
FRANKLIN PARISH SCHOOL BOARD

WINNSBORO, LOUISIANA

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2022



FRANKLIN PARISH SCHOOL BOARD

WINNSBORO, LOUISIANA

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FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

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INDEPENDENT AUDITORS' REPORT

The Members of the
Franklin Parish School Board
Winnsboro, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Franklin Parish School Board (the School Board) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School System's basic financial statements as listed in the table of contents.

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 School Board as of June 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School Board and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of a Certain Matter

As described in Note 11 to the financial statements, the School Board implemented Governmental Accounting Standards Board Statement No. 87 *Leases*, which required, among other things, that liabilities and right-to-use assets be recorded for certain lease agreements. The implementation of this statement represents a change in accounting principle having a significant effect on the School Board's financial statements from prior year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School Board's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of changes in total other post-employment benefit liability and related ratios, the schedule of the proportionate share of the net pension liability, the schedule of contributions to each retirement system and the notes to the required supplemental information, on pages 4 through 10, pages 51 through 57, page 58, page 59, page 60 and 61, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Board's basic financial statements. The other information identified in the table of contents as the combining non-major governmental fund financial statements, the schedule of board members' compensation, and the schedule of compensation, benefits and payments to agency head or chief executive officer is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards and related notes presented on pages 74-75 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining non-major governmental fund financial statements, the schedule of compensation, benefits and other payments to agency head or chief executive officer, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2022 on our consideration of the School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants, agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Board's internal control over compliance and financial reporting.

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 15, 2022

Franklin Parish School Board

Winnsboro, Louisiana

REQUIRED SUPPLEMENTAL INFORMATION

MANAGEMENT'S DISCUSSION
AND ANALYSIS (MD&A)

FRANKLIN PARISH SCHOOL BOARD
MANAGEMENT’S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2022

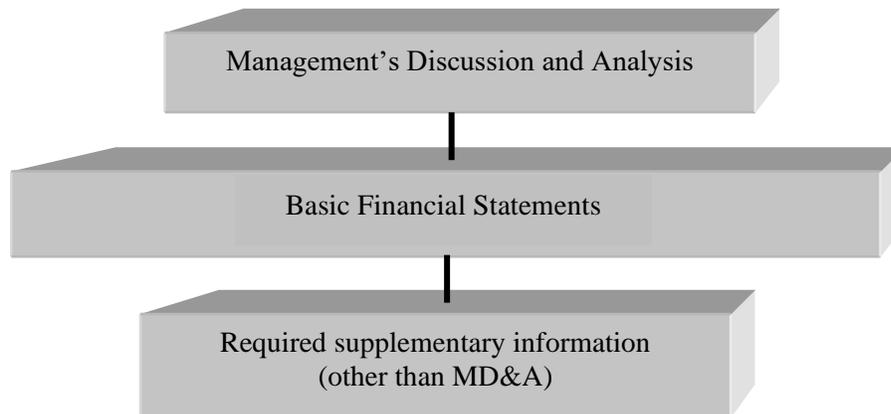
The Management’s Discussion and Analysis of the Franklin Parish School Board’s (the School Board) financial performance presents a narrative overview and analysis of Franklin Parish School Board’s financial activities as of and for the year ended June 30, 2022. This document focuses on the current year’s activities, resulting changes, and currently known facts in comparison with the prior year’s information (where available).

FINANCIAL HIGHLIGHTS

- ★ The Franklin Parish School Board’s liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at the close of fiscal year 2022 by \$39,155,995. This results in the School Board having an overall deficit net position.
- ★ Revenues exceeded expenses by \$4,450,100 for the 2022 fiscal year, thereby decreasing the deficit in net position.
- ★ MFP Revenue, the School Board’s primary operating revenue source, increased approximately \$11,100, or 0.06% due to an inflationary adjustment approved by the state legislature that surpassed a revenue decline due to decreased enrollment.
- ★ The Renovation Fund ended the fiscal year with a fund balance of \$5,675,425. \$2,051,987 of this amount is restricted to future debt service payments or reserves, and \$3,747,246 is restricted to facility renovations and other uses.
- ★ The Capital Projects 2017 Fund ended the year with a fund balance of \$685,686 that represents the balance of the unexpended bond proceeds which are restricted to major capital improvements.
- ★ The General Fund operated at a net deficit, or change in fund balance of \$248,767, and ended the fiscal year with unassigned fund balance of \$6,433,235, thereby providing the system with unrestrained operating reserves of approximately 23% of annual expenditures. Total General Fund balance which includes amounts restricted to employee compensation and amounts committed for insurance purposes as well as unassigned amounts, equals \$8,076,108, or 29% of annual expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum reporting requirements established by Governmental Accounting Standards Board (GASB) Statement 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments.



These financial statements consist of three sections - Management’s Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

FRANKLIN PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2022

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

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

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

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

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

Governmental funds. *Governmental funds* are used to account for essentially the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near term inflows and outflows of spendable resources*, as well as on *balances of spendable resources available* at the end of the fiscal year. Such information may be useful in evaluating a government's near term financial requirements. Because of the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long term impact of the School Board's near-term financing decisions. Both the governmental fund balance and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The School Board maintains dozens of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Title I Fund, Renovation Fund, and the ESSER Fund, all of which are considered major funds. The remaining funds are combined into a single, aggregated presentation under the label of other governmental funds, which contains all non-major funds. Individual fund data for each of these non-major funds is provided in the form of combining statements elsewhere in this report. The School Board prepares annual budgets for the General Fund and Special Revenue Funds in accordance with state laws. In accordance with accounting standards, a budget to actual comparison is presented for the General Fund and the Renovation Fund combined with the Capital Projects 2017 Fund, the Title I fund, and the ESSER fund.

FRANKLIN PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2022

Fiduciary funds. Fiduciary Funds are used to account for resources held for the benefit of outside parties such as other governments. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School Board's programs. The School Board has one fiduciary fund - the Sales Tax Collection Custodial Fund. The Sales Collection Tax Fund contains taxes collected on behalf of other governmental jurisdictions.

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

FINANCIAL ANALYSIS OF THE ENTITY

Statements of Net Position
as of June 30, 2022 and 2021

| | | <u>2022</u> | <u>2021</u> |
|-------------------------------|--|------------------------|------------------------|
| Assets | | | |
| | Cash and cash equivalents | \$ 14,368,656 | \$ 13,456,824 |
| | Investments | 1,120,171 | 1,120,171 |
| | Receivables | 3,621,568 | 3,806,815 |
| | Prepaid expenses | - | 4,096 |
| | Inventory | 49,597 | 39,843 |
| | Capital assets | <u>27,363,916</u> | <u>25,398,614</u> |
| | Total assets | <u>46,523,908</u> | <u>43,826,363</u> |
| Deferred Outflow of Resources | | | |
| | Deferred amounts related to net pension liability | 9,345,547 | 10,766,892 |
| | Deferred amount related to total post-employment benefit liability | <u>7,625,955</u> | <u>9,837,871</u> |
| | Total Deferred Outflow of Resources | <u>16,971,502</u> | <u>20,604,763</u> |
| Liabilities | | | |
| | Accounts, salaries and other payables | 3,106,759 | 2,530,658 |
| | Accrued interest payable | 110,725 | 64,872 |
| | Total post-employment benefit liability (OPEB) | 44,737,739 | 53,661,137 |
| | Bonds payable and other long-term liabilities | 11,132,432 | 10,518,787 |
| | Net pension liability | <u>19,845,979</u> | <u>37,535,011</u> |
| | Total liabilities | <u>78,933,634</u> | <u>104,310,465</u> |
| Deferred Inflow of Resources | | | |
| | Deferred amounts related to net pension liability | 13,645,744 | 1,721,730 |
| | Deferred amounts related to total OPEB liability | <u>10,072,027</u> | <u>2,005,026</u> |
| | Total Deferred Inflow of Resources | <u>23,717,771</u> | <u>3,726,756</u> |
| Net Position | | | |
| | Net investment in capital assets | 18,750,356 | 17,433,590 |
| | Restricted | 7,497,201 | 6,633,627 |
| | Unrestricted | <u>(65,403,552)</u> | <u>(67,673,312)</u> |
| | Total net position | <u>\$ (39,155,995)</u> | <u>\$ (43,606,095)</u> |

FRANKLIN PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2022

FINANCIAL ANALYSIS OF THE ENTITY (continued)

- Cash levels remained consistent with the prior year, comprising about 31% of total assets. The increase can be attributed to timing of payment of expenditures and collection of revenues at year-end.
- Capital assets, which are reported net of accumulated depreciation, account for approximately 59% of the total assets of the School Board. These assets increased by \$1,965,302 from the prior year, attributable primarily to the new lease standard that was implemented during the year.
- Receivables, including amounts due from other governments, decreased slightly by \$185,247 as a result of decreases in funding from COVID-19 federal grants and the timing of receipt of those grants.
- The Net Pension Liability decreased \$17,689,032 to \$19,845,979 as a result of changes in actuarial assumptions used to determine the future liability and as a result of increases in the value of pension plan investments.
- Net position at June 30, 2022 shows a significant deficit of \$39,155,995, primarily because of the other postemployment liabilities totaling approximately \$44,737,739 and the net pension liability of \$19,845,979. These liabilities for promised future benefits are unfunded and must be paid for in future years.

FRANKLIN PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2022

FINANCIAL ANALYSIS OF THE ENTITY (continued)

Statements of Activities
For the years ended June 30, 2022 and 2021

| | <u>2022</u> | <u>2021</u> |
|---------------------------------|------------------------|------------------------|
| Revenues | | |
| Program Revenues | | |
| Charges and fees | \$ 1,603,699 | \$ 941,178 |
| Operating grants | 14,442,713 | 11,281,219 |
| General revenues | | |
| Property taxes | 2,891,557 | 2,819,207 |
| Sales taxes | 6,430,679 | 6,146,296 |
| Earnings on Investments | 69,451 | 73,695 |
| Minimum Foundation Program | 20,168,231 | 20,157,128 |
| Other | <u>467,809</u> | <u>294,640</u> |
| | <u>46,074,139</u> | <u>41,713,363</u> |
| Expenses | | |
| Regular education | 12,395,887 | 14,560,927 |
| Special and other education | 9,249,237 | 9,240,855 |
| Pupil support | 1,993,887 | 1,880,306 |
| Instructional staff support | 3,472,160 | 2,495,933 |
| General administrative | 1,374,572 | 931,609 |
| School administrative | 1,832,791 | 2,115,323 |
| Business and central services | 661,751 | 721,490 |
| Plant operation and maintenance | 4,322,257 | 3,727,552 |
| Transportation | 3,431,443 | 3,419,624 |
| Food service | 2,362,286 | 2,236,096 |
| Central services | 69,658 | 59,004 |
| Community service and other | 8,490 | 7,600 |
| State appropriations | 69,354 | 56,423 |
| Interest expense | <u>380,266</u> | <u>340,818</u> |
| | <u>41,624,039</u> | <u>41,793,560</u> |
| Change in net position | 4,450,100 | (80,197) |
| Beginning net position | (<u>43,606,095</u>) | (<u>43,525,898</u>) |
| Ending net position | <u>\$(39,155,995)</u> | <u>\$(43,606,095)</u> |

Revenues

- Charges and fees increased due to higher bingo revenues.
- Minimum Foundation Program revenue, which accounts for approximately 44% of total revenues, remained relatively consistent with the prior year with an increase of \$11,103 or 0.06% due to an inflationary adjustment approved by the state legislature that surpassed a revenue decline due to decreased enrollment.
- Local tax revenues consisting of sales and property taxes had an increase of \$356,733, or 3.8%.
- Operating grant revenues increased \$3,161,494, or 28.02% because of revenue received from ESSER grants in response to the COVID-19 pandemic.

FRANKLIN PARISH SCHOOL BOARD
MANAGEMENT’S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2022

FINANCIAL ANALYSIS OF THE ENTITY (continued)

Expenses

- Overall, expenses stayed constant, but increases and decreases varied among the functional areas. Payroll costs increased because of employee supplements connected with Covid-19 were paid in greater amounts than in 2020-2021, and because of state-mandated salary adjustments. However, these increased costs were offsets by decreases in pension expense attributable to gains in investments stock markets. Salary costs were controlled through careful allotment of positions through the budgeting process.

Overall, while the School Board’s change in net position increased as revenues exceeded expenses in 2022; the total net position remains in a significant deficit position as a result of retirement benefit liabilities.

FUND ANALYSIS

- The General Fund experienced a net change in fund balance, or a deficit of \$248,767, and ended the fiscal year with a total fund balance of \$8,076,108. This operating deficit is less favorable than the budgeted results that were initially estimated; essentially a break-even budget. Contributing to the deficit, were unexpected increases in workers compensation claims costs of approximately \$650,000 as a result of a school bus accident injuries therefrom.
- The Renovation Fund has accumulated \$5,675,425 for the purpose of payment of principal and interest on outstanding bonds, and funding facility renovations. \$2,051,987 of this fund balance is restricted for debt payment.
- The ESSER Fund accounts for the Education Stabilization federal grants received through the Louisiana Department of Education in response to COVID-19. Revenues and expenditures were approximately \$6,600,000 in this fund that went toward efforts in responding to the Pandemic.
- Most other non-major governmental funds account for expenditure driven grants for which the school system receives reimbursements for allowable costs. Accordingly, these funds report relatively minimal, if any, operating surplus or fund balance.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2022, the Franklin Parish School Board had \$27,363,916 invested in a broad range of capital assets, including land, building, and equipment.

| | <u>2022</u> | <u>2021</u> |
|-----------------------------------|----------------------|----------------------|
| Land and construction in progress | \$ 83,226 | \$ 127,265 |
| Buildings | 23,828,166 | 24,425,569 |
| Machinery and equipment | 1,874,662 | 845,780 |
| Right of use leased assets | <u>1,577,862</u> | <u>-</u> |
| | <u>\$ 27,363,916</u> | <u>\$ 25,398,614</u> |

Major additions in 2022 included the right of use leased assets as a result of implementation of Governmental Accounting Standards Board Statement No. 87 *Leases*, and a new facility at the Franklin Parish High School football/ track facility.

FRANKLIN PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2022

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Long-term debt and liabilities

The School Board's long-term debt and liabilities consists of sales tax bonds and limited ad-valorem tax revenue bonds, totaling approximately \$8,270,000; a liability for compensated absences of \$970,000, a liability for future retiree life and health benefits of \$44,700,000, and a net pension liability of \$19,800,000. Lease liabilities of approximately \$1,500,000 related to school busses are now also recognized as a result implementation of Governmental Accounting Standards Board Statement No. 87 *Leases*, that requires most leases with a term in excess of one year to be accounted for as debt.

The bonds were issued in 2017 to fund major school improvements. The liability for future retiree health benefits is significant, and will continue to increase unless plan changes are enacted. The net pension liability, although quite large, is being repaid through the monthly contributions to the Teachers' Retirement and School Employees' Retirement Systems as required by State law.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Amendments were adopted during the year ended June 30, 2022 for the General and the combined Renovation Fund and Capital Projects 2017 Fund. These amendments were adopted by the Board to more accurately reflect actual revenues and expenditures experienced throughout the year. Both the original and amended (final) budgets for the School Board's major funds are presented on pages 52-56 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The financial condition of the System continues to stabilize after overcoming many challenges that existed in previous years. The general fund has accumulated a total fund balance equal to 28% of its annual expenditures which provides for an operating reserve for periods of decreased revenue. Taxes that were approved by the parish in 2006 and 2016 for major renovation projects continue to be levied in order to retire the debt used to fund those renovations and to fund other facility improvements.

As in recent years, the 2022-2023 general fund budget meets the challenges of changes in salaries and benefits costs, but this year's budget also brings new challenges of inflation. Minimal growth in the Minimum Foundation Program revenue is expected except for that to fund another legislatively approved teacher pay raises. Health insurance costs will also increase for the school system. Local sales tax and property tax revenues are expected to remain constant.

The School Board has adopted a 2022-2023 General Fund budget that results in break-even operations for the year with no major changes in overall levels of revenue and expenditures. Close attention will be paid to the State's direction in the upcoming months to insure that the School Board makes the best decisions possible to keep the system operating to its fullest capacity.

CONTACTING THE FRANKLIN PARISH SCHOOL BOARD'S MANAGEMENT

This financial report is designed to provide a general overview of the School Board's finances for those with an interest in the government's financial position and operations. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Rebecca Boquet, Business Manager, Franklin Parish School Board, 7293 Prairie Road, Winnsboro, LA 71295, 318-435-9046.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2022

ASSETS and DEFERRED OUTFLOWS

ASSETS

| | |
|---|--------------------------|
| Cash and cash equivalents | \$ 14,368,656 |
| Receivables | |
| Accounts | 24,266 |
| Sales and use taxes | 484,435 |
| Due from other governments | 3,112,867 |
| Investments in certificates of deposit | 1,120,171 |
| Inventory | 49,597 |
| Capital assets | |
| Land and construction in progress | 83,226 |
| Buildings, equipment and right of use leased assets, net of accumulated depreciation and amortization | <u>27,280,690</u> |
| TOTAL ASSETS | <u>46,523,908</u> |

DEFERRED OUTFLOW OF RESOURCES

| | |
|---|--------------------------|
| Deferred amounts related to net pension liability | 9,345,547 |
| Deferred amounts related to total post employment benefit liability | <u>7,625,955</u> |
| TOTAL DEFERRED OUTFLOW OF RESOURCES | <u>16,971,502</u> |

LIABILITIES and DEFERRED INFLOWS

LIABILITIES

| | |
|---|--------------------------|
| Accounts and other payables | 870,768 |
| Salaries and benefits payable | 2,226,649 |
| Accrued interest payable | 110,725 |
| Unearned revenues | 9,342 |
| Long-term liabilities (bonds, leases, workers comp, and compensated absences) | |
| Due within one year | 2,297,692 |
| Due in more than one year | 8,834,740 |
| Total post employment benefit liability | |
| Due within one year | 2,294,328 |
| Due in more than one year | 42,443,411 |
| Net pension liability | <u>19,845,979</u> |
| TOTAL LIABILITIES | <u>78,933,634</u> |

DEFERRED INFLOW OF RESOURCES

| | |
|---|--------------------------|
| Deferred amounts related to net pension liability | 13,645,744 |
| Deferred amounts related to total post employment benefit liability | <u>10,072,027</u> |
| TOTAL DEFERRED INFLOW OF RESOURCES | <u>23,717,771</u> |

NET POSITION

| | |
|-------------------------------------|-------------------------------|
| Net investment in capital assets | 18,750,356 |
| Restricted for: | |
| Debt service | 1,496,619 |
| Sales tax dedicated to compensation | 542,873 |
| Capital projects and maintenance | 3,747,246 |
| Workman's compensation loss reserve | 100,000 |
| Federal and State Grant Programs | 932,213 |
| Student activities | 678,250 |
| Unrestricted | <u>(65,403,552)</u> |
| TOTAL NET POSITION | <u>\$ (39,155,995)</u> |

The accompanying notes are an integral part of this statement.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

| | | Program Revenues | | Net (Expense) Revenue and Changes in Net Assets |
|--|----------------------|--|------------------------------|--|
| Expenses | Charges & Fees | Operating Grants and Contributions | Governmental Unit | |
| <u>Functions/Programs</u> | | | | |
| Instruction: | | | | |
| Regular education programs | \$ 12,395,887 | \$ - | \$ 2,393,516 | \$ (10,002,371) |
| Special education programs | 3,406,809 | - | 743,994 | (2,662,815) |
| Other education programs | 5,842,428 | 1,578,878 | 3,553,313 | (710,237) |
| Support Services: | | | | |
| Pupil support services | 1,993,887 | - | 546,354 | (1,447,533) |
| Instructional staff services | 3,472,160 | - | 2,569,061 | (903,099) |
| General administration services | 1,374,572 | - | 26,094 | (1,348,478) |
| School administration services | 1,832,791 | - | 167,739 | (1,665,052) |
| Business services | 661,751 | - | 118,018 | (543,733) |
| Plant operation and maintenance | 4,322,257 | - | 941,480 | (3,380,777) |
| Transportation | 3,431,443 | - | 1,007,593 | (2,423,850) |
| Food service | 2,362,286 | 24,821 | 2,352,933 | 15,468 |
| Central Services | 69,658 | - | 22,595 | (47,063) |
| Community Service Programs | 8,490 | - | 23 | (8,467) |
| State Appropriations | 69,354 | - | - | (69,354) |
| Interest Expense | 380,266 | - | - | (380,266) |
| Total Governmental Activities | <u>\$ 41,624,039</u> | <u>\$ 1,603,699</u> | <u>\$ 14,442,713</u> | (25,577,627) |
| General Revenues | | | | |
| Taxes: | | | | |
| Ad Valorem taxes | | | | 2,891,557 |
| Sales and use taxes | | | | 6,430,679 |
| Grants and contributions not restricted: | | | | |
| Minimum Foundation Program | | | | 20,168,231 |
| Interest and investment earnings | | | | 69,451 |
| Other | | | | 467,809 |
| | | | Total general revenues | <u>30,027,727</u> |
| | | | Change in Net Position | 4,450,100 |
| | | | Net Position - June 30, 2021 | <u>(43,606,095)</u> |
| | | | Net Position - June 30, 2022 | <u>\$ (39,155,995)</u> |

The accompanying notes are an integral part of this statement.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2022

| | General | Title 1 | Renovation Fund | ESSER | Non-major Governmental | Total |
|--|----------------------|-------------------|---------------------|---------------------|---------------------------|----------------------|
| <u>ASSETS</u> | | | | | | |
| Cash and cash equivalents | \$ 6,406,349 | \$ - | \$ 5,564,885 | \$ - | \$ 2,397,422 | \$ 14,368,656 |
| Receivables: | | | | | | |
| Accounts | - | - | - | - | 24,266 | 24,266 |
| Sales tax | 364,938 | - | 119,497 | - | - | 484,435 |
| Due from other governments | 110,406 | 769,794 | - | 1,563,826 | 668,841 | 3,112,867 |
| Investments in certificates of deposit | 1,120,171 | - | - | - | - | 1,120,171 |
| Due from other funds | 2,691,503 | - | - | - | - | 2,691,503 |
| Inventory | - | - | - | - | 49,597 | 49,597 |
| TOTAL ASSETS | \$10,693,367 | \$ 769,794 | \$ 5,684,382 | \$ 1,563,826 | \$ 3,140,126 | \$ 21,851,495 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | | | |
| Liabilities: | | | | | | |
| Accounts and other payables | \$ 773,984 | \$ - | \$ 8,957 | \$ - | \$ 87,827 | \$ 870,768 |
| Salaries and benefits payable | 1,833,594 | 108,644 | - | 51,838 | 232,573 | 2,226,649 |
| Due to other funds | 9,681 | 661,150 | - | 1,511,988 | 508,684 | 2,691,503 |
| Unearned revenues | - | - | - | - | 9,342 | 9,342 |
| TOTAL LIABILITIES | 2,617,259 | 769,794 | 8,957 | 1,563,826 | 838,426 | 5,798,262 |
| Fund balances: | | | | | | |
| Nonspendable | - | - | - | - | 40,255 | 40,255 |
| Spendable: | | | | | | |
| Restricted | | | | | | |
| Compensation | 642,873 | - | - | - | - | 642,873 |
| Debt service | - | - | 2,051,987 | - | - | 2,051,987 |
| Capital project and maintenance | - | - | 3,747,246 | - | 691,238 | 4,438,484 |
| Federal and State grant programs | - | - | - | - | 891,957 | 891,957 |
| Student activities | - | - | - | - | 678,250 | 678,250 |
| Committed | 1,000,000 | - | - | - | - | 1,000,000 |
| Assigned | - | - | - | - | - | - |
| Unassigned | 6,433,235 | - | (123,808) | - | - | 6,309,427 |
| TOTAL FUND BALANCES | 8,076,108 | - | 5,675,425 | - | 2,301,700 | 16,053,233 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 10,693,367 | \$ 769,794 | \$ 5,684,382 | \$ 1,563,826 | \$ 3,140,126 | \$ 21,851,495 |

The accompanying notes are an integral part of this statement.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS - BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

| | | |
|---|---------------------|------------------------|
| Total Fund Balances at June 30, 2022- Governmental Funds | | \$ 16,053,233 |
| Cost of capital assets at June 30, 2022 | 44,658,612 | |
| Less: Accumulated Depreciation and Amortization as of June 30, 2022 | | |
| Buildings | (14,680,716) | |
| Right-to-use leased vehicles | (677,816) | |
| Movable property | <u>(1,936,164)</u> | 27,363,916 |
| Accrued interest payable on long-term debt | | (110,725) |
| Long-term liabilities at June 30, 2022 | | |
| Compensated absences payable | (970,186) | |
| Lease liability | (1,534,246) | |
| Claims and judgments payable | (363,000) | |
| Bonds payable | <u>(8,265,000)</u> | (11,132,432) |
| Total other post employment benefit liability balances in accordance with GASB 75 | | |
| Deferred outflow of resources - related to total other postemployment benefit liability | 7,625,955 | |
| Total post employment benefit liability | (44,737,739) | |
| Deferred inflow of resources - related to total other postemployment benefit liability | (10,072,027) | <u>(47,183,811)</u> |
| Net pension obligation balances in accordance with GASB 68 | | |
| Deferred outflow of resources - deferred pension contributions | 5,018,415 | |
| Deferred outflow of resources - related to net pension liability | 4,327,132 | |
| Net pension liability | (19,845,979) | |
| Deferred inflow of resources - related to net pension liability | <u>(13,645,744)</u> | <u>(24,146,176)</u> |
| Total net position at June 30, 2022 - Governmental Activities | | <u>\$ (39,155,995)</u> |

The accompanying notes are an integral part of this statement.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2022

| | General | Title 1 | Renovation Fund | ESSER | Other Non-major Governmental | Total |
|---|-----------------------|-------------------|--------------------|-------------------|------------------------------------|-------------------|
| <u>REVENUES</u> | | | | | | |
| Local sources: | | | | | | |
| Ad valorem taxes | \$ 1,691,557 | \$ - | \$ 1,200,000 | \$ - | \$ - | \$ 2,891,557 |
| Sales and use taxes | 4,823,021 | - | 1,607,658 | - | - | 6,430,679 |
| Earnings on investments | 45,233 | - | 19,633 | - | 4,585 | 69,451 |
| Food services | - | - | - | - | 24,821 | 24,821 |
| Other | 418,434 | - | - | - | 1,628,253 | 2,046,687 |
| State sources: | | | | | | |
| Minimum Foundation Program | 20,141,412 | - | - | - | 26,819 | 20,168,231 |
| Restricted grants-in-aid | 89,869 | - | - | - | 118,364 | 208,233 |
| Federal grants | 62,618 | 2,391,013 | - | 6,607,172 | 5,173,677 | 14,234,480 |
| TOTAL REVENUES | 27,272,144 | 2,391,013 | 2,827,291 | 6,607,172 | 6,976,519 | 46,074,139 |
| <u>EXPENDITURES</u> | | | | | | |
| Current: | | | | | | |
| Instruction: | | | | | | |
| Regular education programs | 11,694,199 | 101,591 | 232 | 1,768,076 | 258,284 | 13,822,382 |
| Special education programs | 3,091,792 | - | - | 314,636 | 350,469 | 3,756,897 |
| Other education programs | 1,645,874 | 1,641,307 | 22,389 | 595,657 | 2,348,369 | 6,253,596 |
| Support: | | | | | | |
| Pupil support services | 1,662,480 | - | 2,751 | 191,442 | 298,510 | 2,155,183 |
| Instructional staff services | 1,352,770 | 455,304 | 858 | 886,874 | 937,534 | 3,633,340 |
| General administration services | 993,074 | - | 22,221 | 15,935 | 5,167 | 1,036,397 |
| School administration services | 1,837,855 | - | 1,509 | 147,083 | - | 1,986,447 |
| Business and central services | 610,096 | - | 13,097 | 43,195 | 62,008 | 728,396 |
| Plant operation and maintenance | 2,491,633 | - | 394,332 | 789,595 | 130,630 | 3,806,190 |
| Transportation | 2,298,972 | - | 32,500 | 715,160 | 188,451 | 3,235,083 |
| Food services | 247,057 | - | - | 183,019 | 2,076,055 | 2,506,131 |
| Central services | 37,397 | - | 6,520 | 17,268 | 3,073 | 64,258 |
| Community services | 8,400 | - | - | - | - | 8,400 |
| Facility acquisition and construction | - | - | 57,882 | - | 232,216 | 290,098 |
| State appropriations | 69,354 | - | - | - | - | 69,354 |
| Debt Service | | | | | | |
| Principal | 721,432 | - | 1,510,000 | - | - | 2,231,432 |
| Interest | 30,568 | - | 300,845 | - | - | 331,413 |
| Fees | - | - | 3,000 | - | - | 3,000 |
| TOTAL EXPENDITURES | 28,792,953 | 2,198,202 | 2,368,136 | 5,667,940 | 6,890,766 | 45,917,997 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | \$ (1,520,809) | \$ 192,811 | \$ 459,155 | \$ 939,232 | \$ 85,753 | \$ 156,142 |

(continued)

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2022

| | General | Title 1 | Renovation Fund | ESSER | Other Non-major Governmental | Total |
|--|---------------------|-------------|---------------------|-------------|------------------------------------|----------------------|
| <u>OTHER FINANCING SOURCES (USES)</u> | | | | | | |
| Transfers in | 1,272,042 | - | - | - | - | 1,272,042 |
| Transfers out | - | (192,811) | - | (939,232) | (139,999) | (1,272,042) |
| TOTAL OTHER FINANCING SOURCES (USES) | 1,272,042 | (192,811) | - | (939,232) | (139,999) | - |
| <u>NET CHANGES IN FUND BALANCE</u> | (248,767) | - | 459,155 | - | (54,246) | 156,142 |
| Fund balances, June 30, 2021 | 8,324,875 | - | 5,216,270 | - | 2,355,946 | 15,897,091 |
| FUND BALANCES, JUNE 30, 2022 | <u>\$ 8,076,108</u> | <u>\$ -</u> | <u>\$ 5,675,425</u> | <u>\$ -</u> | <u>\$ 2,301,700</u> | <u>\$ 16,053,233</u> |

(concluded)

The accompanying notes are an integral part of this statement.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS -
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE TO STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | | |
|---|--------------------|----------------------------|
| Net Changes in Fund Balance | | \$ 156,142 |
| Capital Assets: | | |
| Capital outlay and other expenditures capitalized | \$ 1,416,283 | |
| Loss on disposal of assets for the year ended June 30, 2022 | - | |
| Depreciation and amortization expense for year ended June 30, 2022 | <u>(1,706,659)</u> | (290,376) |
| Long Term Debt: | | |
| Principal portion of debt service and leases | \$ 2,231,432 | |
| Change in long-term claims and judgments payable | (363,000) | |
| Change in compensated absences payable | <u>(226,399)</u> | 1,642,033 |
| Change in accrued interest payable | | (45,853) |
| Net change in total other post employment benefits liability and deferred outflows and inflows in accordance with GASB 75 | | (1,355,519) |
| Change in net pension liability and deferred inflows and outflows in accordance with GASB 68 | | <u>4,343,673</u> |
| Change in Net Position - Governmental Activities | | <u><u>\$ 4,450,100</u></u> |

The accompanying notes are an integral part of this statement.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022

| | <u>Sales Tax Custodial Fund</u> |
|--|-------------------------------------|
| <u>ASSETS</u> | |
| Cash and cash equivalents | \$ 450,263 |
| Tax collections receivable | <u>782,432</u> |
| TOTAL ASSETS | <u>1,232,695</u> |
| <u>LIABILITIES</u> | |
| Due to other governments | <u>785,152</u> |
| <u>NET POSITION</u> | |
| Restricted for individuals and other governments | <u><u>\$ 447,543</u></u> |

The accompanying notes are an integral part of this statement.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

| | <u>Sales Tax Custodial Fund</u> |
|---|-------------------------------------|
| <u>ADDITIONS</u> | |
| Sales tax collections for other governments | \$ 10,099,169 |
| Interest income | 4,316 |
| Total additions | <u>10,103,485</u> |
| <u>DEDUCTIONS</u> | |
| Administrative expenses | 175,158 |
| Payments of sales tax to other governments | <u>9,909,468</u> |
| Total deductions | <u>10,084,626</u> |
| Change in fiduciary net position | <u>18,859</u> |
| Net position - beginning of year | <u>428,684</u> |
| Net position - end of year | <u><u>\$ 447,543</u></u> |

The accompanying notes are an integral part of this statement.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying basic financial statements of the Franklin Parish School Board (School Board) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting principles. The School Board applies all GASB pronouncements, technical bulletins, and interpretations to all levels of financial reporting.

A. **REPORTING ENTITY**

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

The School Board operates seven schools within the parish with a total enrollment of approximately 2,900 pupils. In conjunction with the regular educational programs, some of these schools offer special education and/or adult education programs. In addition, the School Board provides transportation and school food services for the students.

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

B. **BASIS OF PRESENTATION AND ACCOUNTING**

Government-Wide Financial Statements (GWFS)

The Government-Wide Financial Statements present all of the School Board's non-fiduciary activities and are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability has been incurred, regardless of the timing of the related cash flows. Sales taxes are recognized when the underlying sales transactions occur, and property taxes are recognized for the year levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

Government-Wide Financial Statements (GWFS) (continued)

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

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

Fund Financial Statements (FFS)

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

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

Fund Type

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

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

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

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

Fund Type (continued)

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

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

Among the governmental fund types, the Franklin Parish School Board reports the following funds as major:

- General Fund – primary fund used to account for the operations of the School System.
- Renovation Fund – used to account for the proceeds of a half-cent sales tax and a portion of a 15.67 mil ad-valorem tax, both of which are restricted to repayment of long-term debt and to funding capital improvements and major repairs.
- Title 1 – The Title 1 fund accounts for the Title 1 grants. The purpose of these grants are to improve the educational opportunities of educationally deprived children by helping them succeed in the regular school program, attain grade level proficiency and improve achievement in basic and more advanced skills. These grants function by providing compensatory instructional activities to educationally deprived children that reside in low-income areas and have been selected on the basis of a needs assessment. Services supplement, not supplant, those normally provided by state and local educational agencies.
- ESSER – The ESSER fund accounts for the Elementary and Secondary School Emergency Relief (ESSER) grants. The purpose of these grants is provide funds to the school districts to help safely reopen and sustain the safe operation of schools and address the impact of the coronavirus pandemic on the Nation’s students.

Fiduciary (Custodial) Funds are used to account for assets held in a trustee capacity. These funds are custodial in nature and held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the School Board. The fiduciary fund consists of the collection and disbursement of sales taxes in its capacity as the collection agent for the parish.

Basis of Accounting/Measurement Focus

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

Basis of Accounting/Measurement Focus (continued)

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

Revenues

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

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

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

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

Expenditures

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

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

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

Fiduciary funds are accounted for on the accrual basis of accounting. These funds are not incorporated into the government-wide financial statements.

C. **CASH AND INVESTMENTS**

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

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

E. **ELIMINATION AND RECLASSIFICATIONS**

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

F. **INVENTORY**

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

G. **CAPITAL ASSETS**

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

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

H. **COMPENSATED ABSENCES**

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

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

H. **COMPENSATED ABSENCES** (continued)

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

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

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

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

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

I. **LEASES**

The School Board is a lessee under noncancellable lease agreements for facilities, vehicles and equipment used for a variety of purposes and uses, including office, meeting and gathering space, copiers, and student transportation. In accordance with GASB Statement No. 87, *Leases*, the School Board recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. Lease liabilities are recorded for lease contracts with an initial individual value of \$25,000, and for like-kind leases whose individual values are less than that amount, but more than \$250,000 in the aggregate.

At the commencement of a lease, the School Board initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to leases include (1) the discount rate used to present value the expected lease payment, (2) lease term, and (3) lease payments.

The School Board uses the interest rate charged by the lessor as the discount rate, if provided. When the interest rate charged by the lessor is not provided, the School Board uses its estimated incremental borrowing rate as the discount rate for leases. The lease terms includes the noncancellable period of the lease and optional renewal periods. Lease payments included in the measurement of the lease liability are composed of fixed payments through the noncancellable term of the lease and renewal periods that management considers reasonably certain to be exercised.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

I. **LEASES** (continued)

The School Board monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with capital assets and lease liabilities are reported with long-term debt on the statement of net position.

J. **FUND BALANCE OF FUND FINANCIAL STATEMENTS**

Accounting standards require governmental fund balances to be reported in as many as five classifications as listed below in accordance with Governmental Accounting Standards Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*:

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

Spendable

Restricted - represent balances where constraints have been established by parties outside the School Board or enabling legislation, similar to the constraints for restricted net position.

Committed - represent balances where constraints have been established by formal action of the School Board. A simple majority vote in a public meeting is required to establish, modify, or rescind a fund balance commitment.

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

Unassigned - represent balances for which there are no constraints.

Minimum fund balance- the School Board has a policy to maintain a minimum fund balance in the general fund of ten percent of annual expenditures and not to exceed fifteen percent of annual expenditures. The School Board must approve causing the fund balance going below the minimum ten percent limit but only for unanticipated or unforeseen events of a non-recurring nature. As of June 30, 2022, the School Board's fund balance was approximately twenty eight percent of annual expenditures; twenty four percent if committed amounts are excluded.

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

K. **INTERFUND ACTIVITY**

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

L. **SALES AND USE TAXES**

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

- 1% tax for compensation was authorized on April 29, 1968 and does not expire.
- ½% tax for teaching supplies, equipment, and operations was authorized January 7, 2020 and expires on June 30, 2030.
- ½% tax for construction and renovation was authorized April 9, 2016 and expires on June 30, 2027.

M. **USE OF ESTIMATES**

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

N. **DEFERRED OUTFLOWS, DEFERRED INFLOWS AND NET POSITION**

Deferred outflows represent the consumption of the government's net position that is applicable to a future reporting period. A deferred inflow represents the acquisition of net position that is applicable to a future reporting period.

The statement of net position reports net position as the difference between all other elements in a statement of net position and should be displayed in three components—net investment in capital assets, restricted net position (distinguishing between major categories of restrictions), and unrestricted net position.

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. **DEFERRED OUTFLOWS, DEFERRED INFLOWS AND NET POSITION** (continued)

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

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

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

O. **PENSION PLANS**

The Franklin Parish School Board is a participating employer in two defined benefit pension plans (plans) as described in Note 6. For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of each of the plans, and additions to/deductions from each plans' fiduciary net position have been determined on the same basis as they are reported by each of the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within each plan.

P. **NEWLY ADOPTED ACCOUNTING STANDARDS**

The School Board has implemented GASB Statement No. 87, *Leases*. Under this Statement, lease contracts, as defined, are financings of the right to use an underlying asset. A lessee recognizes a lease liability and an intangible right-to-use asset, thereby enhancing the relevance and consistency of information about governments' leasing activities. Lease liabilities are measured at the present value of lease payments over the term of each respective contract. Options to renew the lease are included in the lease term if reasonably certain to be exercised.

While GASB 87 resulted in the recording of assets and liabilities that were not previously recognized, changes to the accounting for lease payments, there were no effects to beginning net position or fund balances as a result of this statement's implementation. Beginning with the implementation in the current fiscal year, lease payments are accounted for as repayment of debt principal and interest, rather than as direct charges to lease expenses and expenditures.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

2. **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Excess of Expenditures Over Appropriations in Individual Funds. The following individual major funds had actual expenditures in excess of budgeted expenditures for the year ended June 30, 2022:

| <u>Fund Name</u> | <u>Financial Statement Caption</u> | <u>Budget</u> | <u>Actual</u> | <u>Unfavorable Variance</u> |
|------------------|------------------------------------|---------------|---------------|-----------------------------|
| General | Regular Education | \$ 11,670,784 | \$ 11,694,199 | \$ (23,415) |
| General | Other Education | 1,570,947 | 1,645,874 | (74,927) |
| General | Instructional Staff Services | 1,342,309 | 1,352,770 | (10,461) |
| General | General Administration Services | 844,028 | 993,074 | (149,046) |
| Title 1 | Regular Education | - | 101,591 | (101,591) |
| Title 1 | Other Education | 1,620,356 | 1,641,307 | (20,951) |
| Title 1 | Instructional Staff Services | 289,801 | 455,304 | (165,503) |
| ESSER | Regular Education | 1,698,117 | 1,768,076 | (69,959) |
| ESSER | Pupil Support Services | 116,893 | 191,442 | (74,549) |

3. **AD VALOREM TAXES**

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

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

| | <u>Property Tax Calendar</u> |
|-----------------------|------------------------------|
| Millage rates adopted | September, 2021 |
| Levy date | September, 2021 |
| Tax bills mailed | November, 2021 |
| Due date | December 31, 2021 |
| Lien date | February, 2022 |
| Collection date | May, 2022 |

Total assessed value was approximately \$141,806,000 in calendar year 2021. Louisiana state law exempts the first \$75,000 of assessed value of a taxpayer’s primary residence from parish property taxes. This homestead exemption was approximately \$30,492,000 of the assessed value leaving a taxable value of approximately \$111,314,000.

State law requires the sheriff to collect property taxes in the calendar year in which the assessment is made. Property taxes become delinquent January 1 of the following year. If taxes are not paid by the due date, taxes bear interest at the rate of 1.25% per month until the taxes are paid. After notice is given to the delinquent taxpayers, the sheriff is required by the *Constitution of the State of Louisiana* to sell the least quantity of property necessary to settle the taxes and interest owed.

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

3. **AD VALOREM TAXES** (continued)

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

| | <u>Authorized</u> <u>Millage</u> | <u>Levied</u> <u>Millage</u> | <u>Expiration</u> <u>Date</u> |
|--------------------------------|-------------------------------------|---------------------------------|----------------------------------|
| <u>Parish-wide taxes:</u> | | | |
| Constitutional School Tax | 4.62 | 4.62 | N/A |
| Aid-To-Education | 4.54 | 4.54 | 2028 |
| Renovate, Improve, and Operate | 15.67 | 15.67 | 2026 |

4. **DEPOSITS AND INVESTMENTS**

Deposits and investments include demand deposits and certificates of deposit at local financial institutions, classified in the financial statements as cash and cash equivalents and investments, respectively. The carrying amount of the School Board's deposits with the financial institutions (including certificates of deposit) was \$15,418,445. In addition, \$520,645 is invested in a Federated Hermes Treasury obligation, a cash equivalent.

The Federated Hermes Treasury obligation is a money market mutual fund seeking to provide current income consistent with stability of principal by investing in a portfolio of U.S. Treasury securities maturing in 397 days or less, and repurchase agreements collateralized fully by U.S. Treasury securities. The Federated Hermes Treasury obligation had a credit risk rating of AAAM from Standard & Poors, and a rating of Aaa-mf from Moody's.

Deposits in financial institutions can be exposed to custodial credit risk. Custodial credit risk for deposits is the risk that in the event of financial institution failure, the School Board's deposits may not be returned. The School Board does not have a written policy regarding custodial credit risk. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. The School Board's bank balances of these deposits totaling \$19,879,118 were fully collateralized or FDIC insured and therefore were not exposed to custodial credit risk as of June 30, 2022.

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

5. **CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended June 30, 2022 are as follows:

| | Beginning Balance (restated) | Increases | Decreases | Ending Balance |
|--|------------------------------------|---------------------|--------------------|----------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 83,226 | \$ - | \$ - | \$ 83,226 |
| Construction in progress | 44,038 | - | (44,038) | - |
| Total capital assets not being depreciated | <u>127,264</u> | <u>-</u> | <u>(44,038)</u> | <u>83,226</u> |
| Capital assets being depreciated or amortized: | | | | |
| Building and improvements | 38,319,215 | 239,667 | (50,000) | 38,508,882 |
| Machinery and equipment | 2,598,169 | 1,220,656 | (7,999) | 3,810,826 |
| | <u>40,917,384</u> | <u>1,460,323</u> | <u>(57,999)</u> | <u>42,319,708</u> |
| Right-to-use leased assets: | | | | |
| Leased vehicles | 2,255,678 | - | - | 2,255,678 |
| Total right-to-use leased assets | <u>2,255,678</u> | <u>-</u> | <u>-</u> | <u>2,255,678</u> |
| Total capital assets depreciated or amortized, at cost | <u>43,173,062</u> | <u>1,460,323</u> | <u>(57,999)</u> | <u>44,575,386</u> |
| Less accumulated depreciation and amortization for: | | | | |
| Building and improvements | 13,893,646 | 837,070 | (50,000) | 14,680,716 |
| Machinery and equipment | 1,752,390 | 191,773 | (7,999) | 1,936,164 |
| Right-to-use leased assets | - | 677,816 | - | 677,816 |
| Total accumulated depreciation and amortization | <u>15,646,036</u> | <u>1,706,659</u> | <u>(57,999)</u> | <u>17,294,696</u> |
| Total capital assets being depreciated (net) | <u>27,527,026</u> | <u>(246,336)</u> | <u>-</u> | <u>27,280,690</u> |
| Total capital assets (net) | <u>\$ 27,654,290</u> | <u>\$ (246,336)</u> | <u>\$ (44,038)</u> | <u>\$ 27,363,916</u> |

Depreciation and amortization expense of \$1,706,659 for the year ended June 30, 2022 was charged to the following governmental functions:

| | |
|---------------------------------|---------------------|
| Regular Education | \$ 307 |
| Special Education | 1,327 |
| Other Educational Programs | 18,160 |
| Instructional Staff Services | 694 |
| Business Services | 1,534 |
| Plant Operation and Maintenance | 862,383 |
| Transportation | 793,849 |
| Food Service | 21,655 |
| Central Services | <u>6,750</u> |
| | <u>\$ 1,706,659</u> |

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

6. **DEFINED BENEFIT PENSION PLANS**

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

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

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

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

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Plan Descriptions:

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

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

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

| Final average salary | TRSL | LSERS |
|---|---|--|
| | Highest 36 or 60 months ¹ | Highest 36 or 60 months ¹ |
| Years of service required and/or age eligible for benefits | 30 years any age ⁴ 25 years age 55 20 years any age ² 5 years age 60 ⁵ 5 years age 62 ⁶ | 30 years any age 25 years age 55 20 years any age ² 5-10 years age 60 ⁵ |
| Benefit percent per years of service | 2% to 3.0% ³ | 2.5% to 3.33% ³ |

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

² With actuarial reduced benefits

³ Benefit percent varies depending on when hired

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

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

⁶ Hired on or after 7/1/15, age eligibility is 5 years at age 62

Cost of Living Adjustments

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Contributions

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

Contributions to the plans are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended June 30, 2022, for the School Board and covered employees were as follows:

| | School Board | Employees |
|-------------------------------------|--------------|---------------|
| Teachers' Retirement System: | | |
| Regular Plan | 25.20% | 8.00% |
| Plan A | 25.20% | 9.10% |
| School Employees' Retirement System | 28.70% | 7.50% - 8.00% |

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

| | 2022 | 2021 | 2020 |
|-------------------------------------|--------------|--------------|--------------|
| Teachers' Retirement System: | | | |
| Regular Plan | \$ 4,484,687 | \$ 4,162,055 | \$ 3,893,127 |
| School Employees' Retirement System | 533,728 | 483,138 | 461,680 |

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

The following schedule lists the School Board's proportionate share of the Net Pension Liability allocated by each of the pension plans based on the June 30, 2021 measurement date. The School Board uses this measurement to record its Net Pension Liability and associated amounts as of June 30, 2022 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2021 along with the change compared to the June 30, 2020 rate. The School Board's proportion of the Net Pension Liability was based on a projection of the School Board's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

| | <u>Net Pension Liability at June 30, 2021</u> | <u>Rate at June 30, 2021</u> | <u>Increase (Decrease) from June 30, 2020 Rate</u> |
|-------------------------------------|---|----------------------------------|--|
| Teachers' Retirement System | \$ 17,224,478 | 0.32263% | 0.02372% |
| School Employees' Retirement System | <u>2,621,501</u> | 0.55153% | (0.01817%) |
| | <u>\$ 19,845,979</u> | | |

The following schedule list each pension plan's recognized pension expense to the School Board for the year ended June 30, 2022:

| | | |
|-------------------------------------|-----------|----------------|
| Teachers' Retirement System | \$ | 478,595 |
| School Employees' Retirement System | | <u>196,147</u> |
| | <u>\$</u> | <u>674,742</u> |

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

At June 30, 2022, 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 | \$ 144,676 | \$ (298,536) |
| Changes of assumptions | 1,763,052 | - |
| Net difference between projected and actual earnings on pension plan investments | - | (12,624,393) |
| Changes in proportion and differences between Employer contributions and proportionate share of contributions | 2,419,404 | (722,815) |
| Employer contributions subsequent to the measurement date | 5,018,415 | - |
| Total | <u>\$ 9,345,547</u> | <u>\$ (13,645,744)</u> |

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|-------------------------------------|-----------------------------------|----------------------------------|
| Teachers' Retirement System | \$ 8,584,433 | \$ (12,595,949) |
| School Employees' Retirement System | 761,114 | (1,049,795) |
| | <u>\$ 9,345,547</u> | <u>\$ (13,645,744)</u> |

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

The School Board reported a total of \$5,018,415 as deferred outflow of resources related to pension contributions made subsequent to the measurement date of June 30, 2021 which will be recognized as a reduction in Net Pension Liability in the year ended June 30, 2023. The following schedule lists the pension contributions made subsequent to the measurement period for each pension plan:

| | Subsequent Contributions |
|-------------------------------------|-----------------------------|
| Teachers' Retirement System | \$ 4,484,687 |
| School Employees' Retirement System | 533,728 |
| | \$ 5,018,415 |

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

| Year | TRSL | LSERS | Total |
|------|----------------|--------------|----------------|
| 2022 | \$ (1,771,586) | \$ (109,147) | \$ (1,880,733) |
| 2023 | (1,837,435) | (78,298) | (1,915,733) |
| 2024 | (1,861,784) | (240,341) | (2,102,125) |
| 2025 | (3,025,398) | (394,623) | (3,420,021) |
| | \$ (8,496,203) | \$ (822,409) | \$ (9,318,612) |

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability for each pension plan as of June 30, 2021 are as follows:

| | TRSL | LSERS |
|--|---|--|
| Valuation Date | June 30, 2021 | June 30, 2021 |
| Actuarial Cost Method | Entry Age Normal | Entry Age Normal |
| Actuarial Assumptions: Expected Remaining | | |
| Service Lives | 5 years | 3 years |
| Investment Rate of Return | 7.4% net of investment expenses (a change from 2020 rate of 7.45%) | 6.90% net of pension plan investment expense |
| Inflation Rate | 2.3% per annum | 2.50% per annum |
| Mortality | Active members – RP-2014 White Collar Employee tables, adjusted by 1.010 for males and by 0.997 for females. Non-Disabled retiree/inactive members – RP-2014 White Collar Healthy Annuitant tables, adjusted by 1.366 for males and by 1.189 for females. Disability retiree mortality – RP-2014 Disability tables, adjusted by 1.111 for males and by 1.134 for females. | Mortality assumptions were set based on the RP-2014 Health Annuitant Tables. RP-2014 Sec Distinct Mortality Table. RP-2014 Disabled Lives Mortality Table. |

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Actuarial Assumptions (continued)

| | TRSL | LSERS |
|--|---|---|
| Termination, Disability, and Retirement | Termination, disability, and retirement assumptions were projected based on a five year (July 1, 2012-June30, 2017) experience study of the System's members. | |
| Salary Increases | 3.1% - 4.6% varies depending on duration of service | 3.25% based on the 2018 experience study (for the period 2013-2017) of the System's members |
| Cost of Living Adjustments | None. | Cost-of-living raises may be granted from the Experience Account provided there are sufficient funds needed to offset the increase in the actuarial liability and the plan has met the criteria and eligibility requirements outline by ACT399 of 2014. |

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Actuarial Assumptions (continued)

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

| <u>TRSL</u> | <u>LSERS</u> |
|--|--|
| <p>The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.3% and an adjustment for the effect of rebalancing / diversification. The resulting expected long-term rate of return was 7.87% for 2021.</p> | <p>The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up), and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward-looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/ diversification. The resulting long-term arithmetic nominal expected return is 8.17%.</p> |

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Actuarial Assumptions (continued)

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in each of the Retirement Systems target asset allocations as of June 30, 2021:

| Asset Class | Target Allocation | | Long-Term Expected Real Rate of Return | |
|------------------------------------|-------------------|----------------|--|--------------|
| | TRSL | LSERS | TRSL | LSERS |
| Cash | - | - | - | - |
| Domestic equity | 27.00% | - | 4.21% | - |
| International equity | 19.00% | - | 5.24% | - |
| Equity | - | 39.00% | - | 2.84% |
| Domestic fixed income | 13.00% | - | 0.44% | - |
| International fixed income | 5.50% | - | 0.56% | - |
| Fixed income | - | 26.00% | - | 0.76% |
| Alternatives | - | 23.00% | - | 1.87% |
| Alternative - private equity | 25.50% | - | 8.48% | - |
| Alternative - other equity | 10.00% | - | 4.27% | - |
| Real assets | - | 12.00% | - | 0.60% |
| Total | <u>100.00%</u> | <u>100.00%</u> | | |
| Inflation | | | | <u>2.10%</u> |
| Expected Arithmetic Nominal Return | | | | <u>8.17%</u> |

n/a - amount not provided by Retirement System

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Actuarial Assumptions (continued)

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for TRSL and LSERS was 7.40% and 6.90%, respectively, for the year ended June 30, 2021.

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

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

| | <u>1.0% Decrease</u> | <u>Current Discount Rate</u> | <u>1.0% Increase</u> |
|-------------------|----------------------|----------------------------------|----------------------|
| TRSL | | | |
| Rates | 6.400% | 7.400% | 8.400% |
| FPSB Share of NPL | \$ 28,504,765 | \$ 17,224,478 | \$ 7,736,571 |
| LSERS | | | |
| Rates | 5.900% | 6.900% | 7.900% |
| FPSB Share of NPL | \$ 4,037,249 | \$ 2,621,501 | \$ 1,411,342 |

Payables to the Pension Plan

The Franklin Parish School Board had no amounts payable to the TRSL or LSERS at June 30, 2022.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

7. **OTHER POSTEMPLOYMENT BENEFITS**

General Information about the OPEB Plan

Plan description – The Franklin Parish School Board (the School Board) provides certain continuing health care and life insurance benefits for its retired employees. The Franklin Parish School Board’s OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the School Board. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the School Board. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 *Postemployment Benefits Other Than Pensions—Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit*.

Benefits Provided – Medical benefits are provided through the Louisiana Office of Group Benefits (OGB) and involve several statewide networks and one HMO with a premium structure by region. The OGB plan is a fully insured arrangement in which Franklin Parish School Board is a participating employer. The OPEB plan in this valuation is a Defined Benefit Single Employer Plan for financial reporting purposes. Medical benefits are provided to employees upon actual retirement or the end of the D.R.O.P., if applicable. The employees are covered by the Teachers' Retirement System of Louisiana (TRSL), whose retirement eligibility (D.R.O.P. entry) provisions as follows: 30 years of service at any age; age 55 and 25 years of service; or, age 60 and 5 years of service. Employees hired on or after January 1, 2011 must have attained at least age 60 at retirement (or D.R.O.P. entry) to avoid actuarial reduction in the retirement benefit.

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

Employees covered by benefit terms – At June 30, 2022, the following employees were covered by the benefit terms:

| | |
|--|-------------------|
| Inactive employees or beneficiaries currently receiving benefit payments | 309 |
| Inactive employees entitled to but not yet receiving benefit payments | - |
| Active employees | <u>323</u> |
| | <u><u>632</u></u> |

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Total OPEB Liability

The School Board's total OPEB liability is \$44,737,739 as of the measurement date June 30, 2022, the end of the fiscal year.

Actuarial Assumptions and other inputs – The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|-----------------------------|--|
| Inflation | 2.5% |
| Salary increases | 4.0%, including inflation |
| Discount rate | 2.16% annually (Beginning of Year to Determine ADC) 3.54% annually (As of End of Year Measurement Date) |
| Healthcare cost trend rates | 5.5% annually for ten years, 4.5% annually thereafter |
| Mortality | SOA RP-2014 Table |

The discount rate was based on the Bond Buyers' 20 Year General Obligation municipal bond index as of June 30, 2022, the end of the applicable measurement period.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2009 to June 30, 2022.

Changes in the Total OPEB Liability

| | |
|--|-----------------------------|
| Balance at June 30, 2021 | \$ 53,661,137 |
| Changes for the year: | |
| Service cost | 859,085 |
| Interest | 1,135,482 |
| Differences between expected and actual experience | 2,029,919 |
| Changes in assumptions | (10,762,810) |
| Benefit payments and net transfers | (2,185,074) |
| Net changes | <u>(8,923,398)</u> |
| Balance at June 30, 2022 | <u><u>\$ 44,737,739</u></u> |

The total OPEB liability is presented within the Statement of Net Position as follows:

| | |
|-----------------------------------|-----------------------------|
| Amounts due within one year | \$ 2,294,328 |
| Amounts due in more than one year | 42,443,411 |
| Balance at June 30, 2022 | <u><u>\$ 44,737,739</u></u> |

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the School Board, as well as what the School Board’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54%) or 1-percentage-point higher (4.54%) than the current discount rate:

| | <u>1.0% Decrease</u> <u>(2.54%)</u> | <u>Current</u> <u>Discount Rate</u> <u>(3.54%)</u> | <u>1.0% Increase</u> <u>(4.54%)</u> |
|----------------------|--|---|--|
| Total OPEB liability | \$ 54,067,941 | \$ 44,737,739 | \$ 37,536,025 |

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the School Board, as well as what the School Board’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.5%) or 1-percentage-point higher (6.5%) than the current healthcare trend rates:

| | <u>1.0% Decrease</u> <u>(4.5%)</u> | <u>Current Trend</u> <u>(5.5%)</u> | <u>1.0% Increase</u> <u>(6.5%)</u> |
|----------------------|---|---|---|
| Total OPEB liability | \$ 38,441,927 | \$ 44,737,739 | \$ 52,968,383 |

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

For the year ended June 30, 2022, the School Board recognized OPEB expense of \$3,540,593. At June 30, 2022, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows</u> <u>of Resources</u> | <u>Deferred Inflows</u> <u>of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ 1,791,595 | \$ (826,456) |
| Changes in assumption | <u>5,834,360</u> | <u>(9,245,571)</u> |
| Total | <u>\$ 7,625,955</u> | <u>\$ (10,072,027)</u> |

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

| Years ending June 30: | |
|-----------------------|------------------------------|
| 2023 | 1,546,022 |
| 2024 | (245,408) |
| 2025 | (1,812,464) |
| 2026 | <u>(1,934,222)</u> |
| | <u>\$ (2,446,072)</u> |

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

8. LONG-TERM LIABILITIES

The following is a summary of the long-term debt activity for the year ended June 30, 2022:

| | Balance June 30, 2021 <u>(Restated)</u> | <u>Additions</u> | <u>Deletions</u> | Balance June 30, 2022 | Amount Due Within 1 Year |
|----------------------------------|---|---------------------|---------------------|--------------------------|-----------------------------|
| Debt Payable: | | | | | |
| Bonds Payable | \$ 9,775,000 | \$ - | \$ 1,510,000 | \$ 8,265,000 | \$ 1,555,000 |
| Lease Liability | 2,255,678 | - | 721,432 | 1,534,246 | 673,493 |
| Claims and judgements Payable | - | 363,000 | - | 363,000 | - |
| Compensated Absences | <u>743,787</u> | <u>693,955</u> | <u>467,556</u> | <u>970,186</u> | <u>69,199</u> |
| Total | <u>\$ 12,774,465</u> | <u>\$ 1,056,955</u> | <u>\$ 2,698,988</u> | <u>\$11,132,432</u> | <u>\$ 2,297,692</u> |

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

A schedule of the individual issues outstanding as of June 30, 2022 is as follows:

| <u>Bond Issue</u> | <u>Original Issue Date</u> | <u>Original Issue Amount</u> | <u>Interest Rate</u> | <u>Final Payment Due</u> | <u>Interest to Maturity</u> | <u>Principal Outstanding</u> |
|--|--------------------------------|----------------------------------|--------------------------|----------------------------------|---------------------------------|----------------------------------|
| <u>Direct Placements:</u> | | | | | | |
| Limited Tax Revenue Bonds, Series 2016: | Dec 8, 2016 | \$ 1,500,000 | 2.78% | Nov. 1, 2026 | \$ 96,643 | \$ 975,000 |
| Limited Tax Revenue Bonds, Series 2017: | Feb 16, 2017 | 7,500,000 | 3.52% | Oct. 19, 2026 | 475,838 | 4,345,000 |
| Sales Tax Bonds, Series 2016: | Dec 8, 2016 | 5,000,000 | 3.16% | Oct. 19, 2026 | <u>288,511</u> | <u>2,945,000</u> |
| | | | | | <u>\$ 860,992</u> | <u>\$ 8,265,000</u> |

All principal and interest requirements for the limited tax revenue bonds are funded in accordance with Louisiana law by the annual ad valorem tax levy on taxable property within the parish for which \$1,745,692 of revenue was recognized during the year ended June 30, 2022. The principal and interest requirements for the 2016 sales tax revenue bonds are funded by the proceeds of a one half cent sales tax levied within the parish for which \$1,607,658 of revenue was recognized during the year ended June 30, 2022. The School Board accounts for a majority of these taxes' proceeds within the Renovation Fund which includes a restricted account for debt service and debt service reserves. At June 30, 2022, the School Board has accumulated \$5,675,425 in the Renovation Fund; \$2,051,987 of which is restricted for future debt service requirements and debt service reserves, and \$3,747,246 of which is restricted for capital improvements and major maintenance.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

8. LONG-TERM LIABILITIES (continued)

Future debt service requirements are as follows:

| <u>Year Ending</u> <u>June 30</u> | <u>Direct Placements</u> | | |
|--------------------------------------|-------------------------------------|------------------------------------|---------------------|
| | <u>Principal</u> <u>Payments</u> | <u>Interest</u> <u>Payments</u> | <u>Total</u> |
| 2023 | \$ 1,555,000 | \$ 252,134 | \$ 1,807,134 |
| 2024 | 1,600,000 | 201,050 | 1,801,050 |
| 2025 | 1,655,000 | 147,339 | 1,802,339 |
| 2026 | 1,700,000 | 90,923 | 1,790,923 |
| 2027 | <u>1,755,000</u> | <u>31,022</u> | <u>1,786,022</u> |
| | <u>\$ 8,265,000</u> | <u>\$ 722,468</u> | <u>\$ 8,987,468</u> |

In accordance with Louisiana Revised Statute 39:562 (L), the School Board is legally restricted from incurring long-term bonded debt in excess of 35 percent of the net assessed value of taxable property (including homestead exempt and nonexempt property) within the parish. At June 30, 2021, the net assessed value of taxable property for the parish was \$111,314,000, which would result in a \$38,959,900 long-term bonded debt limit.

The Sales Tax Bonds, Series 2016 contain events of default with financial consequences if principal and interest is not paid when due or if there are any unscheduled withdrawals from the debt service reserve funds. Remedies available to the bondholder in an event of default that is not remedied within 30 days include those allowed under Louisiana law for such defaults, but do not include subjective acceleration clauses or termination events.

The Series 2017 and 2016 Limited Tax Revenue bonds' terms of default are not explicitly defined. However, in the event of non-payment, all remedies allowed under Louisiana law would be available to the bondholders, but do not include subjective acceleration clauses or termination events.

9. INTERFUND TRANSACTIONS

Interfund receivable/payable:

| <u>Receivable Fund</u> | | <u>Payable Fund</u> | |
|------------------------|---------------------|---------------------|---------------------|
| Governmental funds | | Governmental funds | |
| General | \$ 2,691,503 | General Fund | \$ 9,681 |
| Title 1 | - | Title 1 | 661,150 |
| ESSER | - | ESSER | 1,511,988 |
| Non-major | - | Non-major | <u>508,684</u> |
| Total | <u>\$ 2,691,503</u> | Total | <u>\$ 2,691,503</u> |

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

9. INTERFUND TRANSACTIONS (continued)

Transfers:

| <u>Fund</u> | <u>Transfers In</u> | <u>Transfers Out</u> |
|-------------|---------------------|----------------------|
| General | \$ 1,272,042 | \$ - |
| Title 1 | - | 192,811 |
| ESSER | - | 939,232 |
| Non-major | - | 139,999 |
| Totals: | <u>\$ 1,272,042</u> | <u>\$ 1,272,042</u> |

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

10. RISK MANAGEMENT, LITIGATION AND CONTINGENT LIABILITIES

The School Board manages its exposure under general liability, fleet, and errors and omissions through the purchase of commercial insurance. Qualifying employees and retirees may participate in the state group medical and life insurance plan. Risk of loss under workers' compensation statutes is self-insured by the School Board for up to \$400,000 per occurrence, with an insurance policy in force for losses in excess of that amount. The self-insured plan is administered by a third party, with the claims under the self-insured amount paid by the General Fund; certain Special Revenue funds may reimburse the General Fund for payment of their claims. Consistent with the provisions of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, the School Board uses the General Fund to account for its risk financing activities. Claims outstanding at June 30, 2022 of approximately \$1,004,000 have been recorded as liabilities in the accompanying general fund and government-wide financial statements.

At June 30, 2022, the School Board was a defendant in several lawsuits. These suits, arising from various claims are mostly covered through insurance as described above. However, the School Board is exposed to certain uninsured claims and deductibles. Based upon the opinion of the School Board's legal counsel, the ultimate resolution of these matters, as well as other claims not covered by insurance policies, is not expected to materially impact the operations of the School Board.

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

11. LEASES

In accordance with its accounting policy for leases and pursuant to adoption of GASB Statement No. 87, *Leases*, the School Board records a liability for the present value of lease payments over the lease term for those agreements meeting the capitalization threshold set forth in footnote 1. As of June 30, 2022, such lease agreements consist entirely of school busses having terms from 3 to 5 years having a combined lease liability of \$1,534,246. In determining the present values, a discount rate of 5.12% was applied, representing the School Board's estimated incremental borrowing rate for such vehicles. The recorded value of the right-to-use assets as of the end of the current fiscal year was \$2,255,678 and accumulated amortization of these assets was \$677,816. The lease liability future principal and interest components of the lease payments as of June 30, 2022, are as follows:

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

11. LEASES (continued)

| Year ended June 30, | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------|---------------------|-------------------|---------------------|
| 2023 | \$ 673,493 | \$ 78,507 | \$ 752,000 |
| 2024 | 428,416 | 44,084 | 472,500 |
| 2025 | 432,337 | 22,163 | 454,500 |
| | <u>\$ 1,534,246</u> | <u>\$ 144,754</u> | <u>\$ 1,679,000</u> |

There were no variable lease payments paid that were not included in determining the present value of the liability.

12. SALES TAX COLLECTIONS AND REMITTANCES

Act 711 of the 2010 Louisiana Legislative Session amended LRS 24:51 (b) to provide required financial statement note disclosure in the financial statements for local governments that collect tax for other taxing jurisdictions. Listed below are sales tax collections and distributions to other parish governmental agencies during fiscal year 2021-2022.

| <u>Jurisdiction</u> | <u>Tax</u> | <u>Total Collections</u> | <u>Collection Cost</u> | <u>Final or pending Distributions</u> |
|-----------------------------|------------|--------------------------|------------------------|---------------------------------------|
| Police Jury | 1% | \$ 3,214,494 | \$ (33,865) | \$ 3,180,629 |
| Police Jury | 1/2% | 1,607,245 | (17,041) | 1,590,204 |
| | | <u>4,821,739</u> | <u>(50,906)</u> | <u>4,770,833</u> |
| Franklin Sheriff | 1/2% | 1,607,245 | (17,041) | 1,590,204 |
| City of Winnsboro | 1% | 1,723,979 | (18,999) | 1,704,980 |
| City of Winnsboro 2007 | 1/2% | 861,989 | (9,491) | 852,498 |
| City of Winnsboro 2009 | 1/2% | 861,989 | (9,491) | 852,498 |
| | | <u>3,447,957</u> | <u>(37,981)</u> | <u>3,409,976</u> |
| Town of Gilbert | | <u>69,761</u> | <u>(635)</u> | <u>69,126</u> |
| Town of Wisner | | <u>101,310</u> | <u>(1,111)</u> | <u>100,199</u> |
| Town of Baskin | | <u>29,048</u> | <u>(388)</u> | <u>28,660</u> |
| Revenue Recovery Audits | | <u>3,488</u> | <u>-</u> | <u>3,488</u> |
| Held in Escrow Pending Suit | | <u>18,621</u> | <u>-</u> | <u>18,621</u> |
| TOTALS | | <u>\$ 10,099,169</u> | <u>\$ (108,062)</u> | <u>\$ 9,991,107</u> |

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

13. CURRENT ACCOUNTING STANDARDS SCHEDULED TO BE IMPLEMENTED

Following is a summary of accounting standards adopted by the Governmental Accounting Standards Board (GASB) that are scheduled to be implemented in the future that may affect the school Board's financial report:

GASB Statement 96, *Subscription Based Information Technology Arrangements*. The statement will require the recognition of lease assets and liabilities for technology arrangements similar to that which is required lease of other assets required by GASB Statement No. 87. As such, an intangible right to use asset and a liability will be recorded. The standard is effective for annual reporting periods beginning after June 15, 2022. The School Board will include the requirements of this standard, as applicable, in its June 30, 2023 financial statements. All of the School Board's cloud-computing agreements will need to be evaluated to determine the impact of implementing this standard; however, the effect of this standard or its applicability to the School Board are unknown at this time.

14. SUBSEQUENT EVENTS

For the year ended June 30, 2023, the COVID-19 pandemic continues to impact the School Board. However, major disruptions to budgets, operations and its ability to execute its educational mission have been avoided. The School Board has been awarded substantial grant relief from the Education Stabilization Fund as created under the CARES Act, renewed and expanded under subsequent Acts of the US Congress, and administered through the Louisiana Department of Education. Approximately \$13 million is available for certain eligible activities.

REQUIRED SUPPLEMENTAL INFORMATION

Franklin Parish School Board

Winnsboro, Louisiana

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

MAJOR FUND DESCRIPTIONS
BUDGETARY COMPARISON SCHEDULES

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

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

COMBINED RENOVATION FUND AND CAPITAL PROJECTS 2017 FUND. The Combined Renovation Fund and Capital Projects 2017 Fund accounts combines two funds for budget reporting purposes. The Renovation Fund accounts for a portion of the proceeds of a 15.64 mil ad-valorem tax that is restricted to debt service and for the proceeds of a half-cent sales tax restricted to debt service, major capital improvements, and repairs. The Capital Projects 2017 Fund accounts for the proceeds of the 2017 and 2016 bonds and their use towards capital projects. These funds are combined for budgetary reporting purposes.

TITLE 1 FUND. The Title 1 fund accounts for the Title 1 grants. The purpose of these grants are to improve the educational opportunities of educationally deprived children by helping them succeed in the regular school program, attain grade level proficiency and improve achievement in basic and more advanced skills. These grants function by providing compensatory instructional activities to educationally deprived children that reside in low-income areas and have been selected on the basis of a needs assessment. Services supplement, not supplant, those normally provided by state and local educational agencies.

ESSER FUND. The ESSER fund accounts for the grants received by the School Board under the Elementary and Secondary School Emergency Relief (ESSER) provisions of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and the American Rescue Plan (ARP) Act, through the Louisiana Department of Education. The purpose of these grants are to provide funding to State educational agencies and school districts to help safely reopen and sustain the safe operation of schools and address the impact of the coronavirus pandemic on the Nation's students.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2022

| | General Fund | | | Variance Favorable (Unfavorable) |
|--|-----------------------|-----------------------|-----------------------|--|
| | Original Budget | Final Budget | Actual | |
| <u>Revenues:</u> | | | | |
| Local sources | \$ 5,560,000 | \$ 6,774,989 | \$ 6,978,245 | \$ 203,256 |
| State sources | 19,932,000 | 20,201,941 | 20,231,281 | 29,340 |
| Federal sources | - | 62,618 | 62,618 | - |
| Total revenues | <u>25,492,000</u> | <u>27,039,548</u> | <u>27,272,144</u> | <u>232,596</u> |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular education programs | 11,570,000 | 11,670,784 | 11,694,199 | (23,415) |
| Special education programs | 2,848,750 | 3,091,361 | 3,091,792 | (431) |
| Other education programs | 1,230,250 | 1,570,947 | 1,645,874 | (74,927) |
| Support services: | | | | |
| Pupil support services | 1,425,000 | 1,662,470 | 1,662,480 | (10) |
| Instructional staff services | 1,226,950 | 1,342,309 | 1,352,770 | (10,461) |
| General administration services | 751,771 | 844,028 | 993,074 | (149,046) |
| School administration services | 1,840,000 | 1,837,856 | 1,837,855 | 1 |
| Business administration services | 604,000 | 609,556 | 610,096 | (540) |
| Plant operation and maintenance | 2,177,000 | 2,490,327 | 2,491,633 | (1,306) |
| Transportation | 2,705,000 | 3,050,977 | 2,298,972 * | 752,005 |
| Food services | 204,500 | 247,058 | 247,057 | 1 |
| Central services | 45,875 | 37,394 | 37,397 | (3) |
| Community services | 7,644 | 8,400 | 8,400 | - |
| Appropriations | | | | |
| Charter Schools | 118,163 | 69,354 | 69,354 | - |
| Debt Service | | | | |
| Principal | - | - | 721,432 * | (721,432) |
| Interest and fees | - | - | 30,568 * | (30,568) |
| Total expenditures | <u>26,754,903</u> | <u>28,532,821</u> | <u>28,792,953</u> | <u>(260,132)</u> |
| Excess (deficiency) of revenues over expenditures | <u>\$ (1,262,903)</u> | <u>\$ (1,493,273)</u> | <u>\$ (1,520,809)</u> | <u>\$ (27,536)</u> |

(continued)

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2022

| | General Fund | | | Variance |
|--|--------------------|-----------------|--------------|----------------------------|
| | Original Budget | Final Budget | Actual | Favorable (Unfavorable) |
| <u>Other financing sources (uses):</u> | | | | |
| Proceeds from issuance of long-term debt and leases | \$ - | \$ - | \$ - | * \$ - |
| Operating transfers in | 1,262,903 | 1,272,041 | 1,272,042 | 1 |
| Total other financing sources (uses) | 1,262,903 | 1,272,041 | 1,272,042 | 1 |
| Net changes in fund balances | - | (221,232) | (248,767) | (27,535) |
| Fund balances, June 30, 2021 | 6,460,000 | 8,094,355 | 8,324,875 | 230,520 |
| FUND BALANCES, JUNE 30, 2022 | \$ 6,460,000 | \$ 7,873,123 | \$ 8,076,108 | \$ 202,985 (concluded) |

* Amounts reported include lease payments budgeted in the transportation functional expenditure line that were reported as principal and interest payments under generally accepted accounting principals as required by GASB Statement No. 87

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

RENOVATION FUND and CAPITAL PROJECTS 2017 FUND
BUDGETARY COMPARISON SCHEDULE (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2022

| | RENOVATION FUND and CAPITAL PROJECTS 2017 FUND | | | |
|--|--|---------------------|------------------------------|--|
| | Original Budget | Final Budget | Budgetary Basis Actual | Variance Favorable (Unfavorable) |
| <u>Revenues:</u> | | | | |
| Local sources: | \$ 2,750,000 | \$ 2,831,202 | \$ 2,831,202 | \$ - |
| Total revenues | <u>2,750,000</u> | <u>2,831,202</u> | <u>2,831,202</u> | <u>-</u> |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular education programs | - | 232 | 232 | - |
| Special education programs | - | - | - | - |
| Other education programs | - | 22,389 | 22,389 | - |
| Support services: | | | | |
| Pupil Support | - | 2,750 | 2,751 | (1) |
| Instructional staff services | - | 858 | 858 | - |
| General administrative services | - | 22,221 | 22,221 | - |
| School administration | - | 1,509 | 1,509 | - |
| Business services | - | 13,097 | 13,097 | - |
| Plant operation and maintenance | 295,000 | 469,334 | 469,332 | 2 |
| Student transportation | 30,000 | 32,500 | 32,500 | - |
| Food services | - | - | - | - |
| Central services | - | 6,520 | 6,520 | - |
| Facilities acquisition and construction | 1,200,000 | 268,802 | 290,098 | (21,296) |
| Debt Service | 1,810,850 | 1,813,846 | 1,813,845 | 1 |
| Total expenditures | <u>3,335,850</u> | <u>2,654,058</u> | <u>2,675,352</u> | <u>(21,294)</u> |
| Excess (deficiency) of revenues over expenditures | (585,850) | 177,144 | 155,850 | (21,294) |
| Fund balances, June 30, 2021 | <u>3,900,000</u> | <u>6,033,670</u> | <u>6,205,261</u> | <u>171,591</u> |
| FUND BALANCES, JUNE 30, 2022 | <u>\$ 3,314,150</u> | <u>\$ 6,210,814</u> | <u>\$ 6,361,111</u> | <u>\$ 150,297</u> |

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

TITLE I FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2022

| | Title 1 Fund | | | Variance Favorable (Unfavorable) |
|--|--------------------|------------------|------------------|--|
| | Original Budget | Final Budget | Actual | |
| <u>Revenues:</u> | | | | |
| Federal sources: | \$ 1,997,853 | \$ 2,077,703 | \$ 2,391,013 | \$ 313,310 |
| Total revenues | <u>1,997,853</u> | <u>2,077,703</u> | <u>2,391,013</u> | <u>313,310</u> |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular education programs | - | - | 101,591 | (101,591) |
| Special education programs | - | - | - | - |
| Other education programs | 1,572,920 | 1,620,356 | 1,641,307 | (20,951) |
| Special and adult education programs | | | | |
| Support services: | | | | |
| Pupil Support | - | - | - | - |
| Instructional staff services | 263,827 | 289,801 | 455,304 | (165,503) |
| General administrative services | - | - | - | - |
| School administration | - | - | - | - |
| Business services | - | - | - | - |
| Plant operation and maintenance | - | - | - | - |
| Student transportation | - | - | - | - |
| Food services | - | - | - | - |
| Central services | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - |
| Debt Service | - | - | - | - |
| Total expenditures | <u>1,836,747</u> | <u>1,910,157</u> | <u>2,198,202</u> | <u>(288,045)</u> |
| Excess (deficiency) of revenues over expenditures | 161,106 | 167,546 | 192,811 | 25,265 |
| <u>Other financing sources (uses):</u> | | | | |
| Operating transfers out | <u>(161,106)</u> | <u>(167,546)</u> | <u>(192,811)</u> | <u>(25,265)</u> |
| Total other financing sources (uses) | <u>(161,106)</u> | <u>(167,546)</u> | <u>(192,811)</u> | <u>(25,265)</u> |
| Net changes in fund balance | - | - | - | - |
| Fund balances, June 30, 2021 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES, JUNE 30, 2022 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

ESSER FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2022

| | ESSER Fund | | | |
|--|--------------------|-----------------|--------------|--|
| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
| <u>Revenues:</u> | | | | |
| Federal sources: | \$ 6,790,176 | \$ 6,436,185 | \$ 6,607,172 | \$ 170,987 |
| Total revenues | 6,790,176 | 6,436,185 | 6,607,172 | 170,987 |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular education programs | 1,946,722 | 1,698,117 | 1,768,076 | (69,959) |
| Special education programs | 170,914 | 314,641 | 314,636 | 5 |
| Other education programs | 751,984 | 595,659 | 595,657 | 2 |
| Support services: | | | | |
| Pupil Support | 168,303 | 116,893 | 191,442 | (74,549) |
| Instructional staff services | 1,957,409 | 886,877 | 886,874 | 3 |
| General administrative services | 9,800 | 15,274 | 15,935 | (661) |
| School administration | 58,900 | 147,735 | 147,083 | 652 |
| Business services | 19,700 | 43,194 | 43,195 | (1) |
| Plant operation and maintenance | 549,100 | 789,599 | 789,595 | 4 |
| Student transportation | 58,900 | 715,159 | 715,160 | (1) |
| Food services | 89,000 | 183,020 | 183,019 | 1 |
| Central services | 63,178 | 17,267 | 17,268 | (1) |
| Facilities acquisition and construction | - | - | - | - |
| Debt Service | - | - | - | - |
| Total expenditures | 5,843,910 | 5,523,435 | 5,667,940 | (144,505) |
| Excess (deficiency) of revenues over expenditures | 946,266 | 912,750 | 939,232 | 26,482 |
| <u>Other financing sources (uses):</u> | | | | |
| Operating transfers out | (946,266) | (912,750) | (939,232) | (26,482) |
| Total other financing sources (uses) | (946,266) | (912,750) | (939,232) | (26,482) |
| Net changes in fund balance | - | - | - | - |
| Fund balances, June 30, 2021 | - | - | - | - |
| FUND BALANCES, JUNE 30, 2022 | \$ - | \$ - | \$ - | \$ - |

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2022

BUDGETS

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

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

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

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

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

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

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

SCHEDULE OF CHANGES IN TOTAL OTHER POST-EMPLOYMENT
BENEFIT LIABILITY AND RELATED RATIOS
YEAR ENDED JUNE 30, 2022

| Financial statement reporting date | 6/30/2022 | 6/30/2021 | 6/30/2020 | 6/30/2019 | 6/30/2018 |
|---|---------------|---------------|---------------|---------------|---------------|
| Measurement date | 6/30/2022 | 6/30/2021 | 6/30/2020 | 6/30/2019 | 6/30/2018 |
| Service cost | \$ 859,085 | \$ 778,453 | \$ 713,566 | \$ 434,402 | \$ 562,602 |
| Interest | 1,135,482 | 1,154,483 | 1,552,006 | 1,383,950 | 1,354,009 |
| Difference between actual and expected experience | 2,029,919 | 176,003 | (1,778,042) | 310,299 | (259,283) |
| Changes of assumptions or other inputs | (10,762,810) | 432,770 | 9,613,318 | 8,646,860 | (1,429,473) |
| Benefit payments | (2,185,074) | (2,239,257) | (2,170,368) | (2,216,596) | (2,360,098) |
| Net change in total OPEB liability | (8,923,398) | 302,452 | 7,930,480 | 8,558,915 | (2,132,243) |
| Total OPEB liability - beginning | 53,661,137 | 53,358,685 | 45,428,205 | 36,869,290 | 39,001,533 |
| Total OPEB liability - ending | \$ 44,737,739 | \$ 53,661,137 | \$ 53,358,685 | \$ 45,428,205 | \$ 36,869,290 |
| Covered employee payroll | \$ 10,133,778 | \$ 11,900,216 | \$ 11,835,383 | \$ 11,380,716 | \$ 11,933,877 |
| Total OPEB liability as a percentage of covered payroll | 441.47% | 450.93% | 450.84% | 399.17% | 308.95% |

Notes to Schedule:

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

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

Benefit Changes.

Measurement date

6/30/2022 There were no changes to the benefit terms that affected the total OPEB liability

Changes of Assumptions.

The changes in assumptions balance was a result of changes in the discount rate, and change in the assured commenced of benefits. The following are the discount rates used for in each measurement of total OPEB liability

| Measurement Date | Rate | Change |
|------------------|-------|--------|
| 6/30/2022 | 3.54% | 1.38% |
| 6/30/2021 | 2.16% | -0.05% |
| 6/30/2020 | 2.21% | -1.29% |
| 6/30/2019 | 3.50% | -0.37% |
| 6/30/2018 | 3.87% | |

The commencement of benefits changed to 3 years from eligibility for retirement benefits to 5 years in 2019.

Franklin Parish School Board
Schedule of the Proportionate Share of the Net Pension Liability
Cost Sharing Plans Only
For the Year Ended June 30, 2022 (*)

| <u>Pension Plan</u> | <u>Year</u> | <u>Employer's Proportion of the Net Pension Liability (Asset)</u> | <u>Employer's Proportionate Share of the Net Pension Liability (Asset)</u> | <u>Employer's Covered Payroll</u> | <u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll</u> | <u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u> |
|---|-------------|---|--|---------------------------------------|---|---|
| Teachers Retirement System of Louisiana | | | | | | |
| | 2022 | 0.3226% | \$ 17,224,478 | \$ 16,131,974 | 106.7723% | 83.85% |
| | 2021 | 0.2982% | 33,249,686 | 14,997,386 | 221.7032% | 65.61% |
| | 2020 | 0.2954% | 29,320,195 | 14,466,381 | 202.6782% | 68.57% |
| | 2019 | 0.3129% | 30,749,123 | 14,662,036 | 209.7193% | 68.17% |
| | 2018 | 0.3070% | 31,471,110 | 14,283,093 | 220.3382% | 65.55% |
| | 2017 | 0.2993% | 35,124,224 | 13,944,475 | 251.8863% | 59.90% |
| | 2016 | 0.3108% | 33,420,336 | 12,762,427 | 261.8651% | 62.50% |
| | 2015 | 0.3058% | 31,259,190 | 12,633,434 | 247.4323% | 63.70% |
| Louisiana School Employees Retirement System | | | | | | |
| | 2022 | 0.5515% | \$ 2,621,501 | \$ 1,686,884 | 155.4049% | 82.51% |
| | 2021 | 0.5334% | 4,285,325 | 1,573,007 | 272.4289% | 69.67% |
| | 2020 | 0.5363% | 3,754,109 | 1,545,101 | 242.9685% | 73.49% |
| | 2019 | 0.5356% | 3,578,577 | 1,547,339 | 231.2730% | 74.44% |
| | 2018 | 0.5356% | 3,427,742 | 1,534,716 | 223.3470% | 75.03% |
| | 2017 | 0.4994% | 3,766,893 | 1,417,298 | 265.7799% | 70.09% |
| | 2016 | 0.4748% | 3,011,133 | 1,315,313 | 228.9290% | 74.49% |
| | 2015 | 46.8900% | 2,718,050 | 1,310,969 | 207.3314% | 76.18% |

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

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

Franklin Parish School Board
Schedule of Contributions to Each Retirement System
Cost Sharing Plans Only
For the Year Ended June 30, 2022

| Pension Plan: | Year | Contractually Required Contribution ¹ | Contributions in Relation to Contractually Required Contribution ² | Contribution Deficiency (Excess) | Employer's Covered Payroll ³ | Contributions as a % of Covered Payroll |
|---|------|--|---|--|--|--|
| Teachers Retirement System of Louisiana | | | | | | |
| | 2022 | 4,484,687 | 4,484,687 | - | 18,270,449 | 24.5461% |
| | 2021 | 4,162,055 | 4,162,055 | - | 16,131,974 | 25.8000% |
| | 2020 | 3,893,127 | 3,893,127 | - | 14,997,386 | 25.9587% |
| | 2019 | 3,858,041 | 3,858,041 | - | 14,466,381 | 26.6690% |
| | 2018 | 3,909,022 | 3,909,022 | - | 14,662,036 | 26.6608% |
| | 2017 | 3,636,403 | 3,636,403 | - | 14,283,093 | 25.4595% |
| | 2016 | 3,667,397 | 3,667,397 | - | 13,944,475 | 26.3000% |
| | 2015 | 3,940,665 | 3,940,665 | - | 12,762,427 | 30.8771% |
| Louisiana School Employees Retirement System | | | | | | |
| | 2022 | 533,728 | 533,728 | - | 1,859,679 | 28.7000% |
| | 2021 | 483,138 | 483,138 | - | 1,686,884 | 28.6409% |
| | 2020 | 461,680 | 461,680 | - | 1,573,007 | 29.3502% |
| | 2019 | 440,955 | 440,955 | - | 1,545,101 | 28.5389% |
| | 2018 | 428,043 | 428,043 | - | 1,547,339 | 27.6632% |
| | 2017 | 419,757 | 419,757 | - | 1,534,716 | 27.3508% |
| | 2016 | 428,024 | 428,024 | - | 1,417,298 | 30.2000% |
| | 2015 | 438,899 | 438,899 | - | 1,315,313 | 33.3684% |

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

For reference only:

¹ Employer contribution rate multiplied by employer's covered payroll

² Actual employer contributions remitted to Retirement Systems

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

Franklin Parish School Board
Notes to Required Supplementary Information -
Retirement Systems
For the Year Ended June 30, 2022

Changes in benefit terms:

TRSL:

2015 - A 1.5% COLA, effective July 1, 2014, provided by Act 204 of the 2014 Louisiana Regular Legislative Session

2016 - Members employed on or after July 1, 2015 – can retire at age 62 with a 2.5% benefit factor with at least 5 years of service credit or at any age after 20 years of service credit (actuarially reduced)

2017 - A 1.5% COLA, effective July 1, 2016, provided by Acts 93 and 512 of the 2016 Louisiana Regular Legislative Session

LSERS:

2016 - Act 93 of the 2016 provides for an up to 2.0% COLA on the first

Changes in assumptions:

The following discount rate changes were made to the pension plans identified in the following table:

| Discount Rate: | | | Discount Rate: | | |
|----------------|--------|---------|----------------|---------|---------|
| Year (*) | Rate | Change | Year (*) | Rate | Change |
| TRSL | | | LSERS | | |
| 2021 | 7.400% | -0.050% | 2021 | 6.9000% | -0.100% |
| 2020 | 7.450% | -0.100% | 2020 | 7.0000% | 0.000% |
| 2019 | 7.550% | -0.100% | 2019 | 7.0000% | -0.063% |
| 2018 | 7.650% | -0.050% | 2018 | 7.0625% | -0.063% |
| 2017 | 7.700% | -0.050% | 2017 | 7.1250% | 0.000% |
| 2016 | 7.750% | 0.000% | 2016 | 7.1250% | 0.125% |
| 2015 | 7.750% | | 2015 | 7.0000% | |

The following inflation rate changes were made to the pension plans identified in the following table:

| Inflation Rate: | | |
|-----------------|--------|---------|
| Year (*) | Rate | Change |
| LSERS | | |
| 2021 | 2.500% | 0.000% |
| 2020 | 2.500% | 0.000% |
| 2019 | 2.500% | 0.000% |
| 2018 | 2.500% | -0.125% |
| 2017 | 2.625% | 0.000% |
| 2016 | 2.625% | -0.125% |
| 2015 | 2.750% | |

The following changes to projected salary increases were made to the pension plans identified in the following table:

| Salary Increases: | | | | | |
|-------------------|--|--|----------|------------------|--|
| Year (*) | Range | | Year (*) | Range | |
| TRSL | | | LSERS | | |
| 2021 | No Changes | | 2021 | No Changes | |
| 2020 | No Changes | | 2020 | No Changes | |
| 2019 | No Changes | | 2019 | No Changes | |
| 2018 | 3.30 to 4.80% for various member types | | 2018 | 3.25% | |
| 2017 | 3.50 to 10.0% for various member types | | 2017 | 3.075% to 5.375% | |
| 2016 | 3.50 to 10.0% for various member types | | 2016 | 3.200% to 5.500% | |

Mortality table:

| Year (*) | |
|----------|--|
| TRSL: | |
| 2021 | No Changes |
| 2020 | No Changes |
| 2019 | No Changes |
| 2018 | Active members – RP-2014 White Collar Employee tables, adjusted by 1.010 for males and by 0.997 for females. Non-Disabled retiree/inactive members – RP-2014 White Collar Healthy Annuitant tables, adjusted by 1.366 for males and by 1.189 for females. Disability retiree mortality – RP-2014 Disability tables, adjusted by 1.111 for males and by 1.134 for females. These base tables are adjusted from 2014 to 2018 using the MP-2017 generational improvement table, with continued future mortality improvement projected using the MP-2017 generational mortality improvement tables. |
| 2017 | Mortality rates were projected based on the RP-2000 Mortality Table with projection to 2025 using Scale AA. |
| LSERS: | |
| 2021 | No Changes |
| 2020 | No Changes |
| 2019 | No Changes |
| 2018 | RP-2014 Healthy Annuitant, Sex Distinct Employee, Sex Distinct Disabled Tables |
| 2017 | RP-2000 Sex Distinct Mortality and Disabled Lives Mortality Tables |

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

FRANKLIN PARISH SCHOOL BOARD

OTHER INFORMATION

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NON-MAJOR GOVERNMENTAL FUND DESCRIPTIONS

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

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

Capital Projects 2017 Fund This fund accounts for the proceeds of the series 2016 and 2017 tax revenue bonds.

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

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

Other Federal Accounts for the proceeds of miscellaneous federal grants.

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

Student and Booster Club Activities Used to account for monies collected and used in support of co-curricular and extra-curricular student activities.

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2022

| | Headstart | School Lunch | Capital Project 2017 Fund |
|---|------------------|-------------------|------------------------------|
| <u>ASSETS</u> | | | |
| Cash and cash equivalents | \$ 50 | \$ 878,177 | \$ 706,986 |
| Receivables: | | | |
| Accounts | - | 24,266 | - |
| Sales tax | - | - | - |
| Ad valorem tax | - | - | - |
| Due from other governments | 92,662 | - | - |
| Inventory | - | 49,597 | - |
| | \$ 92,712 | \$ 952,040 | \$ 706,986 |
| TOTAL ASSETS | \$ 92,712 | \$ 952,040 | \$ 706,986 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| Liabilities: | | | |
| Accounts payable | \$ 8,246 | \$ - | \$ 21,300 |
| Salaries and benefits payable | 84,416 | 81,075 | - |
| Due to other funds | 50 | - | - |
| Unearned revenues | - | 9,342 | - |
| | 92,712 | 90,417 | 21,300 |
| TOTAL LIABILITIES | 92,712 | 90,417 | 21,300 |
| Fund balances: | | | |
| Nonspendable | - | 40,255 | - |
| Spendable, Restricted | - | 821,368 | 685,686 |
| | - | 861,623 | 685,686 |
| TOTAL FUND BALANCES | - | 861,623 | 685,686 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 92,712 | \$ 952,040 | \$ 706,986 |

| <u>Title II</u> | <u>Special Education</u> | <u>Other Federal</u> | <u>State, Local & Federal Grants</u> | <u>Student & Booster Club Activities</u> | <u>Capital Project</u> | <u>Total</u> |
|------------------|------------------------------|--------------------------|--|--|----------------------------|---------------------|
| \$ - | \$ - | \$ 1 | \$ 70,590 | \$ 736,066 | \$ 5,552 | \$ 2,397,422 |
| - | - | - | - | - | - | 24,266 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 72,758 | 270,425 | 102,703 | 130,293 | - | - | 668,841 |
| - | - | - | - | - | - | 49,597 |
| <u>\$ 72,758</u> | <u>\$ 270,425</u> | <u>\$ 102,704</u> | <u>\$ 200,883</u> | <u>\$ 736,066</u> | <u>\$ 5,552</u> | <u>\$ 3,140,126</u> |
| \$ - | \$ 5,491 | \$ - | \$ - | \$ 52,790 | \$ - | \$ 87,827 |
| - | 36,598 | 24,241 | 6,243 | - | - | 232,573 |
| 72,758 | 228,336 | 78,463 | 124,051 | 5,026 | - | 508,684 |
| - | - | - | - | - | - | 9,342 |
| <u>72,758</u> | <u>270,425</u> | <u>102,704</u> | <u>130,294</u> | <u>57,816</u> | <u>-</u> | <u>838,426</u> |
| - | - | - | - | - | - | 40,255 |
| - | - | - | 70,589 | 678,250 | 5,552 | 2,261,445 |
| - | - | - | 70,589 | 678,250 | 5,552 | 2,301,700 |
| <u>\$ 72,758</u> | <u>\$ 270,425</u> | <u>\$ 102,704</u> | <u>\$ 200,883</u> | <u>\$ 736,066</u> | <u>\$ 5,552</u> | <u>\$ 3,140,126</u> |

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED JUNE 30, 2022

| | Headstart | School Lunch | Capital Project 2017 Fund |
|---|------------------|-------------------|------------------------------|
| <u>REVENUES</u> | | | |
| Local sources: | | | |
| Earnings on investments | \$ - | \$ 674 | \$ 3,911 |
| Food Services | - | 24,821 | - |
| Other | - | - | - |
| State sources: | | | |
| Unrestricted grants-in-aid, MFP | - | 26,819 | - |
| Restricted grants-in-aid | - | - | - |
| Federal grants | 1,244,828 | 2,139,018 | - |
| TOTAL REVENUES | 1,244,828 | 2,191,332 | 3,911 |
| <u>EXPENDITURES</u> | | | |
| Current: | | | |
| Instruction: | | | |
| Regular education programs | - | - | - |
| Special education programs | - | - | - |
| Other education programs | 645,214 | - | - |
| Support: | | | |
| Pupil support services | 146,454 | - | - |
| Instructional staff services | 129,811 | - | - |
| General administration services | 5,167 | - | - |
| School administration services | - | - | - |
| Business and central services | 62,008 | - | - |
| Plant operation and maintenance | 55,312 | - | 75,000 |
| Technical support | - | - | - |
| Transportation | 187,961 | - | - |
| Food services | 9,828 | 2,066,227 | - |
| Central services | 3,073 | - | - |
| Facility acquisition and construction | - | - | 232,216 |
| TOTAL EXPENDITURES | 1,244,828 | 2,066,227 | 307,216 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | - | 125,105 | (303,305) |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | |
| Transfers out | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | - | - | - |
| <u>NET CHANGES IN FUND BALANCE</u> | - | 125,105 | (303,305) |
| Fund balances, June 30, 2021 | - | 736,518 | 988,991 |
| FUND BALANCES, JUNE 30, 2022 | \$ - | \$ 861,623 | \$ 685,686 |

| <u>Title II</u> | <u>Special Education</u> | <u>Other Federal</u> | <u>State, Local & Federal Grants</u> | <u>Student & Booster Club Activities</u> | <u>Capital Project</u> | <u>Total</u> |
|-----------------|--------------------------|----------------------|--|--|------------------------|---------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 4,585 |
| - | - | - | - | - | - | 24,821 |
| - | - | - | 49,375 | 1,578,878 | - | 1,628,253 |
| - | - | - | - | - | - | 26,819 |
| - | - | - | 118,364 | - | - | 118,364 |
| <u>235,429</u> | <u>1,028,982</u> | <u>459,092</u> | <u>66,328</u> | <u>-</u> | <u>-</u> | <u>5,173,677</u> |
| <u>235,429</u> | <u>1,028,982</u> | <u>459,092</u> | <u>234,067</u> | <u>1,578,878</u> | <u>-</u> | <u>6,976,519</u> |
| - | 86,707 | 94,471 | 77,106 | - | - | 258,284 |
| - | 298,306 | 52,163 | - | - | - | 350,469 |
| - | 67,288 | 97,514 | 132,603 | 1,405,750 | - | 2,348,369 |
| - | 120,096 | 31,960 | - | - | - | 298,510 |
| 216,444 | 373,254 | 154,103 | 63,922 | - | - | 937,534 |
| - | - | - | - | - | - | 5,167 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | 62,008 |
| - | - | 318 | - | - | - | 130,630 |
| - | - | - | - | - | - | - |
| - | 490 | - | - | - | - | 188,451 |
| - | - | - | - | - | - | 2,076,055 |
| - | - | - | - | - | - | 3,073 |
| - | - | - | - | - | - | 232,216 |
| <u>216,444</u> | <u>946,141</u> | <u>430,529</u> | <u>273,631</u> | <u>1,405,750</u> | <u>-</u> | <u>6,890,766</u> |
| <u>18,985</u> | <u>82,841</u> | <u>28,563</u> | <u>(39,564)</u> | <u>173,128</u> | <u>-</u> | <u>85,753</u> |
| <u>(18,985)</u> | <u>(82,841)</u> | <u>(28,563)</u> | <u>(9,610)</u> | <u>-</u> | <u>-</u> | <u>(139,999)</u> |
| <u>(18,985)</u> | <u>(82,841)</u> | <u>(28,563)</u> | <u>(9,610)</u> | <u>-</u> | <u>-</u> | <u>(139,999)</u> |
| - | - | - | (49,174) | 173,128 | - | (54,246) |
| - | - | - | 119,763 | 505,122 | 5,552 | 2,355,946 |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 70,589</u> | <u>\$ 678,250</u> | <u>\$ 5,552</u> | <u>\$ 2,301,700</u> |

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS
FOR THE YEAR ENDED JUNE 30, 2022

| | |
|--|-------------|
| Richard Kelly, President | \$ 4,800 |
| Dr. Jacqueline Johnson, Vice President | 4,200 |
| Danny Davis, Chaplain | 4,200 |
| Eddie Ray Bryan | 4,200 |
| Mia Liki Dunn | 4,200 |
| Tim Eubanks | 4,200 |
| Alaina Nichols | 4,200 |
| | <hr/> |
| | \$ 30,000 |
| | <hr/> <hr/> |

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED JUNE 30, 2022

John Gullatt

| | |
|-----------------------|--------------|
| Salary | \$ 151,332 |
| Benefits - insurance | 6,933 |
| Benefits - retirement | 40,545 |
| Benefits - Medicare | 2,301 |
| Other | 5,766 |
| Car allowance | <u>9,600</u> |

| | |
|--|--------------------------|
| Total Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer | <u><u>\$ 216,477</u></u> |
|--|--------------------------|

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

Franklin Parish School Board
Winnsboro, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Franklin Parish School Board (the School Board), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements and have issued our report thereon dated December 15, 2022.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Board's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



The School Board's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the School Board's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The School Board's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 15, 2022

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

Franklin Parish School Board
Winnsboro, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Franklin Parish School Board's (the School Board's) compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

In our opinion, the School Board complied, in all material respects, with the compliance requirements referred above that could have a direct and matured effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School Board and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School Board's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School Board's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on School Board's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about School Board's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School Board's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School Board's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the School Board's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2022-002. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the School Board's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The School Board's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.



A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-002 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the School Board's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The School Board's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 15, 2022

Franklin Parish School Board
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

| FEDERAL DEPARTMENT/PASS-THROUGH ENTITY/PROGRAM | Federal Assistance Listing # | Grant # | EXPENDED |
|---|------------------------------------|-------------------|----------------------|
| <u>United States Department of Education</u> | | | |
| <i>Passed through the Louisiana Department of Education</i> | | | |
| Title I Grants to LEA's 21/22 | 84.010A | 2822T121 | \$ 2,077,703 |
| Title I 21/22 Direct Student Services | 84.010A | 2822DSS21 | 22,792 |
| Title I Redesign 1003A | 84.010A | 2821RD1921 | 290,518 |
| Special Education Grants Part B IDEA 611 21/22 | 84.027A ¹ | 2822B121 | 924,260 |
| Special Education Grants Set-Aside IDEA 611 - 21/22 | 84.027A ¹ | 2821IISA21 | 14,619 |
| Special Education IDEA 611 ARP - COVID-19 | 84.027X ¹ | 2822IA1121 | 71,806 |
| Special Education IDEA 619 21/22 | 84.173A ¹ | 2822P121 | 17,270 |
| Special Education IDEA 619 ARP - COVID-19 | 84.173X ¹ | 2822IA1921 | 1,027 |
| Career and Technical Education - Basic Grants to States (Perkins IV) | 84.048A | 28220221 | 7,725 |
| Title V-B | 84.358B | 2822RLIS21 | 56,176 |
| Supporting Effective Instruction State Grant Title IIA FY 21/22 | 84.367A | 28225021 | 235,429 |
| Teacher Incentive Fund - PBCS | 84.374A | 2818PBCS21 | 43,835 |
| Student Support and Enrichment Program - Title IV | 84.424A | 28227121 | 135,482 |
| Comprehensive Literacy Development (CLSD) - UIR Birth to age 5 | 84.371C | 2820CCUB21 | 9,269 |
| Comprehensive Literacy Development (CLSD) - UIR Grades K to 5 | 84.371C | 2820CCUK21 | 53,581 |
| Comprehensive Literacy Development (CLSD) - UIR Grades 6-8 | 84.371C | 2820CCU621 | 41,497 |
| Elementary and Secondary Education School Emergency Relief Funds (ESSER) | | | |
| ESSER I - Formula - COVID-19 | 84.425D | 2820ESRF21 | 121,221 |
| ESSER I - Incentive - COVID-19 | 84.425D | 2820ESRI21 | 49,766 |
| ESSER II - Formula - COVID-19 | 84.425D | 2821ES2F21 | 3,995,245 |
| ESSER III - Formula - COVID-19 | 84.425U | 2821ES3F21 | 1,334,306 |
| ESSER III EB Interventions - COVID-19 | 84.425U | 2821ESEB21 | 1,106,634 |
| <i>Passed through the Louisiana Workforce Commission</i> | | | |
| State Vocational Rehabilitation Services | 84.126A | H126A140025 - 14C | 52,163 |
| Total United States Department of Education | | | <u>10,662,324</u> |
| <u>United States Department of Health and Human Services</u> | | | |
| <i>Direct funding</i> | | | |
| Head Start | 93.600 ⁴ | 06CH011082-03-01 | 1,151,419 |
| Head Start - ARP - COVID-19 | 93.600 ⁴ | 06HE000899-01-01 | 93,409 |
| Early Childhood Child Care and Development | | | |
| Block Grant Child Care and Development Comm CCRA | 93.575 ³ | 2821CO21 | 12,611 |
| Block Grant - COVID-19 | 93.575 ³ | 2821CCRC21 | 66,329 |
| <i>Passed through the Louisiana Department of Education</i> | | | |
| Jobs for America's Graduates - Pets | 93.558 | 2819JS21 | 46,753 |
| Total United States Department of Health and Human Services | | | <u>1,370,521</u> |
| <u>United States Department of Agriculture</u> | | | |
| <i>Passed through the Louisiana Department of Education</i> | | | |
| National School Breakfast Program | 10.553 ² | N/A | 449,390 |
| National School Lunch Program | 10.555 ² | N/A | 1,383,627 |
| National School Lunch Program - COVID-19 | 10.555 ² | N/A | 4,268 |
| Special Milk Program | 10.556 ² | N/A | 20,977 |
| <i>Passed through the Louisiana Department of Agriculture and Forestry</i> | | | |
| Food Distribution | 10.555 ² | N/A | 207,965 |
| Child Nutrition Cluster Total | | | <u>2,066,227</u> |
| Total United States Department of Agriculture | | | <u>2,066,227</u> |
| <u>United States Department of Defense</u> | | | |
| <i>Direct Funding</i> | | | |
| Reserve Officer Training Corps | 12.xxx | | 62,618 |
| Total United States Department of Defense | | | <u>62,618</u> |
| Total Expenditures | | | <u>\$ 14,161,690</u> |
| ¹ Special Education Cluster | \$ 1,028,982 | | |
| ² Child Nutrition Cluster | 2,066,227 | | |
| ³ CCDF Cluster | 78,940 | | |
| ⁴ Head Start Cluster | 1,244,828 | | |

See accompanying notes to this schedule.

FRANKLIN PARISH SCHOOL BOARD

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE A – BASIS OF PRESENTATION

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

NOTE B – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. During the year ended June 30, 2022, the School Board received commodities valued at \$204,835. At June 30, 2022, the School Board had food commodities totaling \$15,418 in inventory.

NOTE C – DE MINIMUS COST RATE

During the year ended June 30, 2022, the Franklin Parish School Board did not elect to use the 10% de minimus cost rate as covered in §200.414 of the Uniform Guidance. Instead the School Board has an indirect cost rate that is provided by the Louisiana Department of Education.

NOTE D – RECONCILIATION TO THE BASIC FINANCIAL STATEMENT

The Federal Expenditures reported on the SEFA of \$14,161,690 are reported within the financial statements as evidenced through federal revenues reported in the following funds of the School Board's Statement of Revenues, Expenditures and Changes in Fund Balance.

| | |
|--|-----------------------------|
| General Fund | \$ 62,618 |
| Title I | 2,391,013 |
| ESSER | 6,607,172 |
| Headstart | 1,244,828 |
| CNP | 2,139,018 |
| Less: CNP revenues in excess of expenditures | (72,790) |
| Title II | 235,429 |
| Special Education | 1,028,982 |
| Stat, local and federal grants | 66,328 |
| Other Federal Fund and Capital Projects Fund | 459,092 |
| | <u><u>\$ 14,161,690</u></u> |

SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

A. Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: *Unmodified*

Internal Control over Financial Reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are
Not considered to be material weaknesses? _____ None Reported
 X Yes

Noncompliance material to financial statements Noted?

_____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are
Not considered to be material weaknesses? _____ None Reported
 X Yes

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

Any audit findings disclosed that are required to be Reported in accordance with 2 CFR

- §200.516(a)? _____ No
 X Yes

Identification of major programs:

Assistance Listing Numbers

84.425 D, U

84.027A & 84.173

93.600

Name of Federal Program or Cluster

Elementary and Secondary Education Emergency Relief Funds

Special Education Cluster

Head Start Cluster

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

The Franklin Parish School Board was determined to be a low-risk auditee.

FRANKLIN PARISH SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

B. Findings – Financial Statement Audit

2022-001 Student Activity Accounts

Criteria: The School District's financial resources include a number of student activity accounts which are governed by Louisiana Revised Statute 17:414.3 and controlled at the school level. Those statutes prescribe a number of internal controls and best practices including execution of a purchase order to serve as authoritative approval prior to purchasing goods and services to ensure appropriate funds are available.

Condition(s): During the year under audit, it was identified by a newly positioned school principal that one of Franklin Parish High School's student activity accounts', for the dance team, lacked sufficient balances to allow it to fully pay a past-due invoice for the dance team uniforms. The invoice in question was originally dated August 26,2020 for \$18,458.90 but was paid in October 2021. The balance within the dance team's account during the period of this outstanding invoice ranged from several thousand dollars up to \$12,000. Through consultation between the school principal and the School Board's central office, the invoice was ultimately paid from both the school board's general fund (\$9,089.50) and the High School's booster club account (\$9,369.40).

From the documentation provided in performing our audit, this purchase does not appear to have been approved via purchase order at the time of purchase. Additionally, it's unclear whether the source of payment (the booster club Student Activity Account) aligns to the purpose of one of the five booster clubs that contribute to the booster club student activity accounts.

Finally, the School District annually engages with an accounting firm to review the transactions and internal controls of the student activity accounts. The report from that firm identified many other instances of internal control and non-compliance such as missing documentation and approvals for financial transactions.

Effect: Non-compliance with best practice internal controls can impact compliance with Louisiana Revised Statute 17:414.3 can have financial effects on many student activities as well as the general fund of the School Board.

Cause: While the central office of the School Board maintains a high level of oversight over Student Activity Accounts, instances of non-compliance with best-practice internal controls occur too frequently.

Recommendation: Oversight and accountability for Student Activity Accounts should be enhanced. Financial policies and procedures unique to student activity accounts could be developed along with avenues for accountability for violations. Annual training should be provided to principals, school secretaries, and student activity sponsors.

Views of Responsible Officials:

The newly appointed principal takes an active role in managing finances at Franklin Parish High School. Not only must the funds be on deposit in the account providing funding of purchases, but also, the new principal requires her signature of approval on the purchase order prior to any orders being placed with vendors. During the new principal's tenure as principal, the dance team has become solvent and detailed records have been kept of each participant's transactions.

FRANKLIN PARISH SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

C. Findings and Questioned Costs – Major Federal Award Programs

2022-002 Procurement, Suspension and Debarment Special Tests and Provisions

Questioned Cost: None

U.S. DEPARTMENT OF EDUCATION

passed through the Louisiana Department of Education

84.027-84.173 Special Education Cluster

Criteria: 2 CFR 200.318 (a section of the procurement standards applicable to federal grant programs) require that time and materials contracts include a not-to-exceed amount to be stated within the contract. Furthermore, appendix II to the standards require certain compliance matters to be included in contracts.

Condition: The School Board purchased conflict resolution services in the amount of approximately \$25,000, however, the contract for these services was for time and materials at a preset rate (which is allowed), but a maximum not-to-exceed was not included in the contract. Also, the compliance matters required by appendix II were not included in the contract.

Universe/population: A sampling of six procurements totaling \$110,042 were selected for testing from a population of 10 totaling \$200,388.

Effect: If not-to-exceed amounts are not stated in the contract, the School Board and the Program risk paying more than necessary for goods and services. If the provisions of appendix II are not included then the School Board risks lacking various protections under federal law.

Cause: This appears to be the result of oversight.

Recommendation: All contracts involving federal programs should include the provisions of 2 CFR 200.318 and appendix II of the Uniform Guidance.

Views of Responsible Officials:

While we did not have the wording "not to exceed a specific amount" on the contract in question, we did have a set amount of time to not exceed. This amount of time and the cost per hour was figured into the budget. The budget was reviewed prior to making expenditures and monitored on at least a monthly basis to not exceed the amount budgeted.

However, we now realize the need to include such wording. Moving forward, we will amend the current contracts to add a "not to exceed a specific amount" and continue to monitor the budget to not exceed the budget for the 2022-2023 fiscal year. We will also add the wording "not to exceed a specific amount" on all contracts for the 2023-2024 school year.

FRANKLIN PARISH SCHOOL BOARD
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2022

C. 2021-001 Special Tests and Provisions

Questioned Cost: None

U.S. DEPARTMENT OF EDUCATION

passed through the Louisiana Department of Education

84.010 Title I

Criteria: 34 CFR §200.19(b) requires that an LEA must report graduation rate data for all public high schools at the school, LEA, and state levels using the four-year adjusted cohort rate. To remove a student from the cohort, a school or LEA must confirm, in writing, that the student transferred out, emigrated to another country, transferred to a prison or juvenile facility, or is deceased. To confirm that a student transferred out, the school or LEA must have official written documentation that the student enrolled in another school or in an educational program that culminates in the award of a regular high school diploma. A student who is retained in grade, enrolls in a GED program, or leaves school for any other reason may not be counted as having transferred out for the purpose of calculating graduation rate and must remain in the adjusted cohort

Condition: In testing internal controls and compliance with respect to 34 CFR §200.19(b), 1 of 24 leavers had an exception to the required documentation set forth by the Louisiana Administrative Code Title 28, Part LXXXIII, Chapter 6, §611, the pass-through agency's regulation for the program (LDOE). This rate of exception indicates that the School System internal control procedures may not be sufficient to ensure that all documentation is maintained contemporaneously with the removal of the student to support the removal from a cohort.

Effect: Without maintenance of required documentation for exiting students, the School System is at risk for non-compliance and potentially loss of Title 1 funding. The compliance effects of this finding are mitigated by documentation obtained from the LDOE prior to the release of this report.

Cause: This appears to be the result of oversight.

Recommendation: All documentation to support removal of a student from the graduation cohort calculation should be maintained. Safeguards and controls to ensure files are complete and that cohort rates include only students with required documentation should be employed.

Views of Responsible Officials:

School officials will follow up on securing documentation of students who are dropped from school rosters to ensure proper documentation and accurate calculation of the graduation cohort rate.

Current Status: *The Title I department of the Franklin Parish School Board (FPSB) has instructed all responsible parties that official documentation from the LDOE must be received prior to removing a student from the Cohort. The step-by-step process has been communicated to all parties. Also, a random sample of students will be selected for documentation verification. Communications will occur with school principals and secretaries regarding the appropriate process to follow.*

FRANKLIN PARISH SCHOOL BOARD

Mr. John Gullatt
Superintendent
Mr. Eddie Ray Bryan
District 1
Mrs. Alaina Nichols
District 2
Mr. Danny Davis
Chaplain
District 3

Mr. Richard Kelly
President
District 4
Dr. Jacqueline Johnson
Vice President
District 5
Mr. Tim Eubanks
District 6
Mrs. Mia Dunn
District 7

December 19, 2022

Postlethwaite & Netterville
8550 United Plaza Blvd., Suite 1001
Baton Rouge, LA 70809

RE: Response to Findings and Questioned Costs

For the year ended June 30, 2022, there were two findings and one finding from June 30, 2021. The following is our response to improve management and internal controls to avoid similar findings in the future.

2022-001 Student Activity Accounts: The newly appointed principal takes an active role in managing school finances at Franklin Parish High School. Not only must the funds be on deposit in the account providing funding of purchases, but also, the principal's signature of approval is required on the purchase order prior to any orders being placed with vendors. Since the change in administration, the dance team account has become solvent and detailed records have been kept of each participant's transactions. Additional oversight of student activity funds, as well as training for principals and school secretaries will be implemented to improve each school's management of School Activity Funds.

2022-002 Procurement Suspension and Debarment Special Tests and Provisions: While we did not have the wording "not to exceed a specific amount" on the vendor contract, we did have a set amount of time to not exceed. The amount of time and the cost per hour was figured into the budget. The budget was reviewed prior to making expenditures and monitored on at least a monthly basis to not exceed the amount budgeted. However, we now realize the need to include such wording. Moving forward, we will amend the current contracts to add a "not to exceed a specific amount" and continue to monitor the budget to not exceed the budget for the 2022-2023 fiscal year. We will also add the wording "not to exceed a specific amount" on all contracts for the 2023-2024 school year.

2021-001 Special Tests & Provisions: The Title I Department of Franklin Parish School Board has instructed all responsible parties that official documentation from the Louisiana Department of Education must be received prior to removing a student from the Cohort. The step-by-step process has been communicated to all parties. Also, we will randomly select students and verify the documentation is correct. We will continue to communicate with school principals and secretaries the appropriate process to follow.

Sincerely,



Rebecca Boquet, Business Manager

FRANKLIN PARISH SCHOOL BOARD

REPORT TO MANAGEMENT

JUNE 30, 2022

December 15, 2022

Members of the Board and Management
Franklin Parish School Board
Winnsboro, Louisiana

We have audited the financial statements of the Franklin Parish School Board (School Board), for the year ended June 30, 2022 and have issued our report thereon. As part of our audit, we considered the School Board's internal control over financial reporting as well as compliance with the terms of applicable laws and regulations, contracts, and grant agreements that could have a material effect on the financial statements. The purpose of our consideration of internal control and compliance was to establish a basis for designing our auditing procedures, and to determine the effects of compliance to financial statements amounts. Our consideration was not for the purpose of expressing an opinion on the effectiveness of the School Board's internal control or expressing an opinion on compliance.

The objective of internal control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of the financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

No matter how good a system, there are inherent limitations that should be recognized in considering the potential effectiveness of internal controls. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management either with respect to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of internal accounting control to future periods is subject to the risk that the degree of compliance with the procedures may deteriorate. We say this simply to suggest that any system needs to be constantly reviewed and improved where necessary.

However, during the course of our audit, we became aware of several matters that are opportunities for strengthening internal controls or operating efficiency, or immaterial instances of noncompliance with laws, regulation, contracts and grant agreements. Our comments and suggestions regarding those matters are set forth below. This letter does not affect our reports dated December 15, 2022, on the financial statements of the School Board and the School Board's internal control over financial reporting.

2022-1

Booster Club activities and budget inclusion

Condition:

Five booster club activities exist whereby funds are raised to support athletics and other school activities. The primary revenue source of these activities is electronic bingo and the funds are administered by employees of the school board. The bingo monies collected are used to pay operating expenses of the bingo hall and to make donations to various schools' Student Activity Accounts.

The bank accounts of the booster clubs collecting the revenues are in the name of the School Board, use the school board's taxpayer ID number, and again, are administered by school board employees. While the booster clubs have separate bylaws, they functionally and practically operate as a part of the school board's business activities and are accounted for within a Special Revenue Fund. LA R.S. 39: 1305 requires all revenues and expenditures of Special Revenue Funds to be included in the annual budgets of political subdivisions. The booster clubs' revenues and expenditures are not included in the annual budget.

Recommendation:

Under the current operating structure, the booster clubs' revenues and expenditures should be included in the operating budget of the school board. We recommend such inclusion within the 2023-2024 budget, or, if needed, a 2022-2023 amended budget. We also recommend that a set of policies and procedures be developed for all aspects of administering these unique activities, with input from legal counsel.

*Management's
Response:*

Booster Club revenues and expenditures will be included in the Franklin Parish School Board operating budget. In addition, legal counsel will be consulted to develop policies and procedures for administering booster club financial activities.

2022-2

Use of Electronic Payment Applications

Condition:

Today's business environment employs the use of electronic payment mechanisms in many situations. The School District's Student Activity Accounts do not employ use of such electronic payment means, which at times may lead to fee collections by club sponsors through payment applications in an individual's name (i.e. Venmo). Collection of fees through an individual's application account represents higher risk of non-collection into the actual Student Activity bank account.

Recommendation:

The School Board's policy for use of such payment applications owned by individuals should be clarified through policy change and through training. The School Board may want to consider implementing use of such payment applications with a school account, to reduce cash transfers between individuals and to allow for easier means of payment by students and parents.

*Management's
Response:*

Management is keenly aware of the need to reduce cash transactions at the school level. We have been considering several different on-line payment applications and should be able to implement by the end of the current fiscal year or by the beginning of the 2023-2024 fiscal year. In addition, legal counsel has been contacted to draft a legal agreement for sponsors of fundraising activities.

2022-3

Information Technology Policies and Data Back-Up

Condition: The School Board uses various software for both financial and non-financial purposes. It was communicated that certain key system backups were hosted both locally and in the cloud, and the local backups were not being encrypted at the time of our procedures. In addition, it was communicated and observed that while the School Board's technology vendor maintained cloud backup restoration capabilities, there was no documented disaster recovery procedures.

Recommendation: The School Board should consider evaluating the risks associated with locally hosted backups that are not encrypted and consider implementing encryption level security over the backup media. In addition, the School Board should consider updating relevant policies and procedures to require backup media to be encrypted. Also, the School Board should consider documenting formal disaster recovery procedures that consider the necessity and recovery of key systems and operational functions after a disaster scenario. At a minimum, the School Board should consider evaluating possible disaster event scenarios and risks, and develop and document recovery procedures to recover operations.

*Management's
Response:*

Management is keenly aware of the need to reduce cash transactions at the school level. We have been considering several different on-line payment applications and should be able to implement by the end of the current fiscal year or by the beginning of the 2023-2024 fiscal year. In addition, legal counsel has been contacted to draft a legal agreement for sponsors of fundraising activities.

We have already discussed these comments and suggestions with management, and we will be pleased to discuss them in further detail at your convenience to perform any additional study of these matters, or to assist you in implementing the recommendations. We would also like to thank the School Board staff for their patience and cooperation with us during the performance of the audit.

This report is intended solely for the information and use of the Franklin Parish School Board and its management and is not intended to be and should not be used by anyone other than these specified parties.

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 15, 2022

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

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

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual financial statements of the Franklin Parish School Board (School Board) for the fiscal year ended June 30, 2022; and to determine whether the specified schedules are free of obvious errors and omissions, in compliance with Louisiana Revised Statute 24:514 I. Management of the School Board is responsible for its performance and statistical data.

The School Board has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the performance and statistical data accompanying the annual financial statements. Additionally, the Louisiana Department of Education and the Louisiana Legislative Auditor have agreed to and acknowledged that the procedures performed are appropriate for their purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

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

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

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

No differences noted.

Class Size Characteristics (Schedule 2)

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

No differences noted.

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

3. We obtained October 1st PEP data submitted to the Department of Education (or equivalent listing prepared by management), including full-time teachers, principals, and assistant principals by classification, as well as their level of education 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).

No differences noted.

Public School Staff Data: Average Salaries (NO SCHEDULE)

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

No differences noted.

We were engaged by the School Board to perform this agreed-upon procedures engagement and conducted our engagement 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 engagement, 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.

We are required to be independent of the School Board and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 15, 2022

FRANKLIN PARISH SCHOOL SYSTEM

BATON ROUGE, LOUISIANA

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

As of and for the Year Ended June 30, 2022

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.

FRANKLIN PARISH SCHOOL BOARD
Winnsboro, Louisiana

**General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2022**

| <u>General Fund Instructional and Equipment Expenditures</u> | <u>Column A</u> | <u>Column B</u> |
|---|------------------|----------------------|
| General Fund Instructional Expenditures: | | |
| Teacher and Student Interaction Activities: | | |
| Classroom Teacher Salaries | \$ 9,389,483 | |
| Other Instructional Staff Activities | 812,006 | |
| Employee Benefits | 5,739,405 | |
| Purchased Professional and Technical Services | 132,272 | |
| Instructional Materials and Supplies | 321,296 | |
| Instructional Equipment | <u>8,169</u> | |
| Total Teacher and Student Interaction Activities | | 16,402,631 |
| Other Instructional Activities | | 179,923 |
| Pupil Support Activities | 1,662,470 | |
| Less: Equipment for Pupil Support Activities | <u>-</u> | |
| Net Pupil Support Activities | | 1,662,470 |
| Instructional Staff Services | 1,414,717 | |
| Less: Equipment for Instructional Staff Services | <u>-</u> | |
| Net Instructional Staff Services | | 1,414,717 |
| School Administration | 1,837,856 | |
| Less: Equipment for School Administration | <u>-</u> | |
| Net School Administration | | <u>1,837,856</u> |
| Total General Fund Instructional Expenditures | | <u>\$ 21,497,597</u> |
| Total General Fund Equipment Expenditures | | <u>\$ -</u> |
| <u>Certain Local Revenue Sources</u> | | |
| Local Taxation Revenue: | | |
| Constitutional Ad Valorem Taxes | \$ 514,680 | |
| Renewable Ad Valorem Tax | 2,251,460 | |
| Debt Service Ad Valorem Tax | - | |
| Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes | 125,417 | |
| Sales and Use Taxes | <u>6,430,679</u> | |
| Total Local Taxation Revenue | | <u>\$ 9,322,236</u> |
| Local Earnings on Investment in Real Property: | | |
| Earnings from 16th Section Property | \$ 18,391 | |
| Earnings from Other Real Property | - | |
| Total Local Earnings on Investment in Real Property | | <u>\$ 18,391</u> |
| State Revenue in Lieu of Taxes: | | |
| Revenue Sharing - Constitutional Tax | \$ - | |
| Revenue Sharing - Other Taxes | 70,751 | |
| Revenue Sharing - Excess Portion | - | |
| Other Revenue in Lieu of Taxes | <u>-</u> | |
| Total State Revenue in Lieu of Taxes | | <u>\$ 71,110</u> |
| Nonpublic Textbook Revenue | | <u>\$ 8,969</u> |
| Nonpublic Transportation Revenue | | <u>\$ -</u> |

FRANKLIN PARISH SCHOOL BOARD

REPORT ON STATEWIDE
AGREED-UPON PROCEDURES on COMPLIANCE and CONTROL
AREAS

FOR THE YEAR ENDED JUNE 30, 2022

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INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated in Schedule A on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021 through June 30, 2022. Franklin Parish School Board's (School Board or Entity) management is responsible for those C/C areas identified in the SAUPs.

The School Board has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2021 through June 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

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

We were engaged by the School Board to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, 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.

We are required to be independent of the School Board and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 15, 2022

Franklin Parish School Board
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2022

Schedule A

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read “*no exception noted*” or for step 25 “*we performed the procedure and discussed the results with management*”. If not, then a description of the exception ensues.

A - Written Policies and Procedures

1. Obtain and inspect the entity’s written policies and procedures and observe whether they address each of the following categories and subcategories (if applicable to public funds and the entity’s operations):

a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

No exceptions noted.

b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

No exceptions noted.

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

No exceptions noted.

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).

No exceptions noted.

e) ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

No exceptions noted.

f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

The Entity has written policies for Contracting; however, the policies do not contain attribute (2) regarding standard terms and conditions, nor do they address attribute (5) on how contracts should be monitored.

Franklin Parish School Board
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2022

Schedule A

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

The Entity has written policies for credit cards; however, the policies do not contain attribute (4) required approvers of credit card statements.

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

No exceptions noted

- i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

No exceptions noted

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

No exceptions noted

- k) ***Information Technology 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.

The Entity has written policies for Disaster Recovery/ Business Continuity; however, the policy does not specifically address attribute (4) regarding use of antivirus software for all systems.

- l) ***Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

The Entity has written policies for Sexual Harassment however the policy does not specifically address attribute (2) annual employee training and (3) annual reporting

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B - 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 whether the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exception noted.

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds.

The minutes made no reference to the financial statements mentioned above.

- 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.

The prior year audited financial statements reported positive unassigned fund balance. The remainder of these procedures was not applicable.

C - Bank Reconciliations

3. Obtain a listing of entity 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 each selected account, and observe that:

From the listing of bank accounts provided, we selected 5 bank accounts (1 main operating and 4 randomly) and obtained the bank reconciliations for the month ending June 30, 2022, resulting in 5 bank reconciliations obtained and subjected to the below procedures.

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

No exceptions noted.

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- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

No exceptions noted.

- c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

No exceptions noted.

D - Collections (excluding electronic funds transfers)

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).

From the listing provided, we randomly selected 5 deposit sites and performed the procedures below.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

A listing of collection locations for each deposit site selected in procedure #4 was provided and included a total of 12 collection locations. No exceptions were noted as a result of performing this procedure.

From each of the listings of the collection locations at the deposit sites, we randomly selected one collection location for each deposit site. Review of the School Board's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

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

No exception noted

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

For the school activity account collection locations, certain cash collected is entered into a log, and the log and the cash are provided to the school financial secretary. The school financial secretary makes the deposit, posts to the general ledger and reconciles the collection. This is considered to be an exception.

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- 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 the school activity account collection locations, certain cash collected is entered into a log, and the log and the cash are provided to the school financial secretary. The school financial secretary makes the deposit, posts to the general ledger and reconciles the collection. This is considered to be an exception.

- 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.

For the school activity account collection locations, certain cash collected is entered into a log, and the log and the cash are provided to the school financial secretary. The school secretary makes the deposit, posts to the general ledger and reconciles the collection. This is considered to be an exception.

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

No exception noted

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

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

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

No exception noted

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

No exception noted

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

No exceptions noted.

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- d) Observe 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 and the cash is stored securely in a locked safe or drawer).

No exceptions noted.

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

No exceptions noted.

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

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

From the listing of locations processing non-payroll transactions, we randomly selected 5 locations and performed the procedures below.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

The listing of employees involved with non-payroll purchasing and payment functions for each payment processing location selected in procedure #8 was provided. Review of the School Board's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

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

No exceptions noted

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

No exceptions noted.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

No exceptions noted.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

No exceptions noted.

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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:

From each of the listings provided, we randomly selected 5 disbursements (a total of 25) and performed the procedures below.

- a) Observe whether the disbursement matched the related original itemized invoice, and that supporting documentation indicates deliverables included on the invoice were received by the entity.

Seven of the 25 transactions contained no written evidence that the items ordered and invoiced had been received.

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

For 5 of the 25 disbursements selected for our procedures, a single employee initiated the purchase request, approved the purchase and placed / made the purchase.

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

A listing of cards was provided.

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:

From the listing provided, we randomly selected 5 cards used in the fiscal period. We randomly selected one monthly statement for each of the 5 cards selected and performed the procedures noted below.

- a) Observe whether 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) were reviewed and approved, in writing, by someone other than the authorized card holder.

No exceptions noted

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

1 of the 5 cards' statements indicated finance charges.

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 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.

We selected 19 transactions from among the statements as per the directions above and noted no exceptions.

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

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

The listing of travel and travel-related expense reimbursements was provided for the fiscal period. No exceptions were noted as a result of performing this procedure. From the listing provided, we randomly selected 5 reimbursements and performed the procedures below.

- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

No exceptions noted.

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

No exceptions noted.

- b) Observe 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).

No exceptions noted.

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

No exceptions noted.

H - Contracts

- 15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

An active vendor list for the fiscal period was provided. From the listing provided, we randomly selected 5 contracts and performed the procedures below.

- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

No exceptions noted.

- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

No exceptions noted.

- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

No exceptions noted.

- 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 the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions noted.

I - Payroll and Personnel

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

A listing of employees/elected officials employed during the fiscal year was provided. From the listing provided, we randomly selected 5 employees/officials and performed the specified procedures.

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17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

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

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

Daily attendance records were provided for the employees selected, however; 4 of the 5 records do not have supervisory approval evidenced on those attendance records.

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

Daily attendance records were provided for the employees selected, however; 4 of the 5 records do not have supervisory approval evidenced on those attendance records.

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

No exceptions noted.

- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

No exceptions noted.

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

No exceptions were noted.

19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

No exceptions noted.

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J - Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above obtain ethics documentation from management, and:

- a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

No exceptions noted.

- b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity’s ethics policy during the fiscal period, as applicable.

No exceptions noted.

K - Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management’s representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each bond/note issued.

Not applicable as no debt was issued during 2021-2022.

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).

From the listing provided, we randomly selected 1 bond/note and performed the specified procedures. No exceptions noted.

L - Fraud Notice

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.

A listing of misappropriations of public funds was requested and the School Board asserted that no such misappropriations had occurred.

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.

No exception noted.

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M - Information Technology Disaster Recovery/Business Continuity

24. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**

- a) Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

We performed the procedure and discussed the results with management.

- b) Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedure and discussed the results with management.

- c) Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedure and discussed the results with management.

N - Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

Management informed us that no training was conducted or offered to its employees and therefore this procedure was not performed. Exception noted.

27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).

No exception noted.

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28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the agency who have completed the training requirements;

Management informed us that no reports were prepared or filed therefore this procedure was not performed. Exception noted.

- b) Number of sexual harassment complaints received by the agency;

Management informed us that no reports were prepared or filed therefore this procedure was not performed. Exception noted.

- c) Number of complaints which resulted in a finding that sexual harassment occurred;

Management informed us that no reports were prepared or filed therefore this procedure was not performed. Exception noted.

- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

Management informed us that no reports were prepared or filed therefore this procedure was not performed. Exception noted.

- e) Amount of time it took to resolve each complaint.

Management informed us that no reports were prepared or filed therefore this procedure was not performed. Exception noted.

Franklin Parish School Board
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Schedule B

Management's corrective action plan

Mr. Freddy Smith, CPA, CGMA
Postlethwaite&Netterville
8550 United Plaza Blvd., Suite 1001 Baton
Rouge, LA 70809

Dear Mr. Smith:

RE: State Agreed-Upon Procedures

The Agreed-Upon Procedures Report has been reviewed and shared with management. All exceptions have been noted for future discussion with the appropriate responsible parties. The report will be the basis for discussion to resolve issues and improve management of Franklin Parish School Board's financial operations.

Sincerely,
Rebecca Boquet
Business Manager

FRANKLIN PARISH SCHOOL BOARD

Dr. Lanny Johnson
Superintendent
Eddie Ray Bryan
District 1
Alaina Nichols
District 2
Danny Davis
Chaplain
District 3

Richard Kelly
President
District 4
Dr. Jacqueline Johnson
Vice President
District 5
Tim Eubanks
District 6
Mia Dunn
District 7

December 16, 2022

Mr. Freddy Smith, CPA, CGMA
Postlethwaite & Netterville
8550 United Plaza Blvd., Suite 1001
Baton Rouge, LA 70809

Dear Mr. Smith:

RE: State Agreed-Upon Procedures

The Agreed-Upon Procedures Report has been reviewed and shared with management. All exceptions have been noted for future discussion with the appropriate responsible parties. The report will be the basis for discussion to resolve issues and improve management of Franklin Parish School Board's financial operations.

Sincerely,



Rebecca Boquet,
Business Manager