126,170 |
| Contract's payable | - | - | 181,673 | 181,673 | - |
| Retainage payable | - | - | 319,807 | 319,807 | - |
| Due to other funds | 345,594 | - | - | 345,594 | 453,035 |
| Total liabilities | <u>588,453</u> | <u>-</u> | <u>501,480</u> | <u>1,089,933</u> | <u>612,449</u> |
| Fund balances: | | | | | |
| Nonspendable | 56,005 | - | - | 56,005 | 48,802 |
| Restricted | - | 1,378,468 | 165,528 | 1,543,996 | 1,545,607 |
| Assigned | 3,544,758 | - | - | 3,544,758 | 2,808,248 |
| Total fund balances | <u>3,600,763</u> | <u>1,378,468</u> | <u>165,528</u> | <u>5,144,759</u> | <u>4,402,657</u> |
| Total liabilities and fund balances | <u>\$ 4,189,216</u> | <u>\$ 1,378,468</u> | <u>\$ 667,008</u> | <u>\$ 6,234,692</u> | <u>\$ 5,015,106</u> |

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana
Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - By Fund Type
Year Ended June 30, 2019
With Comparative Totals for the Year Ended June 30, 2018

| | Special Revenue | Debt Service | Capital Projects | Totals (Memorandum Only) | |
|--|---------------------|---------------------|---------------------|-----------------------------|---------------------|
| | | | | 2019 | 2018 |
| REVENUES | | | | | |
| Parish sources: | | | | | |
| Ad valorem taxes | \$ 2,403,589 | \$ 1,749,359 | \$ - | \$ 4,152,948 | \$ 3,531,365 |
| Other | <u>196,498</u> | <u>9,640</u> | <u>2,626</u> | <u>208,764</u> | <u>215,892</u> |
| Total parish sources | 2,600,087 | 1,758,999 | 2,626 | 4,361,712 | 3,747,257 |
| State sources | 534,801 | - | - | 534,801 | 402,879 |
| Federal sources | <u>2,097,352</u> | <u>-</u> | <u>-</u> | <u>2,097,352</u> | <u>1,970,642</u> |
| Total revenues | <u>5,232,240</u> | <u>1,758,999</u> | <u>2,626</u> | <u>6,993,865</u> | <u>6,120,778</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Instruction - | | | | | |
| Regular programs | 274,331 | - | - | 274,331 | 269,744 |
| Other instructional programs | 1,759 | - | - | 1,759 | 9,577 |
| Support services - | | | | | |
| Pupil support services | 42,419 | - | - | 42,419 | 10,295 |
| Instructional staff support services | 88,383 | - | - | 88,383 | 86,248 |
| General administration | 76,257 | 61,464 | - | 137,721 | 118,892 |
| School administration | 682,491 | - | - | 682,491 | 635,911 |
| Operation and maintenance of plant services | 807,742 | - | - | 807,742 | 820,620 |
| Student transportation services | 94,442 | - | - | 94,442 | - |
| Non-instructional services - | | | | | |
| Food services | 2,593,494 | - | - | 2,593,494 | 2,413,327 |
| Facilities acquisition and construction | - | - | 5,024,121 | 5,024,121 | 21,422 |
| Debt service: | | | | | |
| Principal retirement | - | 1,140,000 | - | 1,140,000 | 1,100,000 |
| Interest and fiscal charges | <u>-</u> | <u>485,907</u> | <u>-</u> | <u>485,907</u> | <u>513,257</u> |
| Total expenditures | <u>4,661,318</u> | <u>1,687,371</u> | <u>5,024,121</u> | <u>11,372,810</u> | <u>5,999,293</u> |
| Excess (deficiency) of revenues over expenditures | <u>570,922</u> | <u>71,628</u> | <u>(5,021,495)</u> | <u>(4,378,945)</u> | <u>121,485</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Insurance proceeds | - | - | 2,234,597 | 2,234,597 | - |
| Transfers in | 192,382 | - | 106,296 | 298,678 | 190,021 |
| Transfers out | <u>(19,591)</u> | <u>-</u> | <u>-</u> | <u>(19,591)</u> | <u>(13,420)</u> |
| Total other financing sources (uses) | <u>172,791</u> | <u>-</u> | <u>2,340,893</u> | <u>2,513,684</u> | <u>176,601</u> |
| Net change in fund balances | 743,713 | 71,628 | (2,680,602) | (1,865,261) | 298,086 |
| FUND BALANCES, BEGINNING | <u>2,857,050</u> | <u>1,306,840</u> | <u>2,846,130</u> | <u>7,010,020</u> | <u>4,104,571</u> |
| FUND BALANCES, ENDING | <u>\$ 3,600,763</u> | <u>\$ 1,378,468</u> | <u>\$ 165,528</u> | <u>\$ 5,144,759</u> | <u>\$ 4,402,657</u> |

FIDUCIARY FUNDS

AGENCY FUNDS

School Activity Fund

To account for individual school monies on deposit in various bank accounts. While the school activity 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.

Sales Tax Collection Fund

To account for the collection and distribution of sales and use taxes collected by the School Board on its behalf and on the behalf of the Allen Parish Police Jury and other taxing authorities within Allen Parish.

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana
Fiduciary Funds
Agency Funds

Combining Statement of Fiduciary Assets and Liabilities
June 30, 2019
With Comparative Totals for June 30, 2018

| | <u>School Activity Fund</u> | <u>Sales Tax Collection Fund</u> | <u>Totals</u> | |
|------------------------------------|-------------------------------------|--|--------------------|--------------------|
| | | | <u>2019</u> | <u>2018</u> |
| ASSETS | | | | |
| Cash and interest-bearing deposits | \$ 692,397 | \$ 423,065 | \$1,115,462 | \$1,063,612 |
| Investments | <u>16,806</u> | <u>-</u> | <u>16,806</u> | <u>16,423</u> |
| Total assets | <u>\$ 709,203</u> | <u>\$ 423,065</u> | <u>\$1,132,268</u> | <u>\$1,080,035</u> |
| LIABILITIES | | | | |
| Due to other governmental units | \$ - | \$ 423,065 | \$ 423,065 | \$ 423,768 |
| School activity funds payable | <u>709,203</u> | <u>-</u> | <u>709,203</u> | <u>656,267</u> |
| Total liabilities | <u>\$ 709,203</u> | <u>\$ 423,065</u> | <u>\$1,132,268</u> | <u>\$1,080,035</u> |

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana
Agency Fund
School Activity Fund

Schedule of Changes in Deposits Due to Others
Year Ended June 30, 2019

| School | Balance July 1, 2018 | Additions | Deletions | Balance June 30, 2019 |
|---------------------|-------------------------|-------------------------|-------------------------|--------------------------|
| Elizabeth High | \$ 59,860 | \$ 208,515 | \$ 214,705 | \$ 53,670 |
| Fairview High | 79,831 | 163,111 | 159,270 | 83,672 |
| Kinder Elementary | 52,783 | 143,540 | 143,212 | 53,111 |
| Kinder High | 192,867 | 375,007 | 373,272 | 194,602 |
| Kinder Middle | 60,451 | 121,372 | 101,936 | 79,887 |
| Oakdale Elementary | 18,557 | 71,456 | 57,784 | 32,229 |
| Oakdale Junior High | 38,437 | 89,149 | 100,247 | 27,339 |
| Oakdale High | 40,019 | 300,955 | 289,739 | 51,235 |
| Oberlin Elementary | 26,349 | 64,409 | 63,538 | 27,220 |
| Oberlin High | 51,535 | 349,292 | 322,844 | 77,983 |
| Reeves High | 35,578 | 151,262 | 158,585 | 28,255 |
| Total balances | <u>\$656,267</u> | <u>\$ 2,038,068</u> | <u>\$ 1,985,132</u> | <u>\$ 709,203</u> |

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana
Agency Fund
Sales Tax Collection Fund

Schedule of Changes in Deposit Balances
Years Ended June 30, 2019 and 2018

| | 2019 | 2018 |
|---|------------|------------|
| Deposits, beginning | \$ 423,768 | \$ 475,485 |
| Additions: | | |
| Sales tax collections | 14,306,313 | 14,741,865 |
| Use of money and property - interest earnings | 3,765 | 1,509 |
| Total additions | 14,310,078 | 14,743,374 |
| Total | 14,733,846 | 15,218,859 |
| Reductions: | | |
| Transfers to - | | |
| General Fund: | | |
| Sales tax | 7,241,650 | 7,956,669 |
| Collection fees | 144,001 | 139,083 |
| Other taxing authorities | 6,897,035 | 6,659,150 |
| Sales tax audit fees and commissions | 28,095 | 40,189 |
| Total reductions | 14,310,781 | 14,795,091 |
| Deposits, ending | \$ 423,065 | \$ 423,768 |

**INTERNAL CONTROL, COMPLIANCE
AND
OTHER MATTERS**

KOLDER, SLAVEN & COMPANY, LLC

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

Mr. Kent Reed, Superintendent,
and Members of the Allen Parish School Board
Oberlin, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Allen Parish School Board (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 October 28, 2019.

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 School Board's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Board's financial statements are free 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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2019-001.

Allen Parish School Board's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Board's internal control or on compliance. 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; however, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Oberlin, Louisiana
October 28, 2019

KOLDER, SLAVEN & COMPANY, LLC

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

* A Professional Accounting Corporation

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Mr. Kent Reed, Superintendent,
and Members of the Allen Parish School Board
Oberlin, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the Allen Parish School Board's (School Board) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School Board's major federal programs for the year ended June 30, 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 Allen 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.

Report on Internal Control over Compliance

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

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

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

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Oberlin, Louisiana
October 28, 2019

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

| Federal Grantor/Pass-Through Grantor/Program Title | Pass-through Identifying Number | CFDA Number | Expenditures |
|---|---------------------------------------|----------------|---------------------|
| UNITED STATES DEPARTMENT OF AGRICULTURE | | | |
| Child Nutrition Cluster: | | | |
| Passed through Louisiana Department of Agriculture and Forestry: | | | |
| Food Distribution Program | N/A | 10.555 | \$ 154,595 |
| Passed through Louisiana Department of Education: | | | |
| National School Breakfast Program | N/A | 10.553 | 398,902 |
| National School Lunch Program | N/A | 10.555 | <u>1,167,924</u> |
| Total Child Nutrition Cluster | | | <u>1,721,421</u> |
| Total United States Department of Agriculture | | | <u>1,721,421</u> |
| UNITED STATES DEPARTMENT OF EDUCATION | | | |
| Passed through Louisiana Department of Education: | | | |
| Title I - Grants to Local Educational Agencies | 28-19-T1-02 | 84.010A | 1,149,822 |
| Title I - School Redesign | Unknown | 84.010A | 137,556 |
| Title I - Direct Student Services | 28-19-DSS-02 | 84.010A | <u>15,838</u> |
| Total Title I Grants to Local Educational Agencies | | | 1,303,216 |
| Special Education Cluster: | | | |
| Special Education - IDEA - Part B 611 | 28-19-B1-02 | 84.027A | 868,922 |
| Special Education - School Redesign | Unknown | 84.027A | 29,742 |
| Special Education - IDEA Preschool 619 | 28-19-P1-02 | 84.173A | 27,369 |
| EC Network Lead Agency Consolidated - IDEA 619 | 28-19-CY-02 | 84.173A | <u>1,597</u> |
| Total Special Education Cluster | | | <u>927,630</u> |
| Title II - Supporting Effective Instruction State Grants | 28-19-50-02 | 84.367A | 234,168 |
| Temporary Emergency Impact Aid for Displaced Students | Unknown | 84.938C | 25,500 |
| Teacher and School Leader Incentive Grants - Teacher Incentive Funds | 28-19-TP-02 | 84.374A | 197,728 |
| Teacher and School Leader Incentive Grants - Formula Transition - TIF | Unknown | 84.374A | 3,000 |
| Teacher and School Leader Incentive Grants - PBCS | Unknown | 84.374A | 324,359 |
| Striving Readers/Comprehensive Literacy Development - SRCL2 Grades 9 - 12 | 28-18-SR04-02 | 84.371C | 120,196 |
| Title IVA SSAE - Student Support and Academic Enrichment Program | 28-19-71-02 | 84.424A | 67,938 |
| Title V-B RLIS - Rural Education | 28-19-RE-02 | 84.358B | 73,825 |
| Career and Technical Education - Basic Grants to States - Carl Perkins - Secondary | 28-19-02-02 | 84.048A | <u>51,354</u> |
| Total United States Department of Education | | | <u>3,328,914</u> |
| UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | |
| Passed through Louisiana Department of Education: | | | |
| TANF Cluster - Temporary Assistance for Needy Families | 28-19-36-02 | 93.558 | 374,425 |
| CCDF Cluster - Child Care and Development Block Grant - Early Childhood Network Lead Agency Consolidated | 28-19-CO-02 | 93.575 | <u>8,673</u> |
| Total United States Department of Health and Human Services | | | <u>383,098</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 5,433,433</u> |

The accompanying notes are an integral part of this schedule.

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

(1) Basis of Accounting

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Allen Parish 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 Allen Parish School Board, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Allen Parish School Board.

(2) Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

(3) Commodities

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2019, the School Board had \$56,005 of commodities inventory.

(4) Relationship to Fund Financial Statements

Federal financial assistance revenues are reported in the Allen Parish School Board's fund financial statements as follows:

| | |
|-----------------------|---------------------|
| From Federal Sources: | |
| General Fund | \$ 25,500 |
| Special Revenue Funds | <u>5,407,933</u> |
| Total | <u>\$ 5,433,433</u> |

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

Part I. Summary of Auditors' Results:

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the Allen Parish School Board were prepared in accordance with generally accepted accounting principles.
2. There were no significant deficiencies or material weaknesses in internal control disclosed by the audit of the basic financial statements.
3. There was one instance of noncompliance material to the financial statements which would be required to be reported in accordance with *Government Auditing Standards*.
4. There were no significant deficiencies or material weaknesses in internal control over the major federal award programs disclosed.
5. The auditor's report on compliance for the major federal award program expresses an unmodified opinion on the major federal program.
6. The audit disclosed no findings required to be reported in accordance with 2 CFR Section 200.516(a) of the Uniform Guidance.
7. The major programs were:
U.S. Department of Agriculture Child Nutrition Cluster:
Passed through Louisiana Department of Education:
 National School Breakfast Program CFDA #10.553
 National School Lunch Program CFDA #10.555
Passed through Louisiana Department of Agriculture and Forestry:
 Food Distribution Program CFDA #10.555
8. The dollar threshold used to distinguish between Type A and Type B programs, as described in 2 CFR Section 200.518(b)(1) was \$750,000.
9. The Allen Parish School Board did qualify to be a low-risk auditee.

Part II. Findings which are required to be reported in accordance with generally accepted Government Auditing Standards:

A. Compliance –

2019-001 Collection of Expired Sales Tax

Fiscal year finding initially occurred: 2018

CONDITION: The School Board failed to propose to have the 1 percent sales tax renewed prior to its expiration date of March 31, 2018.

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2019

CRITERIA: Local sales taxes collected must be approved by public vote in order to be levied and collected.

CAUSE: The cause of the condition is due to an oversight by management.

EFFECT: The 1 percent sales tax expired but was still being collected by the School Board, resulting in unauthorized collections of \$1,606,742 during fiscal year ending June 30, 2019.

RECOMMENDATION: The School Board should designate an employee to oversee the expirations and appropriate renewals of all sales taxes and millages.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Management is aware of the expired sales tax and has retained legal counsel to evaluate this matter. The School Board also ceased collection of this tax as of January 1, 2019. On May 4, 2019, the voters of the parish approved a one percent sales and use tax to be levied by the School Board for a period of ten years effective July 1, 2019 to supplement other revenues available to the School Board to pay salaries of teachers and the expenses of operating the public schools of Allen Parish.

B. Internal Control over Financial Reporting –

No deficiencies in internal control were disclosed by the audit of the financial statements.

Part III. Findings and questioned costs relating to Federal Programs:

There were no significant deficiencies or instances of material noncompliance noted during the audit.

ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana

Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2019

Part I. Findings which are required to be reported in accordance with Government Auditing Standards

A. Compliance –

2018-001 Collection of Expired Sales Tax

CONDITION: The School Board failed to propose to have the 1 percent sales tax renewed prior to its expiration date of March 31, 2018.

RECOMMENDATION: The School Board should designate an employee to oversee the expirations and appropriate renewals of all sales taxes and millages.

CURRENT STATUS: Management is aware of the expired sales tax and has retained legal counsel to evaluate this matter. The School Board also ceased collection of this tax as of January 1, 2019. On May 4, 2019, the voters of the parish approved a one percent sales and use tax to be levied by the School Board for a period of ten years effective July 1, 2019 to supplement other revenues available to the School Board to pay salaries of teachers and the expenses of operating the public schools of Allen Parish.

C. Internal Control over Financial Reporting –

No deficiencies in internal control were disclosed by the audit of the financial statements.

Part III. Findings and questioned costs relating to Federal Programs:

There are no findings to be reported under this section.

ALLEN PARISH SCHOOL BOARD

AGREED-UPON PROCEDURES
REPORT ON SCHOOL BOARD
PERFORMANCE MEASURES

Fiscal Year Ended June 30, 2019

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the Allen 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 Allen 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. Management of the Allen Parish School Board is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

I. 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

There were no exceptions noted.

II. 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.

There were no exceptions noted.

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

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

There were no exceptions noted.

IV. Public School Staff Data: Average Salaries (NO SCHEDULE)

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

There were no exceptions noted.

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

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Oberlin, Louisiana
October 28, 2019

ALLEN PARISH SCHOOL BOARD

Oberlin, Louisiana

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

As of and for the Year Ended June 30, 2019

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

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

Schedule 2 – (Formerly Schedule 6) Class Size Characteristics

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

**Allen Parish School Board
Oberlin, Louisiana**

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

| | <i>Column A</i> | <i>Column B</i> |
|---|---------------------|---------------------|
| <u>General Fund Instructional and Equipment Expenditures</u> | | |
| General Fund Instructional Expenditures: | | |
| Teacher and Student Interaction Activities: | | |
| Classroom Teacher Salaries | \$ 14,856,392 | |
| Other Instructional Staff Activities | 1,189,605 | |
| Instructional Staff Employee Benefits | 8,164,971 | |
| Purchased Professional and Technical Services | 50,023 | |
| Instructional Materials and Supplies | 417,726 | |
| Instructional Equipment | - | |
| Total Teacher and Student Interaction Activities | - | \$ 24,678,718 |
| Other Instructional Activities | | 92,298 |
| Pupil Support Services | 2,321,121 | |
| Less: Equipment for Pupil Support Services | - | |
| Net Pupil Support Services | - | 2,321,121 |
| Instructional Staff Services | 1,705,022 | |
| Less: Equipment for Instructional Staff Services | - | |
| Net Instructional Staff Services | - | 1,705,022 |
| School Administration | 3,184,392 | |
| Less: Equipment for School Administration | - | |
| Net School Administration | - | 3,184,392 |
| Total General Fund Instructional Expenditures (Total of Column B) | | \$ 31,981,551 |
| Total General Fund Equipment Expenditures (Object 730; Function Series 1000-4000) | | \$ - |
| <u>Certain Local Revenue Sources</u> | | |
| Local Taxation Revenue: | | |
| Constitutional Ad Valorem Taxes | | \$ 495,822 |
| Renewable Ad Valorem Tax | | 596,608 |
| Debt Service Ad Valorem Tax | | 1,796 |
| Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes | | 176,756 |
| Sales and Use Taxes | | 7,116,433 |
| Total Local Taxation Revenue | | \$ 8,387,415 |
| Local Earnings on Investment in Real Property: | | |
| Earnings from 16th Section Property | | \$ 1,440 |
| Earnings from Other Real Property | | - |
| Total Local Earnings on Investment in Real Property | | \$ 1,440 |
| State Revenue in Lieu of Taxes: | | |
| Revenue Sharing - Constitutional Tax | | \$ 21,801 |
| Revenue Sharing - Other Taxes | | 21,750 |
| Revenue Sharing - Excess Portion | | - |
| Other Revenue in Lieu of Taxes | | - |
| Total State Revenue in Lieu of Taxes | | \$ 43,551 |
| Nonpublic Textbook Revenue | | \$ - |
| Nonpublic Transportation Revenue | | \$ - |

**ALLEN PARISH SCHOOL BOARD
Oberlin, Louisiana**

**Class Size Characteristics
As of June 30, 2019**

| School Type | Class Size Range | | | | | | | |
|----------------------------------|------------------|--------|---------|--------|---------|--------|---------|--------|
| | 1 - 20 | | 21 - 26 | | 27 - 33 | | 34+ | |
| | Percent | Number | Percent | Number | Percent | Number | Percent | Number |
| Elementary | 90% | 378 | 10% | 41 | 0% | - | 0% | 1 |
| Elementary Activity Classes | 80% | 47 | 9% | 5 | 2% | 1 | 9% | 5 |
| Middle/Jr. High | 56% | 173 | 31% | 94 | 13% | 41 | 0% | - |
| Middle/Jr. High Activity Classes | 80% | 56 | 13% | 9 | 6% | 4 | 1% | 1 |
| High | 79% | 364 | 20% | 94 | 1% | 5 | 0% | - |
| High Activity Classes | 91% | 88 | 7% | 7 | 2% | 2 | 0% | - |
| Combination | 88% | 364 | 10% | 41 | 2% | 10 | 0% | 1 |
| Combination Activity Classes | 82% | 57 | 4% | 3 | 11% | 8 | 3% | 2 |

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 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 items.

ALLEN PARISH SCHOOL BOARD

Oberlin, Louisiana

Statewide Agreed-Upon Procedures Report

Year Ended June 30, 2019

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

* A Professional Accounting Corporation

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To the Members of the Allen
Parish School Board, and
The Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Allen Parish School Board (School Board) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The School Board's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described 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
Written policies and procedures were obtained and address the functions noted above.
 - 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.
Written policies and procedures were obtained and address the functions noted above.
 - c) ***Disbursements***, including processing, reviewing, and approving
Written policies and procedures were obtained and address the functions noted above.
 - 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).

Written policies and procedures were obtained; however, they do not address the following: management's actions to determine the completeness of all collections for each type of revenue or agency fund additions.

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

Written policies and procedures were obtained and address the functions noted above.

- 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

Written policies and procedures were obtained and address the functions noted above.

- 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)

Written policies and procedures were obtained and do not address the functions noted above.

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

Written policies and procedures were obtained and address the functions noted above.

- 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.

Written policies and procedures were obtained; however, they do not address the following: 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.

Written policies and procedures were obtained and address the functions noted above.

- 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.

Written policies and procedures were obtained and do not address the functions noted above. The Allen Parish School Board's management is currently working on this policy.

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.

Obtained and reviewed minutes of the managing board for the fiscal period noting that the board met monthly.

- 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.*

There were no exceptions noted.

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned 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 unassigned fund balance in the general fund.

Obtained and reviewed prior year audit report noting a positive unassigned fund balance in the general fund.

Bank Reconciliations

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

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

Obtained bank reconciliations noting that they were prepared within 2 months of the related statement closing date.

- 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).

Obtained bank reconciliations noting that they include evidence of review by a member of management who does not handle cash, post ledgers, or issue checks.

- 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.

Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

Collections (excluding EFTs)

- 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).

Obtained a listing of deposit sites for the fiscal period where deposits are prepared and management's representation that the listing is complete.

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.
Employees 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.
For one of the five locations tested, the employee responsible for collecting cash is responsible for preparing/making bank deposits, and there is not another employee responsible for reconciling collection documentation to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
For two of the five locations tested, the employees responsible for collecting cash are responsible for posting collection entries to the general ledger, and there is not another employee 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.
Employees responsible for reconciling cash collections to the general ledger are not responsible for collecting cash.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
Through inquiry with management, all employees who have access to cash are covered by an 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.
Receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
Traced supporting documentation to the deposit slips noting no exceptions.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
Traced the deposit slip total to the actual deposit per the bank statement noting no exceptions.

- 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).

Observed that deposits were made within one business day of receipt at the collection locations.

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

Traced the actual deposit per the bank statement to the general ledger noting no exceptions.

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

(The following procedures are not applicable, because there were no exceptions noted in year 2.)

- 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.

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

(The following procedures are not applicable, because there were no exceptions noted in year 1.)

- 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 (or electronically approved), 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). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

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

(The following procedures are not applicable, because there were no exceptions noted in year 1.)

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

Contracts

(The following procedures are not applicable, because there were no exceptions noted in year 1.)

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Payroll and Personnel

(The following procedures are not applicable, because there were no exceptions noted in year 1.)

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

Ethics

(The following procedures are not applicable, because there were no exceptions noted in year 1.)

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

Debt Service

(The following procedures are not applicable, because there were no exceptions noted in year 1.)

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

Other

(The following procedures are not applicable, because there were no exceptions noted in year 1.)

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

Management's Response:

Management of the Allen Parish School Board concurs with the exceptions and are working to address the deficiencies identified.

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

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Oberlin, Louisiana
October 28, 2019