
RED RIVER PARISH SCHOOL BOARD

COUSHATTA, LOUISIANA

JUNE 30, 2017



Postlethwaite & Netterville

A Professional Accounting Corporation

www.pncpa.com

RED RIVER PARISH SCHOOL BOARD

BASIC FINANCIAL STATEMENTS

JUNE 30, 2017

TABLE OF CONTENTS

Independent Auditors' Report	1 – 2
REQUIRED SUPPLEMENTARY INFORMATION – Part I	
Management's Discussion and Analysis	3 – 9
BASIC FINANCIAL STATEMENTS	
<u>Government-Wide Financial Statements (GWFS)</u>	
Statement of Net Position	10
Statement of Activities	11
<u>Fund Financial Statements (FFS)</u>	
<u>Governmental Funds:</u>	
Balance Sheet	12
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	13
Statement of Revenues, Expenditures, and Changes in Fund Balances	14 – 15
Reconciliation of Governmental Funds - Statement of Revenues, Expenditures, And Changes in Fund Balances to the Statement of Activities	16
<u>Fiduciary Funds:</u>	
Statement of Fiduciary Net Position	17
Notes to the Financial Statements	18 – 39

TABLE OF CONTENTS

REQUIRED SUPPLEMENTARY INFORMATION – Part II

Major Fund Descriptions	40
Budgetary Comparison Information	41 – 44
Other Post-Employment Benefits Plan Retiree Health, Dental, and Life Insurance Programs Schedules of Funding Progress and Employer Contributions	45
Schedule of Proportionate Share of the Net Pension Liability	46
Schedule of Employer Contributions	47

Other Supplemental Information:

Schedule of Board Members' Compensation	48
Schedule of Compensation, Benefits, and Other Payments, to Agency Head	49

OTHER REPORTS REQUIRED BY (GOVERNMENT AUDITING STANDARDS) AND BY THE U.S. OFFICE OF MANAGEMENT AND BUDGET UNIFORM GUIDANCE

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 <i>Government Auditing Standards</i>	50 – 51
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance	52 – 53
Schedule of Expenditures of Federal Awards – For the year ended June 30, 2017 and Accompanying Notes	54 – 55
Schedule of Findings and Questioned Cost	56 – 57
Summary Schedule of Prior Audit Findings	58

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Red River Parish School Board (the School Board) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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



Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Information, Other Post-Employment Benefits Plan Retiree Health, Dental, and Life Insurance Programs Schedules of Funding Progress and Employer Contributions, the Schedule of Proportionate Share of the Net Pension Liability, and the Schedule of Employer Contributions presented on pages 3 through 9, pages 41 through 44, and pages 45, 46, and 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Red River Parish School Board's basic financial statements. The Schedule of Board Members' Compensation on page 48 and the Schedule of Compensation, Benefits, and Other Payments to Agency Head on page 49 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards on pages 54 through 55 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* (Uniform Guidance), and is also not a required part of the basic financial statements.

The Schedule of Board Members' Compensation, the Schedule of Compensation, Benefits, and Other Payments to Agency Head, and the Schedule of Expenditures of Federal Awards (Other Supplemental Information) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplemental Information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18 2017, on our consideration of the School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Board's internal control over financial reporting and compliance.

Postlethwaite & Netterville

Baton Rouge, Louisiana

December 18, 2017

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

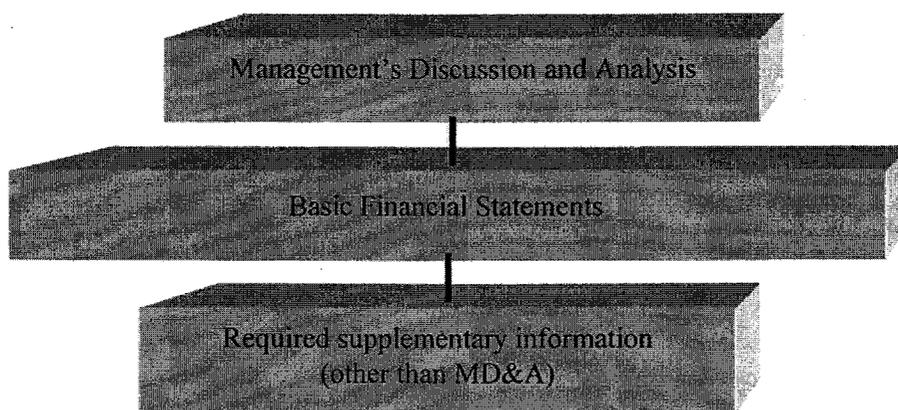
The Management's Discussion and Analysis of the Red River Parish School Board's financial performance presents a narrative overview and analysis of Red River Parish School Board's financial activities for the year ended June 30, 2017. This document focuses on the current year's activities, resulting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

FINANCIAL HIGHLIGHTS

- ★ The Red River Parish School Board's assets plus deferred outflows of resources exceeded its liabilities plus deferred inflows of resources at the close of fiscal year 2017 by approximately \$2.5 million.
- ★ During the year, the School Board's revenues exceeded expenses by approximately \$588,000.
- ★ Total revenue increased approximately \$950,000, which was primarily due to an increase in tax revenue of \$500,000 and MFP funding of \$355,000.
- ★ The General Fund operated at a surplus of approximately \$955,000 and ended the fiscal year with an accumulated fund balance of approximately \$16.6 million. The fund balance signifies that the financial condition of the School Board remains favorable.

OVERVIEW OF THE FINANCIAL STATEMENTS

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



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

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Government -wide financial statements

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

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

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

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

Fund financial statements

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

Governmental funds

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

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Governmental funds (continued)

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

Fiduciary funds

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

Notes to the financial statements

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

FINANCIAL ANALYSIS OF THE ENTITY

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

	<u>2017</u>	<u>2016</u>	<u>Change</u>
Assets:			
Cash and cash equivalents	\$ 26,753,800	\$ 24,998,118	\$ 1,755,682
Receivables	1,338,470	1,200,005	138,465
Investments in certificates of deposits	555,625	1,448,884	(893,259)
Inventory	26,730	26,680	50
Capital assets, net of accumulated depreciation	<u>10,783,695</u>	<u>11,172,898</u>	<u>(389,203)</u>
Total Assets	<u>39,458,320</u>	<u>38,846,585</u>	<u>611,735</u>
Total deferred outflows of resources	<u>7,027,071</u>	<u>5,490,855</u>	<u>1,536,216</u>
Liabilities:			
Current portion of general obligation bonds	930,000	885,000	45,000
Accounts, salaries and other payables	2,274,128	1,917,356	356,772
Interest payable	9,007	20,509	(11,502)
Net post-employment benefit obligations	9,210,643	8,613,363	597,280
Compensated absences payable	1,063,562	1,203,387	(139,825)
Net pension liability	28,279,496	26,808,671	1,470,825
General obligation bonds, net of current portion	<u>-</u>	<u>930,000</u>	<u>(930,000)</u>
Total Liabilities	<u>41,766,836</u>	<u>40,378,286</u>	<u>1,388,550</u>
Total deferred inflows of resources	<u>2,246,687</u>	<u>2,074,974</u>	<u>171,713</u>

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

FINANCIAL ANALYSIS OF THE ENTITY (continued)

Statements of Net Position (continued)
as of June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>	<u>Change</u>
Net Position:			
Net investment in capital assets	9,853,695	9,357,898	495,797
Restricted for debt service	501,358	937,132	(435,774)
Restricted for food service	981,313	861,468	119,845
Restricted for compensation	8,279,092	8,273,885	5,207
Unrestricted	<u>(17,143,590)</u>	<u>(17,546,203)</u>	<u>402,613</u>
Total net position	<u>\$ 2,471,868</u>	<u>\$ 1,884,180</u>	<u>\$ 587,688</u>

- Cash and cash equivalents and certificates of deposits account for approximately 60% of the total assets and deferred outflows of the School Board. Cash has remained consistent year over year. Capital assets, which are reported net of accumulated depreciation, account for approximately 25% of the total assets and deferred outflows of the School Board for the most recent year end.
- Accounts payable, salaries, and other payables increased approximately \$345,000 or 17.8% from the prior year and accounts for 5.0% of total liabilities and deferred inflows reported. This is due to an increase in the retirement contributions payable. Net post-employment benefit obligations account for 21% of total liabilities and increased approximately \$600,000 or 7.0% from the prior year.
- Net pension liability is approximately \$28.3 million and accounts for approximately 64% of total liabilities and deferred inflows and increased approximately \$1.5 million or 5.5% from the prior year.
- Unrestricted net position at year end reflects a deficit of approximately \$17.1 million.
- Total net position has increased by approximately \$588,000 from prior year.

	<u>2017</u>	<u>2016</u>	<u>change</u>
Revenues			
Charges for services	\$ 23,002	\$ 23,593	\$ (591)
Operating grants and contributions	3,261,817	3,023,601	238,216
General revenues			
Taxes	14,276,276	13,775,699	500,577
Minimum funding program (MFP)	5,080,471	4,725,128	355,343
Interest earnings	302,764	459,160	(156,396)
Other	144,737	131,081	13,656
	<u>23,089,067</u>	<u>22,138,262</u>	<u>950,805</u>

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

FINANCIAL ANALYSIS OF THE ENTITY (continued)

	<u>2017</u>	<u>2016</u>	<u>change</u>
Expenses			
Regular education	7,705,277	7,271,120	434,157
Special education	1,514,037	1,510,630	3,407
Other education	2,376,491	2,537,374	(160,883)
Pupil support services	1,354,739	1,089,864	264,875
Instructional staff support	1,160,742	1,089,809	70,933
General administrative	1,068,837	1,007,971	60,866
School administrative	1,780,814	1,623,930	156,884
Business services	415,846	363,499	52,347
Plant operation and maintenance	2,201,709	2,099,463	102,246
Student transportation	1,286,499	1,279,253	7,246
Central services	89,554	28,188	61,366
Facility acquisition and construction	-	334	(334)
Food service	1,496,807	1,380,596	116,211
Interest and bank charges	50,027	80,738	(30,711)
Total Expenses	<u>22,501,379</u>	<u>21,362,769</u>	<u>1,138,610</u>
Change in net position	<u>\$ 587,688</u>	<u>\$ 775,493</u>	<u>(187,805)</u>

- Taxes decreased approximately \$500,000 or 3.6% from prior year, primarily due to increased sales tax revenue of approximately \$274,000 and increased ad valorem tax revenue of approximately \$278,000. In addition, MFP funds increased approximately \$355,000 or 7.5% from prior year due to a revaluation by the state of parish wealth.
- Total expenses increased approximately \$1.1 million or 5.3%. This is primarily due to an increase in pension expense of \$874,000.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2017, the Red River Parish School Board had \$10.8 million (net of depreciation) invested in a broad range of capital assets, including land, building, and equipment. (See table below)

This amount represents a net decrease (including additions, deductions, and changes in depreciation) from the prior year of approximately \$390,000, or approximately 3.5%.

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Capital Assets (continued)

Capital Assets at Year-end
(Net of Depreciation)

	2017	2016	change
Land	\$ 150,657	\$ 150,657	\$ -
Buildings and improvements	10,130,833	10,461,523	(330,690)
Equipment and fixtures	502,205	560,718	(58,513)
	\$ 10,783,695	\$ 11,172,898	\$ (389,203)

- There was approximately \$364,281 in purchases of capital assets made by the School Board during 2017. The decrease in total capital assets is predominantly due to current year depreciation expense of approximately \$753,484.

Long-term debt

The Other Post-Employment Benefits (OPEB) obligation is a result of an issued accounting standard; Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefit Plans Other Than Pensions*. The OPEB obligation increased by approximately \$597,000 due to the cost of post-employment benefits earned for the year exceeding the amount currently funded. The net pension liability increased by approximately \$1.5 million primarily due to an increase in the School Board's allocation percentage as well as an overall increase in the pension liability for the plan as a whole.

Long-Term Debt at June 30, 2017 and 2016

	2017	2016
Net other postemployment benefit obligation (OPEB)	\$ 9,210,643	\$ 8,613,363
General Obligation Bonds 2008	930,000	1,815,000
Compensated absences	1,063,562	1,203,387
Net pension liability	28,279,496	26,808,671
	\$ 39,483,701	\$ 38,440,421

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Budget amendments were adopted during the year ended June 30, 2017 for the General Fund and other funds to better reflect actual operations as they evolved through the fiscal year.

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The financial stability that is necessary to fund services provided by the School Board is achieved through federal, state, and local funding. In the General Fund, State revenues (primarily MFP) make up 22%, or approximately \$5.0 million, of total projected 2018 proceeds. Local revenues (primarily sales and use and ad valorem taxes) represent approximately 62%, or approximately \$14 million, of total projected proceeds.

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

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

The School Board does expect significant changes in next year's results due to the new accounting standard described below. Tax collections and MFP are expected to remain consistent.

SIGNIFICANT EFFECT ON FINANCIAL POSITION

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

CONTACTING THE RED RIVER PARISH SCHOOL BOARD'S MANAGEMENT

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

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2017

ASSETS

Cash and cash equivalents	\$ 26,753,800
Receivables	1,338,470
Investments in certificates of deposit	555,625
Inventory	26,730
Capital assets, net of accumulated depreciation	<u>10,783,695</u>
TOTAL ASSETS	<u>39,458,320</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred amounts related to pension liability	<u>7,027,071</u>
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LIABILITIES

Accounts, salaries and other payables	2,283,135
Long-term liabilities	
Net post-employment benefit obligations	9,210,643
Compensated absences payable	1,063,562
Net pension liability	28,279,496
Bonds payable	
Due within one year	<u>930,000</u>
TOTAL LIABILITIES	<u>41,766,836</u>

DEFERRED INFLOWS OF RESOURCES

Deferred amounts related to pension liability	<u>2,246,687</u>
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NET POSITION

Net investment in capital assets	9,853,695
Restricted for:	
Debt service	501,358
Food service	981,313
Compensation	8,279,092
Unrestricted (defecit)	<u>(17,143,590)</u>
TOTAL NET POSITION	<u>\$ 2,471,868</u>

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

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Changes in Net</u>
			<u>Contributions</u>	<u>Position</u>
				<u>Governmental</u>
				<u>Unit</u>
Instruction:				
Regular education programs	\$ 7,705,277	\$ -	\$ 481,151	\$ (7,224,126)
Special education programs	1,514,037	-	122,188	(1,391,849)
Other instructional programs	2,376,491	-	677,205	(1,699,286)
Support Services:				
Pupil support services	1,354,739	-	208,016	(1,146,723)
Instructional staff services	1,160,742	-	466,830	(693,912)
General administration services	1,068,837	-	3,384	(1,065,453)
School administration services	1,780,814	-	213,664	(1,567,150)
Business services	415,846	-	1,343	(414,503)
Plant operation and maintenance	2,201,709	-	5,877	(2,195,832)
Student transportation	1,286,499	-	6,064	(1,280,435)
Technical Support	89,554	-	316	(89,238)
Facility acquisition and construction	-	-	-	-
Non-Instruction Services:				
Food service	1,496,807	23,002	1,075,779	(398,026)
Debt Service:				
Interest and bank charges	50,027	-	-	(50,027)
Total Governmental Activities	<u>\$ 22,501,379</u>	<u>\$ 23,002</u>	<u>\$ 3,261,817</u>	<u>(19,216,560)</u>

General Revenues

Taxes:

Ad Valorem taxes 10,588,487

Sales and use taxes 3,687,789

Grants and contributions not restricted to specific purposes:

Minimum Foundation Program 5,124,660

Interest and investment earnings 302,764

Miscellaneous 100,548

Total general revenues 19,804,248

Change in Net Position 587,688

Net Position - June 30, 2016 1,884,180

Net Position - June 30, 2017 **\$ 2,471,868**

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

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2017

	<u>General Fund</u>	<u>Employee Salaries and Benefits</u>	<u>Title I</u>	<u>Other Non-major Governmental</u>	<u>Total</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$ 17,594,344	\$ 8,052,442	\$ -	\$ 1,107,014	\$ 26,753,800
Receivables	247,755	227,163	309,270	554,282	1,338,470
Investments in certificates of deposit	374,549	-	-	181,076	555,625
Due from other funds	-	-	-	-	-
Inventory	-	-	-	26,730	26,730
TOTAL ASSETS	<u>\$ 18,216,648</u>	<u>\$ 8,279,605</u>	<u>\$ 309,270</u>	<u>\$ 1,869,102</u>	<u>\$ 28,674,625</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$ 113,836	\$ 513	\$ 5,309	\$ 7,276	\$ 126,934
Salaries and benefits payable	2,147,194	-	-	-	2,147,194
Due to other funds	-	-	-	379,155	379,155
TOTAL LIABILITIES	<u>2,261,030</u>	<u>513</u>	<u>5,309</u>	<u>386,431</u>	<u>2,653,283</u>
Fund balances:					
Nonspendable	-	-	-	26,730	26,730
Spendable:					
Restricted	-	8,279,092	-	1,455,941	9,735,033
Assigned	3,607,635	-	-	-	3,607,635
Unassigned	13,031,099	-	-	-	13,031,099
TOTAL FUND BALANCES	<u>16,638,734</u>	<u>8,279,092</u>	<u>-</u>	<u>1,482,671</u>	<u>26,400,497</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 18,899,764</u>	<u>\$ 8,279,605</u>	<u>\$ 5,309</u>	<u>\$ 1,869,102</u>	<u>\$ 29,053,780</u>

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

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

Total Fund Balances at June 30, 2017 - Governmental Funds		\$ 26,400,497
Cost of capital assets at June 30, 2017	21,069,962	
Less: Accumulated depreciation as of June 30, 2017:	<u>(10,286,267)</u>	10,783,695
Accrued interest on long-term debt		(9,007)
Long-term liabilities at June 30, 2017:		
Bonds payable	(930,000)	
Compensated absences payable	<u>(1,063,562)</u>	(1,993,562)
Net post-employment benefits obligation recorded in accordance with GASB 45		(9,210,643)
Net pension obligation and deferrals recorded in accordance with GASB 68		
Deferred outflow of resources - related to net pension liability	7,027,071	
Net pension liability	(28,279,496)	
Deferred inflow of resources - related to net pension liability	<u>(2,246,687)</u>	<u>(23,499,112)</u>
Total net position at June 30, 2017 - Governmental Activities		<u>\$ 2,471,868</u>

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

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017

	<u>General Fund</u>	<u>Employee Salaries and Benefits</u>	<u>Title I</u>	<u>Other Non-major Governmental</u>	<u>Total</u>
<u>REVENUES</u>					
Local sources:					
Ad valorem taxes	\$ 6,284,432	\$ 3,778,605	\$ -	\$ 525,450	\$ 10,588,487
Sales and use taxes	1,843,895	1,843,894	-	-	3,687,789
Earnings on investments	289,792	6,173	-	6,799	302,764
Food Services	-	-	-	23,002	23,002
Other	100,548	-	-	-	100,548
State sources:					
Unrestricted grants-in-aid, MFP	5,020,471	-	-	60,000	5,080,471
Restricted grants-in-aid	52,335	-	-	224,759	277,094
Revenue Sharing	44,189	-	-	-	44,189
Federal sources:					
Grants	-	-	877,301	2,107,422	2,984,723
TOTAL REVENUES	<u>13,635,662</u>	<u>5,628,672</u>	<u>877,301</u>	<u>2,947,432</u>	<u>23,089,067</u>
<u>EXPENDITURES</u>					
Current:					
Instruction:					
Regular education programs	5,226,453	1,684,035	91,251	355,706	7,357,445
Special education programs	998,564	358,686	-	116,826	1,474,076
Other education programs	1,283,602	364,789	195,892	484,462	2,328,745
Support:					
Pupil support services	860,428	266,645	-	195,285	1,322,358
Instructional staff services	536,697	122,916	365,691	86,933	1,112,237
General administration services	812,865	206,945	-	19,132	1,038,942
School administration services	1,184,196	311,252	204,172	-	1,699,620
Business services	302,508	74,297	-	-	376,805
Plant operation and maintenance	1,689,476	158,889	1,640	-	1,850,005
Central Services	71,796	16,854	-	-	88,650
Student transportation	1,131,840	265,950	-	1,899	1,399,689
Food services	202,655	206,510	-	1,040,634	1,449,799
Facility acquisition and construction	-	-	-	-	-
Debt service - Principal	-	-	-	885,000	885,000
Debt service - Interest	-	-	-	61,529	61,529
TOTAL EXPENDITURES	<u>14,301,080</u>	<u>4,037,768</u>	<u>858,646</u>	<u>3,247,406</u>	<u>22,444,900</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (665,418)</u>	<u>\$ 1,590,904</u>	<u>\$ 18,655</u>	<u>\$ (299,974)</u>	<u>\$ 644,167</u>

(continued)

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017

	<u>General Fund</u>	<u>Employee Salaries and Benefits</u>	<u>Title I</u>	<u>Other Non-major Governmental</u>	<u>Total</u>
Transfers in	\$ 2,357,853	\$ -	\$ 21,612	\$ 16,086	\$ 2,395,551
Transfers out	<u>(737,552)</u>	<u>(1,585,697)</u>	<u>(40,267)</u>	<u>(32,035)</u>	<u>(2,395,551)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,620,301</u>	<u>(1,585,697)</u>	<u>(18,655)</u>	<u>(15,949)</u>	<u>-</u>
<u>NET CHANGES IN FUND BALANCE</u>	<u>954,883</u>	<u>5,207</u>	<u>-</u>	<u>(315,923)</u>	<u>644,167</u>
Fund balances, June 30, 2016	<u>15,683,851</u>	<u>8,273,885</u>	<u>-</u>	<u>1,798,594</u>	<u>25,756,330</u>
FUND BALANCES, JUNE 30, 2017	<u><u>\$ 16,638,734</u></u>	<u><u>\$ 8,279,092</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,482,671</u></u>	<u><u>\$ 26,400,497</u></u> (concluded)

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

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA

RECONCILIATION OF THE GOVERNMENTAL FUNDS -
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE TO STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2017

Total Net Changes in Fund Balance - Governmental Funds		\$ 644,167
Capital Assets:		
Capital outlay and other expenditures capitalized	\$ 364,281	
Depreciation expense for year ended June 30, 2017	<u>(753,484)</u>	(389,203)
Change in accrued interest payable		11,501
Long Term Debt:		
Principal portion of debt service payments	\$ 885,000	
Change in compensated absences payable	<u>139,825</u>	<u>1,024,825</u>
Net post employment benefits expense recorded in accordance with GASB 45		(597,280)
Change in Net pension liability and deferred inflows and outflows in accordance with GASB 68		<u>(106,322)</u>
Change in Net Position - Governmental Activities		<u>\$ 587,688</u>

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

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and cash equivalents - School Activity Accounts	\$ <u>130,531</u>
TOTAL ASSETS	\$ <u><u>130,531</u></u>
<u>LIABILITIES</u>	
Amounts held for others	\$ <u>130,531</u>
TOTAL LIABILITIES	\$ <u><u>130,531</u></u>

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

RED RIVER PARISH SCHOOL BOARD

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

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

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

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

B. Fund Accounting

The financial transactions of the School Board are recorded in individual funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain School Board functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

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

RED RIVER PARISH SCHOOL BOARD

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Fund Accounting (continued)

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

Governmental Fund Types:

Governmental funds are used to account for all or most of the School Board's general operating activities. These funds focus on the sources, uses and balances of the current financial resources. Expendable assets are assigned to various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the School Board. The following are the School Board's primary governmental funds:

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

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

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

Fiduciary Fund:

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

C. Basis of Presentation

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

Certain reclassifications have been made in the 2016 financial statements to conform to the current year presentation.

RED RIVER PARISH SCHOOL BOARD

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus/Basis of Accounting

Government-Wide Financial Statements (GWFS)

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

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

Program Revenues

Program revenues included in the Statement of Activities are derived directly from parties outside of the school board's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the School Board's general revenues, generally taxes.

Allocation of Indirect Expenses

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

Fund Financial Statements (FFS)

Governmental Funds

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

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

RED RIVER PARISH SCHOOL BOARD

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus/Basis of Accounting (continued)

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

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

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

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

Title I Fund- Title I Fund includes programs in the areas of language development, reading and math. These programs strive to meet the special needs of economically and educationally deprived children through federal funds for teachers, aides, instructional materials, equipment, and parental involvement.

E. Budget and Budgetary Accounting

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

F. Cash and Cash Equivalents

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

G. Investments

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

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

RED RIVER PARISH SCHOOL BOARD

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Inventory

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

I. Capital Assets

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

J. Interfund Transactions

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

K. Sales and Use Tax

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

L. Compensated Absences

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

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

RED RIVER PARISH SCHOOL BOARD

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Compensated Absences (continued)

Sabbatical leave may be granted for the rest and recuperation and for professional and cultural improvement. Any employee with a teaching certificate is entitled, subject to approval by the School Board, to one semester of sabbatical leave after three years of continuous services and two semesters of sabbatical leave after six or more years of continuous service. Sabbatical leave benefits are recorded as expenditures in the period paid.

M. ESTIMATES

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

N. Pension Plans

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

O. Restricted Net Position

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

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

P. Fund Equity of Fund Financial Statements

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

Nonspendable – Represents permanently nonspendable balances that are not expected to be converted to cash.

RED RIVER PARISH SCHOOL BOARD

NOTES TO THE FINANCIAL STATEMENTS

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

P. **Fund Equity of Fund Financial Statements** (continued)

Spendable:

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

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

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

Unassigned – Represents balances for which there are no constraints.

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

Q. **CURRENT YEAR ADOPTION OF NEW ACCOUNTING STANDARDS**

For the year ended June 30, 2017, the Red River Parish School Board adopted Government Accounting Standards Board (GASB) Statement No. 77 (GASB 77), *Tax Abatement Disclosures*. GASB 77 establishes financial reporting standards for tax abatement agreements entered into by state and local governments. The disclosures required by this Statement encompass tax abatements resulting from both (a) agreements that are entered into by the reporting government and (b) agreements that are entered into by other governments and that reduce the reporting government's tax revenues. The provisions of the Statement should be applied to all state and local governments subject to such tax abatement agreements. The provisions of GASB 77 are effective for reporting periods beginning after December 15, 2015.

2. **EQUITY IN POOLED CASH, DEPOSITS AND INVESTMENTS**

A. **Equity in Pooled Cash**

Cash and investments consist of demand deposit accounts and certificates of deposit at a local bank. The School Board maintains a cash pool that is available for use by all funds.

B. **Deposits**

The carrying amount of the School Board's deposits with financial institutions (including certificates of deposits) was \$26,888,331 and the bank balances were \$27,509,472. Deposits in financial institutions can be exposed to custodial credit risk. Custodial credit risk is the risk that in the event of a financial institution failure, the School Board's deposits may not be returned to them. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution.

RED RIVER PARISH SCHOOL BOARD

NOTES TO THE FINANCIAL STATEMENTS

2. EQUITY IN POOLED CASH, DEPOSITS AND INVESTMENTS (continued)

B. Deposits (continued)

As of June 30, 2017, the School Board's deposits were not exposed to custodial credit risk. 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.

3. AD VALOREM TAXES

Ad valorem (property) taxes were levied for the fiscal year 2017 by the School Board on September 12, 2016 based on the assessed valuation of property as of January 1, 2016. These taxes become due and payable on November 15 of each year and become delinquent after December 31 of the year levied.

The following are the School Board authorized and levied ad valorem taxes for 2016:

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

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

All property taxes are recorded in the General Fund and the Employee Salaries and Benefits Fund as disclosed in Note 1D. Revenues in such funds are recognized in the accounting period in which they become measurable and available. Property taxes are considered measurable in the calendar year of the tax levy. Estimated uncollectible taxes are those taxes based on past experience which will not be collected in the subsequent year and are primarily due to subsequent adjustments to the tax roll. Available means due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. The remaining property taxes receivable are considered available because they are substantially collected within 60 days subsequent to year end.

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

RED RIVER PARISH SCHOOL BOARD

NOTES TO THE FINANCIAL STATEMENTS

4. DEFINED BENEFIT PENSION PLANS

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

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

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

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

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

Plan Descriptions:

Teachers' Retirement System of Louisiana (TRSL)

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

Louisiana School Employees' Retirement System (LSERS)

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

Cost of Living Adjustments

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

RED RIVER PARISH SCHOOL BOARD

NOTES TO THE FINANCIAL STATEMENTS

4. DEFINED BENEFIT PENSION PLANS (continued)

Funding Policy

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

Contributions to the plans are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended June 30, 2017, for the School Board and covered employees were as follows:

	<u>School Board</u>	<u>Employees</u>
Teachers' Retirement System:		
Regular Plan	25.50%	8.00%
Plan B	28.20%	5.00%
School Employees' Retirement System	27.30%	7.50% - 8.00%

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Teachers' Retirement System:			
Regular Plan	\$ 2,546,753	\$ 2,636,858	\$ 2,886,691
Plan B	105,666	111,851	122,332
School Employees' Retirement System	278,324	315,257	358,197

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

The following schedule lists the School Board's proportionate share of the Net Pension Liability allocated by each of the pension plans based on the June 30, 2016 measurement date. The School Board uses this measurement to record its Net Pension Liability and associated amounts as of June 30, 2017 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2016 along with the change compared to the June 30, 2015 rate. The School Board's proportion of the Net Pension Liability was based on a projection of the School Board's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

	<u>Net Pension Liability at June 30, 2016</u>	<u>Rate at June 30, 2016</u>	<u>Increase (Decrease) to June 30, 2015 Rate</u>
Teachers' Retirement System	\$ 25,508,932	0.2173%	0.0110%
School Employees' Retirement System	2,770,564	0.3673%	0.0118%
	<u>\$ 28,279,496</u>		

RED RIVER PARISH SCHOOL BOARD

NOTES TO THE FINANCIAL STATEMENTS

4. DEFINED BENEFIT PENSION PLANS (continued)

The following schedule list each pension plan's recognized pension expense plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions by the School Board for the year ended June 30, 2017:

Teachers' Retirement System	\$ 2,599,073
School Employees' Retirement System	437,995
	<u>\$ 3,037,068</u>

At June 30, 2017, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (579,224)
Changes of assumptions	65,635	(73,228)
Net difference between projected and actual earnings on pension plan investments	2,207,975	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	1,822,718	(1,594,235)
Employer contributions subsequent to the measurement date	2,930,743	-
Total	<u>\$ 7,027,071</u>	<u>\$ (2,246,687)</u>

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Teachers' Retirement System	\$ 6,183,187	\$ (2,096,434)
School Employees' Retirement System (LSERS)	843,884	(150,253)
	<u>\$ 7,027,071</u>	<u>\$ (2,246,687)</u>

The School Board reported a total of \$2,930,743 as deferred outflow of resources related to pension contributions made subsequent to the measurement period ended June 30, 2016 which will be recognized as a reduction in Net Pension Liability in the year ended June 30, 2018. The following schedule list the pension contributions made subsequent to the measurement period for each pension plan:

	<u>Subsequent Contributions</u>
Teachers' Retirement System	\$ 2,652,419
School Employees' Retirement System (LSERS)	278,324
	<u>\$ 2,930,743</u>

RED RIVER PARISH SCHOOL BOARD

NOTES TO THE FINANCIAL STATEMENTS

4. DEFINED BENEFIT PENSION PLANS (continued)

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

Year	TRSL	LSERS	Total
2018	\$ 47,888	\$ 121,334	\$ 169,222
2019	47,888	34,351	82,239
2020	1,116,061	158,618	1,274,679
2021	222,497	101,004	323,501
	<u>\$ 1,434,334</u>	<u>\$ 415,307</u>	<u>\$ 1,849,641</u>

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability for each pension plan as of June 30, 2017 are as follows:

	TRSL	LSERS
Valuation Date	June 30, 2015	June 30, 2015
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Expected Remaining		
Service Lives	5 years	3 years
Investment Rate of Return	7.75% net of investment expenses	7.00% net of investment expenses
Inflation Rate	2.5% per annum	2.75%
Mortality	Mortality rates were projected based on the RP-2000 Mortality Table with projection to 2025 using Scale AA.	Mortality rates based on the RP-2000 Combined Healthy Sex Distinct Mortality Table.
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a five year (2008-2012) experience study of the System's members.	
Salary Increases	3.50% - 10.0% varies depending on duration of service	Salary increases were projected based on the 2008-2012 experience study of the Plan's members. The annual salary growth rates are based upon the members' years of service.
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 ACT 399 of 2014.

RED RIVER PARISH SCHOOL BOARD

NOTES TO THE FINANCIAL STATEMENTS

4. DEFINED BENEFIT PENSION PLANS (continued)

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

TRSL	LSERS
<p>The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5% and an adjustment for the effect of rebalancing/diversification.</p>	<p>The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.</p>

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in each of the Retirement Systems target asset allocations as of June 30, 2015:

Asset Class	Target Allocation		Long-term Expected Real Rate of Return	
	TRSL	LSERS	TRSL	LSERS
Domestic equity	31.00%	51.00%	4.50%	3.10%
International equity	19.00%	0.00%	5.31%	0.00%
Domestic fixed income	14.00%	30.00%	2.45%	1.82%
International fixed income	7.00%	0.00%	3.28%	0.00%
Alternatives	29.00%	13.00%	11.62%	0.79%
Real assets	0.00%	6.00%	0.00%	0.36%
Tota	100.00%	100.00%	n/a	6.07%
Inflation				2.00%
Expected Arithmetic Nominal Return				8.07%

n/a - amount no provided by Retirement System

RED RIVER PARISH SCHOOL BOARD

NOTES TO THE FINANCIAL STATEMENTS

4. DEFINED BENEFIT PENSION PLANS (continued)

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for TRSL and LSERS was 7.75% and 7.125%, respectively for the year ended June 30, 2015.

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

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

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
TRSL			
Rates	6.75%	7.75%	8.75%
RRPSB Share of NPL	\$ 31,817,446	\$ 25,508,932	\$ 20,140,813
LSERS			
Rates	6.125%	7.125%	8.125%
RRPSB Share of NPL	\$ 3,636,982	\$ 2,770,567	\$ 2,028,273

Payables to the Pension Plan

The School Board recorded accrued liabilities to each of the Retirement Systems for the year ended June 30, 2017 mainly due to the accrual for payroll at the end of each of the fiscal years. The amounts due are included in liabilities under the amounts reported as accounts, salaries and other payables. The balance due to each for the retirement systems at June 30, 2017 is as follows:

TRSL	\$ 942,306
LSERS	83,822
	<u>\$ 1,026,128</u>

RED RIVER PARISH SCHOOL BOARD

NOTES TO THE FINANCIAL STATEMENTS

5. OTHER POST-EMPLOYMENT BENEFITS

The School Board, in accordance with State statutes provides certain postretirement health care and life insurance benefits to its former employees. Substantially all of the School Board's employees may become eligible for such benefits upon reaching retirement age.

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

The OGB plan is a fully insured, multiple-employer arrangement and has been deemed to be an *agent multiple-employer plan* (within the meaning of paragraph 22 of GASB Codification Section P50) for financial reporting purposes and for this valuation. Most of the employees are covered by the Teachers' Retirement System of Louisiana. The retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age; age 55 and 25 years of service; or, age 60 and 5 years of service. Employees hired on or after January 1, 2011 must have attained at least age 60 at retirement (or D.R.O.P. entry) to avoid actuarial reduction in the retirement benefit.

Life insurance coverage under the OGB program is available to retirees by election and the employer pays 50% of the cost of the retiree life insurance based on the plan's blended rates. Since GASB Codification Section P50 requires the use of "unblended" rates, we have used the 94GAR mortality table described below to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance. All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance. Insurance coverage amounts are reduced at age 65 and again at age 70 according to the OGB plan provisions.

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

Fund Policy – Until 2008, the Red River Parish School Board recognized the cost of providing post-employment medical and life insurance benefits (the Red River Parish School Board's portion of the retiree medical and life insurance benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2017 and 2016, the Red River Parish School Board's portion of health care and life insurance funding cost for retired employees totaled \$578,964 and \$536,078, respectively.

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

RED RIVER PARISH SCHOOL BOARD

NOTES TO THE FINANCIAL STATEMENTS

5. OTHER POST-EMPLOYMENT BENEFITS (continued)

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

	<u>2017</u>
Normal cost	\$ 459,672
30-year UAL amortization amount	870,149
Annual required contribution (ARC)	<u>\$ 1,329,821</u>

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

	<u>2017</u>
Beginning Net OPEB Obligation	\$ 8,613,363
Annual required contribution	1,329,821
Interest on Net OPEB Obligation	344,535
ARC Adjustment	<u>(498,112)</u>
OPEB Cost	1,176,244
Contribution to Irrevocable Trust	-
Current year retiree premium	<u>(578,964)</u>
Change in Net OPEB Obligation	<u>597,280</u>
Ending Net OPEB Obligation	<u>\$ 9,210,643</u>

The following table shows the Red River Parish School Board’s annual other post employment benefits (OPEB) cost, percentage of the cost contributed, and the net other post employment benefits (OPEB) liability:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net OPEB Liability</u>
June 30, 2017	\$ 1,176,244	49.22%	\$ 9,210,643
June 30, 2016	\$ 1,135,790	47.20%	\$ 8,613,363

RED RIVER PARISH SCHOOL BOARD

NOTES TO THE FINANCIAL STATEMENTS

5. OTHER POST-EMPLOYMENT BENEFITS (continued)

Funded Status and Funding Progress – In 2017 and 2016, the Red River Parish School Board made no contributions to its post employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the July 1, 2015 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year June 30, 2017 was \$15,648,617 which is defined as that portion, as determined by a particular actuarial cost method (the Red River Parish School Board uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost.

	<u>2017</u>
Actuarial Accrued Liability (AAL)	\$ 15,648,617
Actuarial Value of Plan Assets (AVP)	-
Unfunded Act. Accrued Liability (UAAL)	<u>\$ 15,648,617</u>
Funded Ratio (AVP/AAL)	0.00%
Covered Payroll (active plan members)	\$ 12,403,568
UAAL as a percentage of covered payroll	126.16%

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

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

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

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

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

RED RIVER PARISH SCHOOL BOARD

NOTES TO THE FINANCIAL STATEMENTS

5. OTHER POST-EMPLOYMENT BENEFITS (continued)

Post employment Benefit Plan Eligibility Requirements – It is assumed that entitlement to benefits will commence five years after earliest eligibility to enter the D.R.O.P. with an unreduced benefit as described above under the heading "Plan Description". This consists of a three year D.R.O.P. period plus an additional two year delay. Medical benefits are provided to employees upon actual retirement.

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

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

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

Method of Determining Value of Benefits – The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The "State Share" premiums in the OGB medical rate schedule provided are "unblended" rates for active and retired as required by GASB Codification Section P50 and have been used for valuation purposes. We have assumed in this valuation that 25% of current and future retirees elect the OGB Medicare Advantage Program.

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

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

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

RED RIVER PARISH SCHOOL BOARD

NOTES TO THE FINANCIAL STATEMENTS

6. GENERAL LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the years ended June 30, 2017:

	<u>July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2017</u>
Net Post-employment				
Benefit Obligations	\$ 8,613,363	\$ 597,280	\$ -	\$ 9,210,643
Net Pension Liability	26,808,671	3,037,068	(1,566,243)	28,279,496
Bonds Payable	1,815,000	-	(885,000)	930,000
Compensated Absences	<u>1,203,387</u>	<u>268,598</u>	<u>(408,423)</u>	<u>1,063,562</u>
	<u>\$38,440,421</u>	<u>\$3,902,946</u>	<u>\$(2,859,666)</u>	<u>\$ 39,483,701</u>

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

<u>Bond Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Final Payment Due</u>	<u>Principal Outstanding</u>
General obligation bonds 2008:	Mar 25, 2008	3.39%	March 1, 2018	\$ 930,000

At June 30, 2017, the School Board has accumulated \$937,132 in the debt service fund for future debt retirement. The annual requirements to amortize all bonds at June 30, 2017, including interest of \$31,527 are as follows:

<u>Year Ending</u>	<u>Principle</u>	<u>Interest</u>	<u>Amount</u>
<u>June 30,</u> 2018	<u>\$ 930,000</u>	<u>\$ 31,527</u>	<u>\$ 961,527</u>

In accordance with LSA – R.S. 39:562, the School Board is legally restricted from incurring long-term bonded debt in excess of 35% of the assessed value of taxable property within the parish. At June 30, 2017, the statutory limit is \$85,778,480.

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

Net other post-employment benefit obligation consist of actuarial liabilities for future payments of promised retirement benefits.

RED RIVER PARISH SCHOOL BOARD

NOTES TO THE FINANCIAL STATEMENTS

7. CAPITAL ASSETS

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

	Balance at <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance at <u>June 30, 2017</u>
<u>Cost</u>				
Land	\$ 150,657	\$ -	\$ -	\$ 150,657
Buildings and improvements	16,815,146	189,759	-	17,004,904
Automobiles and Equipment	<u>3,739,879</u>	<u>174,522</u>	-	<u>3,914,401</u>
	<u>\$ 20,705,682</u>	<u>\$ 364,281</u>	<u>\$ -</u>	<u>\$ 21,069,962</u>
 <u>Accumulated depreciation</u>				
Buildings and improvements	\$ 6,353,623	\$ 520,449	\$ -	\$ 6,874,071
Equipment and fixtures	<u>3,179,161</u>	<u>233,035</u>	-	<u>3,412,196</u>
	<u>\$ 9,532,784</u>	<u>\$ 753,484</u>	<u>\$ -</u>	<u>\$ 10,286,267</u>
Capital assets, net of Depreciation,	<u>\$ 11,172,898</u>	<u>\$ (389,203)</u>	<u>\$ -</u>	<u>\$ 10,783,695</u>

* Depreciation expense of \$753,484 for the year ended June 30, 2017 was charged to the following governmental functions:

Regular education programs	\$ 79,752
Special education programs	15,978
Other education programs	25,243
Pupil support services	14,334
Instructional staff services	12,056
General administrative services	11,262
School administration services	18,423
Business services	4,084
Plant operation and maintenance	540,504
Student transportation services	15,172
Technical support	961
Food services	15,715
	<u>\$ 753,484</u>

8. LITIGATION AND CLAIMS

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

RED RIVER PARISH SCHOOL BOARD

NOTES TO THE FINANCIAL STATEMENTS

9. RECEIVABLES

Receivables as of June 30, 2017 for the School Board are as follows:

	<u>General Fund</u>	<u>Employee Salaries and Benefits</u>	<u>Title I</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Receivables:					
Sales Tax	\$ 221,786	\$ 221,786	\$ -	\$ -	\$ 443,572
Due from other governments	-	-	309,270	569,557	878,827
Other	16,071	-	-	-	16,071
Gross receivables	<u>\$ 237,857</u>	<u>\$ 221,786</u>	<u>\$ 309,270</u>	<u>\$ 569,557</u>	<u>\$ 1,338,470</u>

10. CHANGES IN AGENCY DEPOSITS DUE OTHERS

A summary of changes in agency fund deposits due others for the year ended June 30, 2017 are as follows:

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
School Activity Agency Fund	<u>\$ 91,231</u>	<u>\$ 472,270</u>	<u>\$ (432,970)</u>	<u>\$ 130,531</u>

11. INTERFUND TRANSACTIONS

Interfund Receivable/Payable:

<u>Interfund Receivable</u>		<u>Interfund Payable</u>	
General	\$ 683,116	General	\$ -
Employee salaries & benefits	-	Employee salaries & benefits	-
Title I	-	Title I	303,961
Other non-major	-	Other non-major	379,155
Total	<u>\$ 683,116</u>	Total	<u>\$ 683,116</u>

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

RED RIVER PARISH SCHOOL BOARD

NOTES TO THE FINANCIAL STATEMENTS

11. INTERFUND TRANSACTIONS (continued)

Transfers:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 2,357,853	\$ 737,552
Employee salaries & benefits	-	1,585,697
Title I	21,612	40,267
Other non-major	16,086	32,035
	<u>\$ 2,395,551</u>	<u>\$ 2,395,551</u>

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

12. RISK MANAGEMENT

The School Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School Board maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the School Board.

13. TAX REVENUE ABATED

The Louisiana Industrial Ad Valorem Tax Exemption program (Louisiana Administrative Code, Title 13, Chapter 5) is a state incentive program which abates, up to ten years, local ad valorem taxes on a manufacturer's new investment and annual capitalized additions related to the manufacturing site. Applications to exempt qualified property for five years are approved by the Board of Commerce and Industry. The exemption may be renewed for an additional five years. For the fiscal year ending June 30, 2017, approximately \$1,015,000 in Red River Parish School Board ad valorem tax revenues were abated by the state of Louisiana through the Louisiana Industrial Ad Valorem Tax Exemption program.

14. CURRENT ACCOUNTING STANDARDS SCHEDULED TO BE IMPLEMENTED

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

RED RIVER PARISH SCHOOL BOARD

MAJOR FUND DESCRIPTIONS

GENERAL FUND

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

EMPLOYEE SALARIES AND BENEFITS FUND

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

TITLE I FUND

Title I includes programs in the areas of language development, reading and math. These programs strive to meet the special needs of economically and educationally deprived children through federal funds for teachers, aides, instructional materials, equipment, and parental involvement.

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA

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

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>				
Local sources:				
Ad valorem taxes	\$ 5,750,000	\$ 6,045,200	\$ 6,284,432	\$ 239,232
Sales and use taxes	1,650,000	2,169,706	1,843,895	(325,811)
Earnings on investments	81,310	95,825	289,792	193,967
Other	205,725	278,535	100,548	(177,987)
State sources:				
Unrestricted grants-in-aid, MFP	4,881,378	5,020,471	5,020,471	-
Restricted grants-in-aid	56,021	56,021	52,335	(3,686)
Revenue sharing	40,400	40,400	44,189	3,789
Total revenues	12,664,834	13,706,158	13,635,662	(70,496)
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular education programs	4,961,200	5,456,596	5,226,453	230,143
Special education programs	963,372	1,022,505	998,564	23,941
Other education programs	1,125,348	1,292,030	1,283,602	8,428
Support services:				
Pupil support services	912,746	875,424	860,428	14,996
Instructional staff services	591,475	550,847	536,697	14,150
General administration services	564,053	594,202	812,865	(218,663)
School administration services	1,140,774	1,192,736	1,184,196	8,540
Business services	297,274	303,994	302,508	1,486
Plant operation and maintenance	1,738,967	1,891,219	1,689,476	201,743
Central services	67,812	74,521	71,796	2,725
Student Transportation	1,166,956	1,151,779	1,131,840	19,939
Food services	103,132	202,359	202,655	(296)
Capital Outlay				
Facilities acquisition and construction	-	-	-	-
Total expenditures	13,633,109	14,608,212	14,301,080	307,132
Excess (deficiency) of revenues over expenditures	\$ (968,275)	\$ (902,054)	\$ (665,418)	\$ 236,636

(continued)

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA

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

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>Other financing sources (uses):</u>				
Operating transfers in	\$ 2,020,000	\$ 1,910,000	\$ 2,357,853	\$ 447,853
Operating transfers out	(660,000)	(680,000)	(737,552)	(57,552)
Total other financing sources (uses)	1,360,000	1,230,000	1,620,301	390,301
 Excess of revenues and other financing sources over expenditures and other financing sources (uses)	 391,725	 327,946	 954,883	 626,937
 Fund balances, June 30, 2016	 15,606,364	 15,683,851	 15,683,851	 -
 FUND BALANCES, JUNE 30, 2017	 \$ 15,998,089	 \$ 16,011,797	 \$ 16,638,734	 \$ 626,937 (concluded)

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA

EMPLOYEE SALARIES AND BENEFITS
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>				
Local sources:				
Ad valorem taxes	\$ 3,575,000	\$ 3,635,000	\$ 3,778,605	\$ 143,605
Sales and use taxes	1,650,000	1,700,000	1,843,894	143,894
Earnings on investments	925	1,050	6,173	5,123
Total revenues	<u>5,225,925</u>	<u>5,336,050</u>	<u>5,628,672</u>	<u>292,622</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular education programs	1,727,289	1,737,761	1,684,035	53,726
Special education programs	328,818	370,488	358,686	11,802
Other education programs	336,510	370,735	364,789	5,946
Support services:				
Pupil support services	300,195	249,471	266,645	(17,174)
Instructional staff services	126,832	127,245	122,916	4,329
General administration services	68,040	70,028	206,945	(136,917)
School administration services	323,533	337,155	311,252	25,903
Business administration services	72,102	73,950	74,297	(347)
Plant operation and maintenance	160,675	184,312	158,889	25,423
Central services	-	17,441	16,854	587
Student Transportation	268,405	294,464	265,950	28,514
Food services	213,526	231,820	206,510	25,310
Total expenditures	<u>3,925,925</u>	<u>4,064,870</u>	<u>4,037,768</u>	<u>27,102</u>
Excess (deficiency) of revenues over expenditures	1,300,000	1,271,180	1,590,904	319,724
<u>Other financing sources (uses):</u>				
Operating transfers out	<u>(1,300,000)</u>	<u>(1,250,000)</u>	<u>(1,585,697)</u>	<u>(335,697)</u>
Total other financing sources (uses)	<u>(1,300,000)</u>	<u>(1,250,000)</u>	<u>(1,585,697)</u>	<u>(335,697)</u>
Excess of revenues and other financing sources over expenditures and other financing sources (uses)	-	21,180	5,207	(15,973)
Fund balances, June 30, 2016	<u>8,221,788</u>	<u>8,273,885</u>	<u>8,273,885</u>	<u>-</u>
FUND BALANCES, JUNE 30, 2017	<u>\$ 8,221,788</u>	<u>\$ 8,295,065</u>	<u>\$ 8,279,092</u>	<u>\$ (15,973)</u>

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>				
Local sources:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	-	-	-	-
Earnings on investments	-	-	-	-
Federal sources:				
Grants	788,228	877,301	877,301	-
Total revenues	<u>788,228</u>	<u>877,301</u>	<u>877,301</u>	<u>-</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular education programs	128,973	129,670	91,251	38,419
Special education programs	142,291	196,206	-	196,206
Other education programs	-	-	195,892	(195,892)
Support services:				
Pupil support services	-	-	-	-
Instructional staff services	378,615	367,337	365,691	1,646
General administration services	-	-	-	-
School administration services	96,170	199,112	204,172	(5,060)
Business administration services	-	-	-	-
Plant operation and maintenance	6,000	6,000	1,640	4,360
Central services	-	-	-	-
Student Transportation	-	-	-	-
Food services	-	-	-	-
Total expenditures	<u>752,049</u>	<u>898,325</u>	<u>858,646</u>	<u>39,679</u>
Excess (deficiency) of revenues over expenditures	36,179	(21,024)	18,655	39,679
<u>Other financing sources (uses):</u>				
Operating transfers in	-	61,291	21,612	(39,679)
Operating transfers out	<u>(36,179)</u>	<u>(40,267)</u>	<u>(40,267)</u>	<u>-</u>
Total other financing sources (uses)	<u>(36,179)</u>	<u>21,024</u>	<u>(18,655)</u>	<u>(39,679)</u>
Excess of revenues and other financing sources over expenditures and other financing sources (uses)	-	-	-	-
Fund balances, June 30, 2016	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, JUNE 30, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA

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

SCHEDULE OF FUNDING PROGRESS

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2017	7/1/2015	\$ -	\$ 15,648,617	\$ 15,648,617	0.00%	\$ 12,403,568	126%
6/30/2016	7/1/2015	\$ -	\$ 15,046,747	\$ 15,046,747	0.00%	\$ 12,419,340	121%
6/30/2015	7/1/2013	\$ -	\$ 12,065,642	\$ 12,065,642	0.00%	\$ 12,467,071	97%
6/30/2014	7/1/2013	\$ -	\$ 11,601,579	\$ 11,601,579	0.00%	\$ 10,890,705	107%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ending	Annual OPEB Cost	Amount Contributed	Percentage of Annual OPEB Costs Contributed	Increase (Decrease) to Net OPEB Obligation	Net OPEB Obligation
6/30/2017	\$ 1,176,244	\$ 578,964	49.22%	\$ 597,280	\$ 1,978,943
6/30/2016	\$ 1,135,790	\$ 536,078	47.20%	\$ 599,712	\$ 1,381,663
6/30/2015	\$ 889,661	\$ 501,025	56.32%	\$ 388,636	\$ 781,951
6/30/2014	\$ 857,227	\$ 463,912	54.12%	\$ 393,315	\$ 393,315

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
COST SHARING PLANS ONLY
FOR THE YEAR ENDED JUNE 30, 2017 (*)

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

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

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

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA

SCHEDULE OF THE EMPLOYER'S CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2017

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

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

For reference only:

¹ *Employer contribution rate multiplied by employer's covered employee payroll*

² *Actual employer contributions remitted to Retirement Systems*

³ *Employer's covered employee payroll amount for the fiscal year ended June 30*

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA

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

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

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA

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

Alison Hughes, Superintendent:

<u>Purpose</u>	<u>Total Amount</u>
Salary	\$ 105,496
Benefits - retirement	26,902
Benefits - Healthcare and Workers Compensation	10,845
Travel and Workshops	1,083
Lease value of Car Provided	11,250
	<u>\$ 155,576</u>



Postlethwaite & Netterville

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A Professional Accounting Corporation

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Red River Parish School Board (the School Board), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements, and have issued our report thereon dated December 18, 2017.

Internal Control Over Financial Reporting

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

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

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



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Postlethwaite & Netterville
Baton Rouge, Louisiana
December 18, 2017

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

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

Report on Compliance for Each Major Federal Program

We have audited the Red River Parish School Board's (the School Board) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School Board's major federal programs for the year ended June 30, 2017. The School Board's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the School Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.



Report on Internal Control Over Compliance

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

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

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

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

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 18, 2017

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA

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

<u>Federal Grantor/ Pass-Through Grantor/ Program Name</u>	<u>Grant Year</u>	<u>Grantor Project Number</u>	<u>CFDA Number</u>	<u>Expenditures 2016</u>
<u>UNITED STATES DEPARTMENT OF AGRICULTURE</u>				
Pass-through program from Louisiana Department of Agriculture and Forestry:				
Food Distribution - Commodities	16-17	N/A	10.555 ¹	\$ 85,531
Pass-through program from Louisiana Department of Education:				
School Lunch Program	16-17	05-SFS-084	10.555 ¹	649,128
School Breakfast Program	16-17	05-SFS-084	10.553 ¹	341,204
				<u>1,075,863</u>
<u>UNITED STATES DEPARTMENT OF EDUCATION</u>				
Passed through Louisiana Department of Education:				
Title I Grants to Local Educational Agencies-Part A Basic	16-17	28-17-T1-41	84.010A	877,301
Title I - Part C Migrant Education	16-17	28-17-M1-41	84.011A	19,018
Special Education Regular Project-Part B	16-17	28-17-B1-61	84.027A ²	393,543
Special Education - Believe and Prepare	16-17	28-17-B1-41	84.027A ²	10,726
Special Education Preschool	16-17	28-17-P1-41	84.173A ²	48,744
Carl Perkins Grant	16-17	28-17-02-41	84.048	19,045
Gaining Early Awareness and Readiness for Undergraduates	16-17	P334S080003	84.334S	37,836
TIF Grant	16-17	28-17-TP-41	84.374A	78,958
Title II Part A	16-17	28-17-50-41	84.367A	189,879
Rural Education Achievement Program	16-17	28-17-RE-41	84.358B	31,316
				<u>1,706,366</u>
<u>UNITED STATES DEPARTMENT OF DEFENSE</u>				
Direct grant:				
Air Force Junior Officers Training Corps	16-17	N/A	12.000	58,250
<u>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Pass-through program from Louisiana Department of Education:				
The Cecil J. Picard LA 4 Early Childhood Program - TANF	16-17	28-17-36-41	93.558B	267,734
Total Expenditures of Federal Awards				<u>\$ 3,108,213</u>
¹ Child Nutrition Cluster				\$ 1,075,863
² Special Education Cluster				\$ 453,013

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

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE A – BASIS OF PRESENTATION

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

NOTE B – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. During the year ended June 30, 2017, the School Board received commodities valued at \$85,531. At June 30, 2017, the organization had food commodities totaling \$15,723 in inventory.

NOTE C – RECONCILIATION TO THE BASIC FINANCIAL STATEMENTS

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

Total Federal Revenues	\$ 3,108,213
Reconciling Difference	<u>-</u>
Total Federal Expenditures - SEFA	<u>\$ 3,108,213</u>

NOTE D – DE MINIMUS COST RATE

During the year ended June 30, 2017 the Red River Parish School Board did not elect to use the 10% de minimus cost rate as covered in §200.414 of the Uniform Guidance.

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

A. Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: *Unmodified*

Internal Control over Financial Reporting:

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

Noncompliance material to financial statements noted?

_____ yes x no

Federal Awards

Internal control over major programs:

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

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 Uniform Guidance?

_____ yes x no

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

84.010A

Title I, Part A Basic

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

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

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

B. Findings – Financial Statement Audit

None

C. Findings and Questioned Costs – Major Federal Award Programs

None

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

B. Findings – Financial Statement Audit

None

C. Findings and Questioned Costs – Major Federal Award Programs

None

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

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

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Red River Parish School Board (School Board) and the Louisiana Legislative Auditor (the specified parties) on the performance and statistical data accompanying the annual financial statements of the School Board for the fiscal year ended June 30, 2017; and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin, in compliance with Louisiana Revised Statute 24:514 I. Management of the School Board is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose

Our procedures and findings relate to the accompanying schedules of supplemental information and are as follows:

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

Procedure #1

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

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

Results of Procedure # 1:

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

Education Levels of Public School Staff (Schedule 2)

Procedure # 2

We reconciled the total number of full-time classroom teachers per the schedule “Experience of Public Principals, Assistant Principals and Full-time Classroom Teachers” (Schedule 4) to the combined total number of full-time classroom teachers per this schedule and to School Board supporting payroll records as of October 1st.

Results of Procedure # 2:

No differences were noted between the number of full-time classroom teachers per schedule 4 and schedule 2, nor between the schedules and the October 1st payroll records.

Procedure # 3

We reconciled the combined total of principals and assistant principals per the schedule “Experience of Public Principals, Assistant Principals and Full-time Classroom Teachers” (Schedule 4) to the combined total of principals and assistant principals per this schedule and to school board supporting payroll records as of October 1st.

Results of Procedure # 3

No differences were noted between the number of principals and assistant principals per schedule 4 and schedule 2, nor between the schedules and the October 1st payroll records.

Procedure # 4

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

Results of Procedure # 4:

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

Number and Type of Public Schools (Schedule 3)

Procedure # 5

We obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the Title I Grants to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555) application.

Results of Procedure # 5:

We noted no discrepancies between the total number of schools as listed on the Title I application and the list supporting the schools represented in the schedule.

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

Procedure #6

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

Results of Procedure # 6:

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

Public School Staff Data (Schedule 5)

Procedure # 7

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

Results of Procedure # 7:

In our sample of 25, we noted agreement between the level of compensation that would be appropriate for the education and experience level per the district wide salary schedule and the amount actually paid per the aforementioned listing.

Procedure # 8

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

Results of Procedure # 8:

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

Class Size Characteristics (Schedule 6)

Procedure # 9

We obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule 3 data, as obtained in Procedure 5. We then traced a random sample of 10 classes to the October 1st roll books for those classes and determined if the class was properly classified on the schedule.

Results of Procedure # 9

No differences were noted.

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

Procedure # 10

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

Results of Procedure # 10:

No differences were noted.

The Graduation Exit Exam for the 21st Century (Schedule 8)

Procedure # 11

The Graduation Exit Examination (GEE) is no longer administered. This schedule is no longer applicable.

The iLEAP Tests (Schedule 9)

Procedure # 12

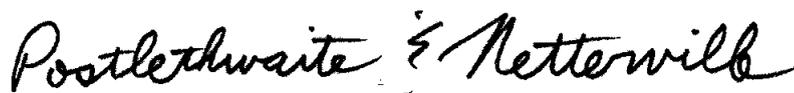
We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the Red River Parish School Board.

Results of Procedure # 12

No differences were noted.

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

The purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of the School Board, as required by Louisiana Revised Statute 24:514 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.



Baton Rouge, Louisiana
December 18, 2017

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA

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

As of and for the Year Ended June 30, 2017

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

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

Schedule 2 - Education Levels of Public School Staff

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

Schedule 3 - Number and Type of Public Schools

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

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

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

Schedule 5 - Public School Staff Data

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

Schedule 6 - Class Size Characteristics

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1-20, 21-26, 27-33, and 34+ students. This data is currently reported to the legislature in the Annual School Report (ASR).

Schedule 7 - Louisiana Educational Assessment Program (LEAP)

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

Schedule 8 - The Graduation Exit Exam

The Graduation Exit Examination (GEE) is no longer administered. This schedule is no longer applicable.

Schedule 9 - The i-LEAP Tests

This schedule represents student performance testing data and includes a summary score for grades 3, 5, 6 and 7 for each district. The summary score is the National Percentile Rank showing relative position or rank as compared to a large, representative sample of students in the same grade from the entire nation. This schedule includes three years of data.

RED RIVER PARISH SCHOOL BOARD
COUSHATTA, LOUISIANA
PERFORMANCE AND STATISTICAL DATA

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

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	4,549,974.00	
Other Instructional Staff Activities	452,028.00	
Instructional Staff Employee Benefits	2,199,212.00	
Purchased Professional and Technical Services	98,509.00	
Instructional Materials and Supplies	357,368.00	
Instructional Equipment	-	
Total Teacher and Student Interaction Activities		\$ 7,657,091

Other Instructional Activities 86,345.00

Pupil Support Activities	860,427.00	
Less: Equipment for Pupil Support Activities	-	
Net Pupil Support Activities		860,427

Instructional Staff Services	536,694.00	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		536,694

School Administration	1,183,896.00	
Less: Equipment for Instructional Staff Services	-	
Net School Administration		1,183,896

Total General Fund Instructional Expenditures \$ 10,324,453

Total General Fund Equipment Expenditures \$ -

Certain Local Revenue Sources

Local Taxation Revenue:

Constitutional Ad Valorem Taxes	1,160,668.00	
Renewable Ad Valorem Tax	3,811,297.00	
Debt Service Ad Valorem Tax	-	
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	235,168.00	
Sales and Use Taxes	1,843,894.00	
Total Local Taxation Revenue		\$ 7,051,027

Local Earnings on Investment in Real Property:

Earnings from 16th Section Property	170,035.00	
Earnings from Other Real Property	-	
Total Local Earnings on Investment in Real Property		\$ 170,035

State Revenue in Lieu of Taxes:

Revenue Sharing - Constitutional Tax	20,738.00	
Revenue Sharing - Other Taxes	-	
Revenue Sharing - Excess Portion	-	
Other Revenue in Lieu of Taxes	-	
Total State Revenue in Lieu of Taxes		\$ 20,738

Nonpublic Textbook Revenue 5,209.00

Nonpublic Transportation Revenue -

Total State Revenue for Non-public Education \$ 5,209

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

Category	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	1.65	1.5%	-	0.0%	-	0.0%	-	0.0%
Bachelor's Degree	72.00	65.7%	-	0.0%	-	0.0%	-	0.0%
Master's Degree	23.00	21.0%	-	0.0%	2	40.0%	-	0.0%
Master's Degree + 30	11.00	10.0%	-	0.0%	3	60.0%	-	0.0%
Specialist in Education	1.00	0.9%	-	0.0%	-	0.0%	-	0.0%
Ph. D. or Ed. D.	1.00	0.9%	-	0.0%	-	0.0%	-	0.0%
Total	110	100.0%	-	0.0%	5	100.0%	0	0.0%

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

Type	Number
Elementary	1
Middle/Jr. High	1
Secondary	1
Combination	0
Total	3

Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers
As of October 1, 2016

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	0	0	0	0	1	0	0	1
Principals	0	0	0	0	1	1	2	4
Classroom Teachers	6	13	26	14	19	11	21	110
Total	6	13	26	14	21	12	23	115

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

	All Classroom Teachers	Classroom Teachers Excluding ROTC, Rehired Retirees, and Flagged Salary Reductions
Average Classroom Teachers' Salary Including Extra Compensation	\$ 57,146	\$ 57,325
Average Classroom Teachers' Salary Excluding Extra Compensation	\$ 56,223	\$ 56,591
Number of Teacher Full-time Equivalents (FTEs) used in Computation of Average Salaries	113	105

Note: Figures reported include all sources of funding (i.e., federal, state, and local) but exclude stipends and employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers; some teachers may have been flagged as receiving reduced salaries (e.g., extended medical leave); and ROTC teachers receive more compensation because of a federal supplement. For these reasons, these teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes, temporary employees, and any teachers on sabbatical leave during any part of the school year.

Class Size Characteristics
As of October 1, 2016

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number		Number	Percent	Number	Percent	Number
Elementary	50%	56	50%	55	0%	-	0%	-
Elementary Activity Classes	46%	12	54%	14	0%	-	0%	-
Middle/Jr. High	59%	51	25%	22	16%	14	0%	-
Middle/Jr. High Activity Classes	100%	37	0%	-	0%	-	0%	-
High	84%	106	16%	20	0%	-	0%	-
High Activity Classes	71%	5	0%	-	14%	1	14%	1
Combination	100%	4	0%	-	0%	-	0%	-
Combination Activity Classes	0%	-	0%	-	0%	-	0%	-

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

The iLEAP Tests
For the Year Ended June 30, 2017

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Students	Percent	Percent	Percent	Percent	Percent	Percent
Grade 3						
Advanced	1%	1%	2%	1%	N/A	3%
Mastery	13%	11%	11%	15%	N/A	10%
Basic	37%	36%	42%	20%	N/A	36%
Approaching Basic	26%	28%	25%	27%	N/A	27%
Unsatisfactory	23%	24%	20%	37%	N/A	24%
Total	100.00%	100.00%	100.00%	100.00%	N/A	100.00%

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Students	Percent	Percent	Percent	Percent	Percent	Percent
Grade 4						
Advanced	2%	4%	3%	1%	N/A	0%
Mastery	15%	14%	11%	15%	N/A	8%
Basic	47%	64%	49%	14%	N/A	49%
Approaching Basic	25%	13%	20%	24%	N/A	20%
Unsatisfactory	11%	6%	16%	46%	N/A	23%
Total	100.00%	100.00%	100.00%	100.00%	N/A	100.00%

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Students	Percent	Percent	Percent	Percent	Percent	Percent
Grade 5						
Advanced	7%	4%	2%	1%	N/A	0%
Mastery	18%	15%	8%	4%	N/A	9%
Basic	36%	52%	36%	14%	N/A	48%
Approaching Basic	18%	17%	36%	39%	N/A	31%
Unsatisfactory	21%	12%	18%	42%	N/A	12%
Total	100.00%	100.00%	100.00%	100.00%	N/A	100.00%

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Students	Percent	Percent	Percent	Percent	Percent	Percent
Grade 6						
Advanced	1%	1%	0%	1%	N/A	3%
Mastery	10%	5%	2%	6%	N/A	17%
Basic	40%	27%	36%	17%	N/A	57%
Approaching Basic	24%	42%	46%	33%	N/A	16%
Unsatisfactory	25%	25%	16%	43%	N/A	7%
Total	100.00%	100.00%	100.00%	100.00%	N/A	100.00%

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

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Students	Percent	Percent	Percent	Percent	Percent	Percent
Grade 7						
Advanced	3%	2%	2%	7%	N/A	17%
Mastery	6%	8%	18%	12%	N/A	31%
Basic	32%	30%	43%	20%	N/A	35%
Approaching Basic	35%	40%	21%	24%	N/A	8%
Unsatisfactory	24%	20%	16%	37%	N/A	9%
Total	100.00%	100.00%	100.00%	100.00%	N/A	100.00%

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Students	Percent	Percent	Percent	Percent	Percent	Percent
Grade 8						
Advanced	1%	1%	0%	2%	N/A	0%
Mastery	6%	7%	10%	17%	N/A	6%
Basic	32%	39%	34%	19%	N/A	43%
Approaching Basic	31%	34%	40%	27%	N/A	34%
Unsatisfactory	30%	19%	17%	35%	N/A	17%
Total	100.00%	100.00%	100.00%	100.00%	N/A	100.00%

RED RIVER PARISH SCHOOL BOARD

LOUISIANA LEGISLATIVE AUDITOR – STATEWIDE
AGREED-UPON PROCEDURES REPORT

FOR THE YEAR ENDED JUNE 30, 2017

TABLE OF CONTENTS

	<u>Page</u>
Independent Accountants' Report on Applying Agreed-Upon Procedures	1
Schedule A: Agreed-Upon Procedures and Associated Findings	2 - 14
Management's Response and Corrective Action Plan	15



Postlethwaite & Netterville

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A Professional Accounting Corporation

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

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

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

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

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

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

Postlethwaite & Netterville

Baton Rouge, Louisiana

December 18, 2017

RED RIVER PARISH SCHOOL BOARD
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2017

Schedule A

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read "*No exception noted*". If not, then a description of the exception ensues.

Written Policies and Procedures

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

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

No exceptions noted.

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

The School Board's written policy does not specifically address documentation required to be maintained for all bids and price quotes evidencing compliance with Louisiana Public Bid Law.

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

No exceptions noted.

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

No exceptions noted.

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

The School Board's written policy does not specifically address reviewing and approving time and attendance records, including leave and overtime worked.

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

The School Board's written policy does not specify (1) the types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, or (5) the monitoring process.

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

The School Board does not have a written policy for credit cards.

RED RIVER PARISH SCHOOL BOARD
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2017

Schedule A

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

The School Board's written policy lacks dollar thresholds by category of expense.

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

The policy does not specifically address the requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

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

No exceptions noted.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:
- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

No exceptions noted.

- b) Report whether the minutes referenced are including monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis). If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

Budget to actual comparisons were not included in monthly board meetings from July 2016 to March 2017. The School Board began including the budget to actual comparisons in all board meetings beginning in April 2017.

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

No exceptions noted.

RED RIVER PARISH SCHOOL BOARD
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2017

Schedule A

Bank Reconciliations

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

A listing of bank accounts was provided and included a total of seven bank accounts. A signed representation by management was obtained on the completeness of the listing provided.

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

From the listing provided, P&N selected five accounts and obtained the bank reconciliations for each of the twelve months ending June 30, 2017, resulting in sixty bank reconciliations obtained and subjected to the below procedures.

- a) Bank reconciliations have been prepared;

No exceptions noted.

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

Of the 60 bank reconciliations obtained, one did not have a reviewer's initials or any other documentation evidencing the review.

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

Of the 5 bank accounts selected, 3 accounts with a total of 36 bank reconciliations had reconciling items that have been outstanding for more than 6 months. There was no documentation evidencing that these reconciling items were researched for proper disposition.

Collections

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

A listing of cash collection locations was provided and included a total of six cash collection locations. A signed representation by management was obtained on the completeness of the listing provided.

RED RIVER PARISH SCHOOL BOARD
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2017

Schedule A

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). **For each cash collection location selected:**

From the listing provided, P&N selected two (one third) of the locations and performed the procedures noted below.

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2.1) not responsible for depositing the cash in the bank, (2.2) recording the related transaction, or (2.3) reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

Of the 2 collection locations selected, P&N noted compliance with the criterial set forth in procedure 6a) as follows:

Person Responsible	Collection Location	Criteria Met (see reference in 6a above)				
		6a)1	6a)2.1	6a)2.2	6a)2.3	6a)3
Bookkeeper	Central Office	Yes	Yes	Yes	No	No
Business Manager	Central Office	Yes	No	Yes	Yes	No
Bookkeeper**	RR Jr. High	Yes	No	No	No	No

*** Collections are generally initiated by individuals other than the school bookkeeper such as a coach or a class room teacher. Those individuals turn in a collection log and the collections to the bookkeeper. Both sign the log and each retains a copy. The Bookkeeper then deposits and records the collections. In addition, the bookkeeper distributes balance reports to the individuals who initiate the collections.*

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

There is no formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection locations selected.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

Using the collection data, P&N determined the highest collection week during the year ending June 30, 2017 for each respective collection location and performed the procedures noted below.

1. Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day

RED RIVER PARISH SCHOOL BOARD
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2017

Schedule A

of collection, report the number of days from receipt to deposit for each day at each collection location.

Of the 2 collection locations and 26 deposits selected, the results of procedure 6.c) are as follows:

<i>Cash Collection Location</i>	<i>Date of Deposit</i>	<i>Deposits subject to testing</i>	<i>Deposits not made within 1 day of receipt</i>	<i>Number of days after receipt</i>
<i>Central Office</i>	<i>02/13/2017</i>	<i>1</i>	<i>1</i>	<i>3</i>
<i>RR Jr. High</i>	<i>10/13/2016</i>	<i>9</i>	<i>8</i>	<i>2</i>
<i>Total</i>		<i><u>10</u></i>	<i><u>9</u></i>	

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

No exceptions noted.

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

No exceptions noted.

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

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

The listing of general ledger activity for all disbursements during the fiscal period was provided. A signed representation by management was obtained on the completeness of the listing provided.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

**RED RIVER PARISH SCHOOL BOARD
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2017**

Schedule A

P&N randomly selected 25 disbursements and performed the procedures below.

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

Of the 25 disbursements tested, there was no requisition/purchase order issued for 18 disbursements.

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

Of the 25 disbursements tested, there was no requisition/purchase order issued for 18 disbursements. However, it was noted that the invoice was approved by a person who did not initiate the transaction.

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

Of the 25 disbursements tested, there was no requisition/purchase order issued for 18 disbursements. However, it was noted that the invoice was approved by a person who did not initiate the transaction.

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

The 25 disbursements selected in procedure 9 were from 3 bank accounts. For all 3 accounts, the person responsible for processing payments was not prohibited from adding vendors.

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

No exceptions noted.

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

The 25 disbursements selected in procedure 9 were from 3 bank accounts. Of the 3 accounts, preprinted check stock was used. The check stock was kept in a secure and locked location, but access was not restricted to those persons that do not have signatory authority.

RED RIVER PARISH SCHOOL BOARD
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2017

Schedule A

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

The 25 disbursements selected in procedure 9 were from 3 bank accounts. For all 3 accounts, checks that have been signed are not maintained under the control of the authorized signer or authorized user until mailed.

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

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

A listing of cards was provided and included a total of seven cards. A signed representation by management was obtained on the completeness of the listing provided.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and perform the procedures below.

P&N selected 3 credit cards and performed the procedures noted below.

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

No exceptions noted.

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

No exceptions noted.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 3 cards selected (i.e. each of the 3 cards should have one month of transactions subject to testing).

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

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

No exceptions noted.

RED RIVER PARISH SCHOOL BOARD
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2017

Schedule A

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

Travel and Expense Reimbursement

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

A listing of general ledger activity for all travel and related expense reimbursements, by person, during the fiscal period was provided. A signed representation by management was obtained on the completeness of the listing provided.

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

No exceptions noted.

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

RED RIVER PARISH SCHOOL BOARD
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2017

Schedule A

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

Contracts

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

A listing of general ledger activity for all in effect during the fiscal period was provided. A signed representation by management was obtained on the completeness of the listing provided.

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

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

RED RIVER PARISH SCHOOL BOARD
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2017

Schedule A

Of the five contracts selected for testing, one vendor that provided software maintenance support was not operating under a formal/written contract.

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

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

Not applicable.

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

None of the 5 contracts selected for testing were subject to bid law. In procurement of these contracts, the School Board did not solicit quotes.

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

None of the 5 contracts selected for testing were amended.

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

One of the 5 contracts selected for testing was not operating under a written contract. Therefore, this procedure was not performed for that contract. No other exceptions were noted as a result of performing this procedure.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

No exceptions noted.

RED RIVER PARISH SCHOOL BOARD
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2017

Schedule A

Payroll and Personnel

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

A listing of employees was provided and included a total of 338 employees. A random sample of five employees was selected and subjected the procedures below.

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

No exceptions noted.

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

No exceptions noted.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

No exceptions noted.

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

For 13 of the 25 employees tested, there was no written documentation evidencing the supervisor's approval of the employees' attendance and leave.

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

No exceptions noted.

RED RIVER PARISH SCHOOL BOARD
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2017

Schedule A

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

No exceptions noted.

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

No exceptions noted.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

No exceptions noted.

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

No ethics violations reported. No exceptions noted.

Debt Service

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

Not applicable.

RED RIVER PARISH SCHOOL BOARD
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2017

Schedule A

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

No exceptions noted.

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

No exceptions noted.

Other

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

**RED RIVER PARISH SCHOOL BOARD
AGREED-UPON PROCEDURES
MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN
JUNE 30, 2017**

Schedule B

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

Written Policies and Procedures

The School Board plans to develop/write new or amended policies and procedures where applicable to address the findings noted in this section by March 1, 2018.

Board (or Finance Committee, if applicable)

The School Board will continue the process of including budget to actual comparisons in all Board meetings, which it began in April 2017.

Bank Reconciliations

The School Board will reemphasize existing controls and procedures and implement new documentation standards to address the findings noted in this section by March 1, 2018.

Collections

The School Board will continue to utilize the mitigating controls described in this section pertaining to collections at schools. In addition, the School Board will develop/write new or amended policies and procedures as well as shift responsibilities where applicable to address the findings noted in this section by March 1, 2018.

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

The School Board will develop/write new or amended policies and procedures where applicable to address the findings noted in this section by March 1, 2018.

Contracts

The School Board will develop/write new or amended policies and procedures as well as shift responsibilities where applicable to address the findings noted in this section by March 1, 2018.

Payroll and Personnel

The School Board will develop/write new or amended policies and procedures as well as reemphasize existing policies and procedures where applicable to address the findings noted in this section by March 1, 2018.

RED RIVER PARISH SCHOOL BOARD

REPORT TO MANAGEMENT

JUNE 30, 2017



Postlethwaite & Netterville

RED RIVER PARISH SCHOOL BOARD

REPORT TO MANAGEMENT

JUNE 30, 2017

December 18, 2017

Members of the Board and Management
Red River Parish School Board
Coushatta, Louisiana

We have audited the financial statements of the Red River Parish School Board (School Board), for the year ended June 30, 2017 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 statement 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 accounting. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal 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 a matter that is an opportunity for strengthening internal controls or operating efficiency, or refining policies and procedures and enhancing compliance with laws, regulation, contracts and grant agreements. Our comments and suggestions regarding this matter is set forth below. This letter does not affect our reports dated December 18, 2017, on the financial statements of the School Board and the School Board's internal control over financial reporting.

Current Year

MLC 2017-001

Federal Programs Internal Control and Procurement Policies

Condition:

The Federal Office of Management and Budget adopted the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards that is codified in Title 2 U.S. *Code of Federal Regulations* Part 200 which is commonly referred to as Uniform Guidance. The Uniform Guidance requires new requirements for expending federal funds for grants received after December 26, 2014. One set of new requirements is the Procurement Standards contained in Subpart D of the Uniform Guidance. These procurement rules differ from what is required in State Law for purchasing. The implementation date for these new procurement standards was deferred for two years so that entities can take the steps necessary to implement the necessary procedures to comply with the requirements. As such, written policies and procedures should be in place to ensure purchases made with federal funds comply with these new requirements. In addition, the Uniform Guidance requires entities receiving federal awards to establish and maintain a system of internal controls over compliance with the federal awards.

Recommendation:

The School Board's policies and procedures should be amended to make sure the new federal procurement standards are being followed when purchases are made with federal grants. Additionally, a system of internal control over compliance with federal award requirements should be identified and established as required by Uniform Guidance.

Management's Response:

The School Board will develop written guidelines for purchases made with federal grants in compliance with Uniform Guidance. All federal grant personnel responsible for purchasing will be trained on the new procedures to be followed. Internal controls over such purchases will be identified and documented as part of the process.

Prior Year

2016-001

Theft of Public Assets

Condition:

Louisiana Revised Statute 14:67 defines theft as the misappropriation or taking anything of economic value which belongs to another, either without the consent of the other, or by means of fraudulent conduct, practices, or representations. An instance, or likely instance, of theft or misappropriation was identified by the School Board and reported to the Legislative Auditor which is presented in attachment A to this letter.

Recommendation:

Employees are to be reminded of the proper procedures and their ethical responsibilities as public servants. We recommend the School Board continue their investigation and/or prosecution of this matter and that the internal controls of the School Board be reviewed and potentially revised to deter such instances from occurring in the future.

Current Status:

There were no similar instances reported.



We have already discussed many of 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 Red River Parish School Board and its management and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Postlethwaite & Netterville