

FRANKLIN PARISH SCHOOL BOARD

WINNSBORO, LOUISIANA

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2019



Postlethwaite & Netterville

A Professional Accounting Corporation

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FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

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WINNSBORO, LOUISIANA

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Franklin Parish School Board

Winnsboro, Louisiana

REQUIRED SUPPLEMENTAL INFORMATION

MANAGEMENT'S DISCUSSION
AND ANALYSIS (MD&A)

INDEPENDENT AUDITORS' REPORT

The Members of the
Franklin Parish School Board
Winnsboro, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Franklin Parish School Board (School Board) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of changes in total other post-employment benefit liability and related ratios, the schedule of the proportionate share of the net pension liability, and the schedule of contributions to each retirement system, on pages 4 through 10, pages 51 through 54, page 55, page 56 and page 57, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Board's basic financial statements. The other information identified in the table of contents as the combining non-major fund financial statements, the schedule of board members' compensation, and the schedule of compensation, benefits and payments to agency head or chief executive officer is presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and related notes presented on pages 70-71 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2019 on our consideration of the School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants, agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Board's internal control over compliance and financial reporting.

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 31, 2019

FRANKLIN PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2019

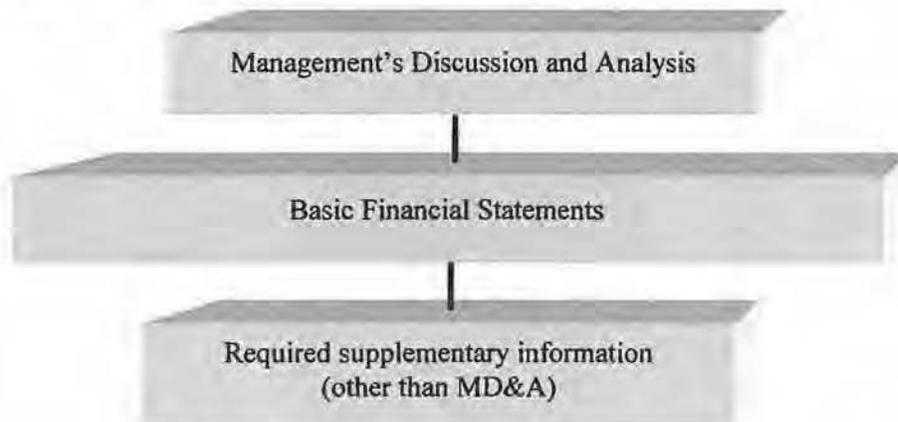
The Management's Discussion and Analysis of the Franklin Parish School Board's (the School Board) financial performance presents a narrative overview and analysis of Franklin Parish School Board's financial activities as of and for the year ended June 30, 2019. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information (where available).

FINANCIAL HIGHLIGHTS

- ★ The Franklin Parish School Board's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at the close of fiscal year 2019 by \$42,591,450. This results in the School Board having an overall deficit net position.
- ★ Revenues exceeded expenses by \$1,905,293 for the 2019 fiscal year, thereby reducing the deficit in net position.
- ★ MFP Revenue, the School Board's primary operating revenue source, decreased approximately \$187,600, or .9% due to decreased enrollment.
- ★ The Renovation Fund ended the fiscal year with a fund balance of \$4,783,848, \$4,272,144 of which is available for future debt service payments, facility renovations and other uses, and \$511,704 of which must be maintained in a debt service reserve account that is unexpendable until the associated bonds are repaid.
- ★ The Capital Projects 2017 Fund ended the year with a fund balance of \$3,270,109 that represents the balance of the unexpended bond proceeds.
- ★ The General Fund ended the fiscal year with unassigned fund balance of \$5,231,945 providing the system with operating reserves of approximately 15% of annual expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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



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

FRANKLIN PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2019

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

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

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

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

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

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

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

FRANKLIN PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2019

Fiduciary funds. Fiduciary Funds are used to account for resources held for the benefit of outside parties such as students and other governments. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School Board's programs. The School Board has two fiduciary funds; the Student (School) Activity Fund and the Sales Tax Collection Fund. The Student Activity Fund contains monies belonging to the schools, their students, and clubs and other activities. The Sales Collection Tax Fund contains taxes collected on behalf of other governmental jurisdictions.

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

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Position
as of June 30, 2019 and 2018

		<u>2019</u>	<u>2018</u>
Assets			
	Cash and cash equivalents	\$ 16,900,574	\$ 20,682,687
	Investments	1,120,171	1,120,171
	Receivables	1,382,461	1,248,407
	Prepaid expenses	4,096	4,096
	Inventory	28,044	35,285
	Capital assets	<u>24,773,590</u>	<u>19,602,220</u>
	Total assets	<u>44,208,936</u>	<u>42,692,866</u>
Deferred Outflow of Resources			
	Deferred pension contributions	4,298,996	4,337,065
	Deferred amounts related to net pension liability	3,524,153	1,849,512
	Deferred amount related to total OPEB liability	<u>7,165,727</u>	<u>-</u>
	Total Deferred Outflow of Resources	<u>14,988,876</u>	<u>6,186,577</u>
Liabilities			
	Accounts, salaries and other payables	3,628,712	2,543,902
	Accrued interest payable	82,152	94,845
	Total post-employment benefit liability (OPEB)	45,428,205	36,869,290
	Bonds payable and other long-term liabilities	13,399,622	14,660,500
	Net pension liability	<u>34,327,700</u>	<u>34,898,853</u>
	Total liabilities	<u>96,866,391</u>	<u>89,067,390</u>
Deferred Inflow of Resources			
	Deferred amounts related to net pension liability	3,609,395	2,807,679
	Deferred amounts related to total OPEB liability	<u>1,313,476</u>	<u>1,501,117</u>
	Total Deferred Inflow of Resources	<u>4,922,871</u>	<u>4,308,796</u>
Net Position			
	Net investment in capital assets	15,785,743	14,805,981
	Restricted	5,324,584	4,892,130
	Unrestricted	<u>(63,701,777)</u>	<u>(64,194,854)</u>
	Total net position	<u>\$ (42,591,450)</u>	<u>\$ (44,496,743)</u>

FRANKLIN PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2019

FINANCIAL ANALYSIS OF THE ENTITY (continued)

- Cash decreased by \$3,782,113 from the prior year. The decrease can be attributed to expenditures exceeding revenues for the year in the capital improvements fund due to spending of the bond proceeds received during the prior year to fund capital improvements.
- Capital assets, which are reported net of accumulated depreciation, account for 56% of the total assets of the School Board. These assets increased by \$5,171,370 from the prior year. This increase is attributable primarily to capital costs for projects using the proceeds for the bonds issued during fiscal year end June 30, 2017.
- Receivables increased by \$134,054 as a result of differences in the timing in collection of federal and state grants.
- Total post-employment benefits liability (OPEB) increased by \$8,558,915 to adjust for the estimated future costs of retiree benefits other than pensions. Much of this increased cost was a result of a change in the discount rate applied to future benefit payments.
- Net position at June 30, 2019 shows a deficit of \$42,591,450 primarily due to two reasons. The first reason is the net pension liability balance recorded due to the requirements of the Governmental Accounting Standards Board (GASB) Statement Numbers 68 and 71 which required the School Board to report a proportionate share of unfunded pension liabilities of the Teachers Retirement System of Louisiana and the Louisiana School Employees' Retirement System, which together equal \$34,327,700. The second reason is the total Other Post Employment Benefit Liability recorded pursuant to the requirements of GASB 75 which required the School Board to report an actuarially determined liability of \$45,428,205 for retiree health and other benefits. These liabilities for promised future benefits are unfunded and must be paid for in future years.

FRANKLIN PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2019

FINANCIAL ANALYSIS OF THE ENTITY (continued)

Statements of Activities
For the years ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Revenues		
Program Revenues		
Charges for services	\$ 31,669	\$ 31,627
Operating grants	7,738,844	6,978,343
General revenues		
Property taxes	2,716,364	2,571,568
Sales taxes	5,176,733	5,193,625
Earnings on Investments	104,734	122,453
Minimum Foundation Program	20,089,756	20,277,347
Other	649,619	410,032
	<u>36,507,719</u>	<u>35,584,995</u>
Expenses		
Regular education	11,773,737	10,740,910
Special and other education	6,883,593	6,653,452
Pupil support	1,618,594	1,535,069
Instructional staff support	2,343,238	2,197,296
General administrative	776,297	761,008
School administrative	1,782,370	1,624,868
Business and central services	618,783	623,772
Plant operation and maintenance	3,048,742	2,744,472
Transportation	3,026,101	2,796,239
Food service	2,137,687	2,032,576
Central services	82,309	65,164
Community service and other	7,694	7,631
State appropriations	83,619	44,829
Interest expense	419,662	465,519
	<u>34,602,426</u>	<u>32,292,805</u>
Excess of revenues over expenses and changes in net position	<u>\$ 1,905,293</u>	<u>\$ 3,292,190</u>

Revenues

- Minimum Foundation Program revenue, which accounts for approximately 55% of total revenues, remained relatively consistent with the prior year with a decrease of \$187,591 or .93% due to decreased enrollment.
- Local tax revenues consisting of sales and property taxes increased compared to 2018 by 1.6%.
- Operating grant revenues increased \$760,501, or 10.9%.

FRANKLIN PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2019

FINANCIAL ANALYSIS OF THE ENTITY (continued)

Expenses

- Expenses across most functional areas experienced an increase. Budgeted operating expenditures increased only slightly at the fund level due to increased grant funding, however; the pension and other retiree benefits costs over and above the amounts paid and budgeted added to these increased expenses at the government wide level. Salary costs were controlled through careful allotment of positions through the budgeting process. Interest expense decreased due to a lower overall level of debt outstanding because of scheduled principal repayments on the 2017 revenue bonds that were previously issued for capital improvements.

Overall, while the School Board's change in net position improved as revenues once again exceeded expenses in 2019; the total net position remains in a significant deficit position as a result of retirement benefit liabilities.

FUND ANALYSIS

- The General Fund operated at a surplus of \$542,291, and ended the fiscal year with a total fund balance of \$6,782,950. This operating surplus is more favorable than the budgeted results that were initially estimated.
- The Renovation Fund has accumulated \$4,783,848 for the payment of principal and interest on outstanding bonds, funding facility renovations, and other uses. \$511,404 is restricted to a debt services reserve account.
- Most other non-major governmental funds account for expenditure driven grants for which the school system receives reimbursements for allowable costs. Accordingly, these funds report relatively minimal, if any, operating surplus or fund balance.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2019, the Franklin Parish School Board had \$24,773,590 invested in a broad range of capital assets, including land, building, and equipment.

	<u>2019</u>	<u>2018</u>
Land and construction in progress	\$ 1,301,813	\$ 3,645,051
Buildings	22,759,330	15,340,559
Machinery and equipment	<u>712,447</u>	<u>616,610</u>
Totals	<u>\$ 24,773,590</u>	<u>\$ 19,602,220</u>

Major additions in 2019 included various ongoing renovation projects, completion of a new batting facility, and new air conditioning at gymnasiums and cafeterias across all schools. Major machinery and equipment additions included a new truck for maintenance, new cafeteria equipment, and accounting software and server.

FRANKLIN PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2019

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Long-term debt

The School Board's long-term debt consists of sales tax bonds, limited tax revenue bonds, and Qualified School Construction Bonds totaling approximately \$12.6 million; a liability for compensated absences of \$.7 million, a liability for future retiree health benefits of \$45.4 million, and a net pension liability of \$34.3 million. The bonds were issued in 2017 to fund major school improvements. The liability for future retiree health benefits is significant, and will continue to be unless plan changes are enacted. The net pension liability, although quite large, is being repaid through the monthly contributions to the Teachers' Retirement and School Employees' Retirement Systems as required by State law.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Amendments were adopted during the year ended June 30, 2019 for the General and the combined Renovation Fund and Capital Projects 2017 Fund. The General Fund and the combined Renovation Fund and Capital Projects 2017 Fund budgets were amended to more accurately reflect actual revenues and expenditures experienced throughout the year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The financial condition of the System continues to stabilize after overcoming many challenges that existed in previous years. The general fund has accumulated a fund balance equal to 15% of its annual expenditures which provides for an operating reserve for periods of decreased revenue. Taxes that were approved by the parish for major renovation projects continue to be levied in order to retire the debt used to fund those renovations and to fund other improvements. Those taxes renewed in 2016 by the voters for 10 years.

As in recent years, the 2019-2020 general fund budgets meet the challenges of changes in Teacher's Retirement and School Employees Retirement System contributions rates along with anticipated minimal growth in the Minimum Foundation Program revenue from the State except for an increase to fund legislatively approved teacher pay raises. Health insurance costs will also increase for the school system. Local sales tax and property tax revenues are expected to remain constant.

The School Board has adopted a 2019-2020 General Fund budget that results in break-even operations for the year. Close attention will be paid to the State's direction in the upcoming months to insure that the School Board makes the best decisions possible to keep the system operating to the fullest.

CONTACTING THE FRANKLIN PARISH SCHOOL BOARD'S MANAGEMENT

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2019

ASSETS and DEFERRED OUTFLOWS

ASSETS

Cash and cash equivalents	\$ 16,900,574
Receivables	
Accounts	105,888
Sales and use taxes	446,202
Investments in certificates of deposit	1,120,171
Due from other governments	830,371
Inventory	28,044
Prepaid expenses	4,096
Capital assets	
Land and construction in progress	1,301,813
Buildings and equipment, net of accumulated depreciation	23,471,777
TOTAL ASSETS	44,208,936

DEFERRED OUTFLOW OF RESOURCES

Deferred pension contributions	4,298,996
Deferred amounts related to net pension liability	3,524,153
Deferred amounts related to total post employment benefit liability	7,165,727
TOTAL DEFERRED OUTFLOW OF RESOURCES	14,988,876

LIABILITIES and DEFERRED INFLOWS

LIABILITIES

Accounts and other payables	1,580,741
Salaries and benefits payable	2,038,629
Accrued interest payable	82,152
Unearned revenues	9,342
Long-term liabilities	
Due within one year (bonds and compensated absences)	1,410,000
Due in more than one year	11,989,622
Total post employment benefit liability	
Due within one year	2,327,426
Due in more than one year	43,100,779
Net pension liability	34,327,700
TOTAL LIABILITIES	96,866,391

DEFERRED INFLOW OF RESOURCES

Deferred amounts related to net pension liability	3,609,395
Deferred amounts related to total post employment benefit liability	1,313,476
TOTAL DEFERRED INFLOW OF RESOURCES	4,922,871

NET POSITION

Net Investment in capital assets	15,785,743
Restricted for:	
Debt service	1,503,034
Sales tax dedicated to salaries	446,909
Capital projects and maintenance	2,335,995
Workman's compensation loss reserve	100,000
Federal and State Grant Programs	938,646
Unrestricted	(63,701,777)
TOTAL NET POSITION	\$ (42,591,450)

The accompanying notes are an integral part of this statement.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Revenue and Changes in Net Assets</u>
				<u>Governmental Unit</u>
Instruction:				
Regular education programs	\$ 11,773,737	\$ -	\$ 804,434	\$ (10,969,303)
Special education programs	2,883,026	-	231,773	(2,651,253)
Other education programs	4,000,567	-	2,852,162	(1,148,405)
Support Services:				
Pupil support services	1,618,594	-	264,810	(1,353,784)
Instructional staff services	2,343,238	-	1,267,031	(1,076,207)
General administration services	776,297	-	9,461	(766,836)
School administration services	1,782,370	-	7,686	(1,774,684)
Business and central services	618,783	-	61,974	(556,809)
Plant operation and maintenance	3,048,742	-	50,770	(2,997,972)
Transportation	3,026,101	-	111,166	(2,914,935)
Food service	2,137,687	31,669	2,076,729	(29,289)
Central Services	82,309	-	815	(81,494)
Community Service Programs	7,694	-	33	(7,661)
State Appropriations	83,619	-	-	(83,619)
Interest Expense	419,662	-	-	(419,662)
Total Governmental Activities	\$ 34,602,426	\$ 31,669	\$ 7,738,844	(26,831,913)
General Revenues				
Taxes:				
Ad Valorem taxes				2,716,364
Sales and use taxes				5,176,733
Grants and contributions not restricted:				
Minimum Foundation Program				20,089,756
Interest and investment earnings				104,734
Other				649,619
			Total general revenues	28,737,206
Change in Net Position				1,905,293
Net Position - June 30, 2018				(44,496,743)
Net Position - June 30, 2019				\$ (42,591,450)

The accompanying notes are an integral part of this statement.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2019

	General	Renovation Fund	Capital Project 2017 Fund	Other Non-major Governmental	Total
<u>ASSETS</u>					
Cash and cash equivalents	\$ 6,582,053	\$ 4,700,689	\$ 4,599,899	\$ 1,017,933	\$ 16,900,574
Receivables:					
Accounts	103,320	-	-	2,568	105,888
Sales tax	334,875	111,327	-	-	446,202
Investments in certificates of deposit	1,120,171	-	-	-	1,120,171
Prepaid expenses	4,096	-	-	-	4,096
Due from other funds	536,475	-	-	-	536,475
Due from other governments	6,196	-	-	824,175	830,371
Inventory	-	-	-	28,044	28,044
TOTAL ASSETS	\$ 8,687,186	\$ 4,812,016	\$ 4,599,899	\$ 1,872,720	\$ 19,971,821
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts and other payable	\$ 143,694	\$ 28,168	\$ 1,329,790	\$ 79,089	\$ 1,580,741
Salaries and benefits payable	1,750,671	-	-	287,958	2,038,629
Due to other funds	9,871	-	-	526,604	536,475
Unearned revenues	-	-	-	9,342	9,342
TOTAL LIABILITIES	1,904,236	28,168	1,329,790	902,993	4,165,187
Fund balances:					
Nonspendable	4,096	-	-	18,702	22,798
Spendable:					
Restricted	546,909	4,272,144	3,270,109	951,025	9,040,187
Committed	1,000,000	-	-	-	1,000,000
Assigned	-	511,704	-	-	511,704
Unassigned	5,231,945	-	-	-	5,231,945
TOTAL FUND BALANCES	6,782,950	4,783,848	3,270,109	969,727	15,806,634
TOTAL LIABILITIES AND FUND BALANCES	\$ 8,687,186	\$ 4,812,016	\$ 4,599,899	\$ 1,872,720	\$ 19,971,821

The accompanying notes are an integral part of this statement.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS - BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

Total Fund Balances at June 30, 2019- Governmental Funds		\$ 15,806,634
Cost of capital assets at June 30, 2019	38,728,569	
Less: Accumulated Depreciation as of June 30, 2019		
Buildings	(12,282,221)	
Movable property	<u>(1,672,758)</u>	24,773,590
Accrued interest payable on long-term debt		(82,152)
Long-term liabilities at June 30, 2019		
Compensated absences payable	(759,622)	
Notes and bonds payable	<u>(12,640,000)</u>	(13,399,622)
Total other post employment benefit liability balances in accordance with GASB 75		
Deferred outflow of resources - related to total other postemployment benefit liability	7,165,727	
Total post employment benefit liability	(45,428,205)	
Deferred inflow of resources - related to total other postemployment benefit liability	(1,313,476)	<u>(39,575,954)</u>
Net pension obligation balances in accordance with GASB 68		
Deferred outflow of resources - deferred pension contributions	4,298,996	
Deferred outflow of resources - related to net pension liability	3,524,153	
Net pension liability	(34,327,700)	
Deferred inflow of resources - related to net pension liability	<u>(3,609,395)</u>	<u>(30,113,946)</u>
Total net position at June 30, 2019 - Governmental Activities		<u>\$ (42,591,450)</u>

The accompanying notes are an integral part of this statement.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2019

	General	Renovation Fund	Capital Projects 2017 Fund	Other Non-major Governmental	Total
REVENUES					
Local sources:					
Ad valorem taxes	\$ 1,516,364	\$ 1,200,000	\$ -	\$ -	\$ 2,716,364
Sales and use taxes	3,882,188	1,294,545	-	-	5,176,733
Earnings on investments	46,281	25,263	30,441	2,749	104,734
Food services	-	-	-	31,669	31,669
Other	511,883	-	-	137,736	649,619
State sources:					
Minimum Foundation Program	20,063,486	-	-	26,270	20,089,756
Restricted grants-in-aid	111,719	-	-	102,010	213,729
Federal grants	35,846	-	-	7,489,269	7,525,115
TOTAL REVENUES	26,167,767	2,519,808	30,441	7,789,703	36,507,719
EXPENDITURES					
Current:					
Instruction:					
Regular education programs	11,129,767	20,000	4,330	733,468	11,887,565
Special education programs	2,705,688	7,516	-	213,412	2,926,616
Other education programs	1,321,849	36,883	40,624	2,622,620	4,021,976
Support:					
Pupil support services	1,382,060	978	-	250,948	1,633,986
Instructional staff services	1,180,461	1,148	-	1,201,722	2,383,331
General administration services	766,430	19,560	-	5,608	791,598
School administration services	1,789,220	6,637	-	-	1,795,857
Business and central services	562,710	5,617	-	57,734	626,061
Plant operation and maintenance	2,087,888	337,400	832	40,522	2,466,642
Transportation	2,746,823	18,570	-	96,030	2,861,423
Food services	189,621	-	-	2,094,293	2,283,914
Central services	46,518	74,840	-	-	121,358
Community services	7,646	-	-	-	7,646
Facility acquisition and construction	-	39,278	5,515,213	-	5,554,491
State appropriations	83,619	-	-	-	83,619
Debt Service					
Principal	-	1,369,391	-	-	1,369,391
Interest	-	427,955	-	-	427,955
Bond issuance costs and fees	-	4,400	-	-	4,400
TOTAL EXPENDITURES	26,000,300	2,370,173	5,560,999	7,316,357	41,247,829
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES					
	\$ 167,467	\$ 149,635	\$ (5,530,558)	\$ 473,346	\$ (4,740,110)

(continued)

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2019

	General	Renovation Fund	Capital Projects 2017 Fund	Other Non-major Governmental	Total
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in	\$ 374,824	\$ -	\$ -	\$ -	\$ 374,824
Transfers out	-	-	-	(374,824)	(374,824)
TOTAL OTHER FINANCING SOURCES (USES)	374,824	-	-	(374,824)	-
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</u>					
	542,291	149,635	(5,530,558)	98,522	(4,740,110)
Fund balances, June 30, 2018	6,240,659	4,634,213	8,800,667	871,205	20,546,744
FUND BALANCES, JUNE 30, 2019	<u>\$ 6,782,950</u>	<u>\$ 4,783,848</u>	<u>\$ 3,270,109</u>	<u>\$ 969,727</u>	<u>\$ 15,806,634</u> (concluded)

The accompanying notes are an integral part of this statement.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS -
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE TO STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Uses - Total Governmental Funds		\$ (4,740,110)
Capital Assets:		
Capital outlay and other expenditures capitalized	\$ 5,870,189	
Loss on disposal of assets for the year ended June 30, 2019	-	
Depreciation expense for year ended June 30, 2019	<u>(698,819)</u>	5,171,370
Long Term Debt:		
Principal portion of debt service	1,369,391	
Issuance of debt	-	
Change in compensated absences payable	<u>(108,513)</u>	1,260,878
Change in accrued interest payable		12,693
Net change in total other post employment benefits liability and deferred outflows and inflows in accordance with GASB 75		(1,205,547)
Change in net pension liability and deferred inflows and outflows in accordance with GASB 68		<u>1,406,009</u>
Change in Net Position - Governmental Activities		<u>\$ 1,905,293</u>

The accompanying notes are an integral part of this statement.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2019

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and cash equivalents	<u>\$ 839,183</u>
<u>LIABILITIES</u>	
Amounts held for school activities	436,722
Due to others - sales tax collections	<u>402,461</u>
 TOTAL LIABILITIES	 <u>\$ 839,183</u>

The accompanying notes are an integral part of this statement.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

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

B. BASIS OF PRESENTATION AND ACCOUNTING

Government-Wide Financial Statements (GWFS)

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

Government-Wide Financial Statements (GWFS) (continued)

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

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

Fund Financial Statements (FFS)

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

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

Governmental Fund Type

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

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

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

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

Governmental Fund Type (continued)

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

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

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

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

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

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

Revenues

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

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

Governmental Fund Type (continued)

Revenues (continued)

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

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

Expenditures

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

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

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

Fiduciary Fund Type

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

C. **CASH AND INVESTMENTS**

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

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

E. **ELIMINATION AND RECLASSIFICATIONS**

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

F. **INVENTORY**

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

G. **CAPITAL ASSETS**

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

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

H. **COMPENSATED ABSENCES**

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

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

H. **COMPENSATED ABSENCES** (continued)

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

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

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

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

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

I. **RESTRICTED NET POSITION**

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

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

Imposed by law through constitutional provisions or enabling legislation.

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

J. **FUND EQUITY OF FUND FINANCIAL STATEMENTS**

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

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

Spendable

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

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

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

Unassigned - represent balances for which there are no constraints.

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

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

K. **INTERFUND ACTIVITY**

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

L. **SALES AND USE TAXES**

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

- 1% tax was authorized on April 29, 1969 and does not expire.
- ½% tax was authorized April 29, 2006 and expires on June 30, 2020.
- ½% tax was authorized April 9, 2016 and expires on June 30, 2027.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

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

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

M. **USE OF ESTIMATES**

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

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

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

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

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

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

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

O. **PENSION PLANS**

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

2. **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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

<u>Fund Name</u>	<u>Financial Statement Caption</u>	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General	Regular Education	\$11,108,996	\$11,129,767	(\$ 20,771)
General	Other Education	1,248,548	1,321,849	(73,301)
General	General Administration	657,609	766,430	(108,821)
General	Charter Schools	-	83,619	(83,619)
Renovation/CPF17	Facility Acquisition	5,549,070	\$ 5,554,491	(5,421)

3. **AD VALOREM TAXES**

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

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

	<u>Property Tax Calendar</u>
Millage rates adopted	September, 2018
Levy date	September, 2018
Tax bills mailed	November, 2018
Due date	December 31, 2018
Lien date	February, 2019
Collection date	May, 2019

Total assessed value was approximately \$137,230,000 in calendar year 2018. Louisiana state law exempts the first \$75,000 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption was approximately \$29,442,000 of the assessed value in calendar year 2018 leaving a taxable value of approximately \$107,787,000.

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

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
<u>Parish-wide taxes:</u>			
Constitutional School Tax	4.61	4.61	N/A
Aid-To-Education	4.53	4.53	2028
Renovate, Improve, and Operate	15.64	15.64	2026

4. **DEPOSITS AND INVESTMENTS**

Deposits and investments include demand deposits and certificates of deposit at local financial institutions, classified in the financial statements as cash and cash equivalents and investments, respectively. The carrying amount of the School Board's deposits with the financial institutions (including certificates of deposit) was \$18,859,928. Deposits in financial institutions can be exposed to custodial credit risk. Custodial credit risk for deposits is the risk that in the event of financial institution failure, the School Board's deposits may not be returned. The School Board does not have a written policy regarding custodial credit risk. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. The School Board's bank balances of these deposits totaling \$21,301,699 were fully collateralized or FDIC insured and therefore were not exposed to custodial credit risk as of June 30, 2019.

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

5. **CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended June 30, 2019 are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 83,226	\$ -	\$ -	\$ 83,226
Construction in progress	3,561,825	5,482,260	(7,825,498)	1,218,587
Total capital assets not being depreciated	<u>3,645,051</u>	<u>5,482,260</u>	<u>(7,825,498)</u>	<u>1,301,813</u>
Capital assets being depreciated:				
Building and improvements	27,050,012	7,991,539	-	35,041,551
Machinery and equipment	2,301,406	221,888	(138,089)	2,385,205
Total assets being depreciated	<u>29,351,418</u>	<u>8,213,427</u>	<u>(138,089)</u>	<u>37,426,756</u>
Total capital assets at cost	<u>32,996,469</u>	<u>13,695,687</u>	<u>(7,963,587)</u>	<u>38,728,569</u>
Less accumulated depreciation for:				
Building and improvements	11,709,453	572,768	-	12,282,221
Machinery and equipment	1,684,796	126,051	(138,089)	1,672,758
Total accumulated depreciation	<u>13,394,249</u>	<u>698,819</u>	<u>(138,089)</u>	<u>13,954,979</u>
Total capital assets being depreciated (net)	<u>15,957,169</u>	<u>7,514,608</u>	<u>-</u>	<u>23,471,777</u>
Total capital assets (net)	<u>\$ 19,602,220</u>	<u>\$ 12,996,868</u>	<u>\$(7,825,498)</u>	<u>\$ 24,773,590</u>

Depreciation expense of \$698,819 for the year ended June 30, 2019 was charged to the following governmental functions:

Regular Education	\$ 12,142
Special Education	2,989
Other Educational Programs	4,108
Pupil Support Services	1,669
Instructional Staff Services	2,434
General Administrative Services	900
School Administrative Services	1,834
Business and Central Services	639
Plant Operation and Maintenance	651,427
Transportation	2,923
Food Service	17,630
Central Services	124
	<u>\$ 698,819</u>

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

6. **DEFINED BENEFIT PENSION PLANS**

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

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

TRSL:	LSERS:
8401 United Plaza Blvd.	8660 United Plaza Blvd.
P. O. Box 94123	Baton Rouge, LA 70804
Baton Rouge, Louisiana 70804-9123	(225) 925-6484
(225) 925-6446	www.lservers.net
www.trsl.org	

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

Plan Descriptions:

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

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

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

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

² With actuarial reduced benefits

³ Benefit percent varies depending on when hired

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

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

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

Cost of Living Adjustments

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

Contributions

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

	School Board	Employees
Teachers' Retirement System:		
Regular Plan	26.70%	8.00%
Plan A	26.70%	9.10%
School Employees' Retirement System	28.00%	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:

	2019	2018	2017
Teachers' Retirement System:			
Regular Plan	\$ 3,858,041	\$ 3,909,022	\$ 3,636,403
School Employees' Retirement System	440,955	428,043	419,757

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, 2018 measurement date. The School Board uses this measurement to record its Net Pension Liability and associated amounts as of June 30, 2019 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2018 along with the change compared to the June 30, 2017 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.

	Net Pension Liability at June 30, 2018	Rate at June 30, 2018	Increase (Decrease) from June 30, 2017 Rate
Teachers' Retirement System	\$ 30,749,123	0.31287%	0.00589%
School Employees' Retirement System	3,578,577	0.53561%	-0.00004%
	\$ 34,327,700		

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

The 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, 2019:

Teachers' Retirement System	\$	2,415,184
School Employees' Retirement System		477,803
	\$	2,892,987

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (1,111,691)
Changes of assumptions	2,126,491	-
Net difference between projected and actual earnings on pension plan investments	71,063	(1,981,723)
Changes in proportion and differences between Employer contributions and proportionate share of contributions	1,326,599	(515,981)
Employer contributions subsequent to the measurement date	4,298,996	-
Total	\$ 7,823,149	\$ (3,609,395)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Teachers' Retirement System	\$ 7,077,946	\$ (3,508,525)
School Employees' Retirement System	745,203	(100,870)
	\$ 7,823,149	\$ (3,609,395)

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

The School Board reported a total of \$4,298,996 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2018 which will be recognized as a reduction in Net Pension Liability in the year ended June 30, 2019. The following schedule list the pension contributions made subsequent to the measurement period for each pension plan:

	Subsequent Contributions
Teachers' Retirement System	\$ 3,858,041
School Employees' Retirement System	440,955
	\$ 4,298,996

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
2019	\$ 454,588	\$ 228,409	\$ 682,997
2020	(210,142)	66,389	(143,753)
2021	(600,907)	(108,063)	(708,970)
2022	67,841	16,643	84,484
	\$ (288,620)	\$ 203,378	\$ (85,242)

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability for each pension plan as of June 30, 2019 are as follows:

	TRSL	LSERS
Valuation Date	June 30, 2018	June 30, 2018
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions: Expected Remaining		
Service Lives	5 years	3 years
Investment Rate of Return	7.65% net of investment expenses	7.0625% net of pension plan investment expense, including inflation
Inflation Rate	2.50% per annum	2.50%
Mortality	<p>Active members – RP-2014 White Collar Employee tables, adjusted by 1.010 for males and by 0.997 for females.</p> <p>Non-Disabled retiree/inactive members – RP-2014 White Collar Healthy Annuitant tables, adjusted by 1.366 for males and by 1.189 for females.</p> <p>Disability retiree mortality – RP-2014 Disability tables, adjusted by 1.111 for males and by 1.134 for females.</p> <p>These base tables are adjusted from 2014 to 2018 using the MP-2017 generational improvement table, with continued future mortality improvement projected using the MP-2017 generational mortality improvement tables.</p>	<p>Mortality assumptions were set based upon an experience study performed in 2018 based on plan data for the period July 1, 2012 through June 30, 2017. As a result of this study, mortality for annuitants and beneficiaries was set equal to the RP2014 Healthy Annuitant Table for males with Blue Collar Adjustment times 130% and RP2014 Healthy Annuitant Table for females with Blue Collar Adjustment times 115%, each with the full generational MP2017 scale. In addition, mortality for employees was set based on the RP2014 Sex Distinct Employee Tables with the same full generational MP2017 scale for mortality improvement and the same multipliers as the annuitant mortality tables (i.e., 130% for males and 115% for females). RP2014 Sex Distinct Disabled Tables were selected for disabled lives mortality with the same full generational MP2017 scale for mortality improvement as the annuitant mortality tables.</p>

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Actuarial Assumptions (continued)

	TRSL	LSERS
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a five year (2012-2017) experience study of the System's members.	
Salary Increases	3.3% - 4.8% varies depending on duration of service	3.25% Including inflation and merit increases
Cost of Living Adjustments	None.	Note substantively automatic. The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Actuarial Assumptions (continued)

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

<u>TRSL</u>	<u>LSERS</u>
<p>The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return was 8.07% for 2018.</p>	<p>The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up), and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward-looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/ diversification. The resulting long-term arithmetic nominal expected return is 7.76%.</p>

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions (continued)

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in each of the Retirement Systems target asset allocations as of June 30, 2018:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
	TRSL	LSERS	TRSL	LSERS
Cash	-	-	-	-
Domestic equity	27.00%	-	4.01%	-
International equity	19.00%	-	4.90%	-
US equity	-	20.00%	-	6.15%
Developed equity	-	18.00%	-	7.11%
Emerging markets equity	-	10.00%	-	9.41%
Global REITs	-	3.00%	-	5.77%
Domestic fixed income	13.00%	-	1.36%	-
International fixed income	5.50%	-	2.35%	-
Core fixed income	-	8.00%	-	1.68%
High yield fixed income	-	5.00%	-	4.13%
Emerging markets debt fixed income	-	7.00%	-	4.42%
Global fixed income	-	10.00%	-	1.63%
Alternatives	-	-	-	-
Alternative - private equity	35.50%	5.00%	11.96%	10.28%
Alternative - hedge fund or funds	-	3.00%	-	3.94%
Alternative - real estate	-	5.00%	-	4.90%
Real assets - timber	-	2.00%	-	5.67%
Real assets - oil and gas	-	2.00%	-	10.57%
Real assets - infrastructure	-	2.00%	-	6.25%
Total	100.00%	100.00%		
Inflation			2.50%	2.5%
Expected Arithmetic Nominal Return			8.07%	7.76%
n/a - amount not provided by Retirement System				

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Actuarial Assumptions (continued)

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for TRSL and LSERS was 7.65% and 7.0625%, respectively, for the year ended June 30, 2019.

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	6.650%	7.650%	8.650%
FPSB Share of NPL	\$ 40,735,144	\$ 30,749,123	\$ 22,325,394
LSERS			
Rates	6.0625%	7.0625%	8.0625%
FPSB Share of NPL	\$ 4,912,539	\$ 3,578,577	\$ 2,438,307

Payables to the Pension Plan

The Franklin Parish School Board had no amounts payable to the TRSL or LSERS at June 30, 2019.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

7. **OTHER POSTEMPLOYMENT BENEFITS**

General Information about the OPEB Plan

Plan description – The School Board provides certain continuing health care and life insurance benefits for its retired employees. The School Board’s administers a single employer defined benefit Other Postemployment Benefit Plan (OPEB Plan). The School’s board has the authority to establish and/or amend the obligation of the employer, employees and retirees as provided by Louisiana Revised Statute Title 17 Sections 1221 through 1224. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board (GASB) Statement No. 75.

Benefits Provided – The School Board offers health and life insurance post-employment benefits to employees who retire under one of the systems sponsored retirement systems. The benefits include premium subsidies and member contributions. The retirees are offered multiple health plan options for pre-Medicare and additional Medicare options to eligible retirees. The School Board obtains both health and life insurance through the State of Louisiana Office of Group Benefits (OGB).

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

Employees covered by benefit terms – The June 30, 2019 total OPEB liability was determined using the July 1, 2018 actuarial valuation that included the following employees covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	308
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>346</u>
	<u>654</u>

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Total OPEB Liability

The School Board's total OPEB liability of \$45,428,205 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs – The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	4.0%, including inflation
Discount rate	3.87% annually (Beginning of Year to Determine ADC) 3.50% annually (As of End of Year Measurement Date)
Healthcare cost trend rates	Flat 5.5% annually

The discount rate was based on the Bond Buyers' 20 Year General Obligation municipal bond index as of June 30, 2019, the end of the applicable measurement period.

Mortality rates were based on the RP-2014 Table modified according to TRSL experience study.

Changes in the Total OPEB Liability

Balance at June 30, 2018	\$ 36,869,290
Changes for the year:	
Service cost	434,402
Interest	1,383,950
Differences between expected and actual experience	310,299
Changes in assumptions	8,646,860
Benefit payments and net transfers	(2,216,596)
Net changes	<u>8,558,915</u>
Balance at June 30, 2019	\$ <u>45,428,205</u>

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the School Board, as well as what the School Board's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current discount rate:

	<u>1.0% Decrease</u> <u>(2.50%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(3.50%)</u>	<u>1.0% Increase</u> <u>(4.50%)</u>
Total OPEB liability	\$ 53,385,010	\$ 45,428,205	\$ 39,128,823

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

	<u>1.0% Decrease</u> <u>(4.5%)</u>	<u>Current Trend</u> <u>(5.5%)</u>	<u>1.0% Increase</u> <u>(6.5%)</u>
Total OPEB liability	\$ 39,110,576	\$ 45,428,205	\$ 53,309,852

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

For the year ended June 30, 2019, the School Board recognized OPEB expense of \$3,422,143. At June 30, 2019, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
Differences between expected and actual experience	\$ 248,239	\$ (201,664)
Changes in assumption	<u>6,917,488</u>	<u>(1,111,812)</u>
Total	\$ <u>7,165,727</u>	\$ <u>(1,313,476)</u>

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

Years ending June 30:	
2020	\$ 1,603,791
2021	1,603,792
2022	1,603,793
2023	1,603,792
2024	(187,639)
Thereafter	<u>(375,278)</u>
	<u>\$ 5,852,251</u>

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

8. AGENCY FUND DEPOSITS DUE OTHERS

The School Board serves as the sales tax collector for all taxing authorities within the Parish boundaries. Taxes are collected and remitted to the levying municipalities or the police jury on a monthly basis. The collection and disbursement of sales taxes is accounted for in an agency fund. Agency funds are also employed for school activity accounts which hold funds for student activities such as athletics, band, and various clubs and organizations. A summary of deposits due to others within the agency funds for the year ended June 30, 2019 follows:

	<u>Balance,</u> <u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance,</u> <u>Ending</u>
Agency Funds:				
School Activities Accounts	\$ 425,612	\$ 1,348,864	\$ 1,337,754	\$ 436,722
Sales Tax Collections	<u>405,710</u>	<u>13,530,434</u>	<u>13,533,683</u>	<u>402,461</u>
Total	<u>\$ 831,322</u>	<u>\$ 14,879,298</u>	<u>\$ 14,871,437</u>	<u>\$ 839,183</u>

9. LONG-TERM LIABILITIES

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

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Amount Due</u> <u>Within 1 Year</u>
Bonds Payable	\$ 14,009,391	\$ -	\$ 1,369,391	\$12,640,000	\$ 1,410,000
Compensated Absences	<u>651,109</u>	<u>464,071</u>	<u>355,558</u>	<u>759,622</u>	<u>-</u>
Total	<u>\$ 14,660,500</u>	<u>\$ 464,071</u>	<u>\$ 1,724,949</u>	<u>\$13,399,622</u>	<u>\$ 1,410,000</u>

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

9. LONG-TERM LIABILITIES (continued)

A schedule of the individual issues outstanding as of June 30, 2019 is as follows:

<u>Bond Issue</u>	<u>Original Issue Date</u>	<u>Original Issue Amount</u>	<u>Interest Rate</u>	<u>Final Payment Due</u>	<u>Interest to Maturity</u>	<u>Principal Outstanding</u>
<u>Direct Placements:</u>						
Limited Tax Revenue Bonds, Series 2016:	Dec 8, 2016	1,500,000	2.78%	Nov. 1, 2026	\$182,929	\$1,490,000
Limited Tax Revenue Bonds, Series 2017:	Feb 16, 2017	7,500,000	3.52%	Oct. 19, 2026	980,635	6,640,000
Sales Tax Bonds, Series 2016:	Dec 8, 2016	5,000,000	3.16%	Oct. 19, 2026	<u>596,391</u>	<u>4,510,000</u>
					<u>\$1,759,955</u>	<u>\$12,640,000</u>

All principal and interest requirements for the limited tax revenue bonds are funded in accordance with Louisiana law by the annual ad valorem tax levy on taxable property within the parish for which \$1,685,794 of revenue was recognized during the year ended June 30, 2019. The principal and interest requirements for the 2016 sales tax revenue bonds are funded by the proceeds of a one half cent sales tax levied within the parish for which \$1,294,545 of revenue was recognized during the year ended June 30, 2019. The School Board accounts for a majority of these taxes' proceeds within the Renovation Fund which includes a restricted account for debt service and debt service reserves. At June 30, 2019, the School Board has accumulated \$4,783,848 in the Renovation Fund; \$2,085,186 of which is restricted for future debt service requirements and required debt service reserves, and \$2,186,958 of which is restricted for capital improvements and major maintenance. \$511,705 within the Renovation Fund has been assigned for capital improvements and major maintenance.

Future debt service requirements are as follows:

<u>Year Ending June 30</u>	<u>Direct Placements</u>		
	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2020	\$ 1,410,000	\$ 389,897	\$ 1,799,897
2021	1,455,000	346,745	1,801,745
2022	1,510,000	300,845	1,810,845
2023	1,555,000	252,134	1,807,134
2024	1,600,000	201,050	1,801,050
2025-2027	<u>5,110,000</u>	<u>269,284</u>	<u>5,379,284</u>
	<u>\$ 12,640,000</u>	<u>\$ 1,759,955</u>	<u>\$ 14,399,955</u>

In accordance with Louisiana Revised Statute 39:562 (L), the School Board is legally restricted from incurring long-term bonded debt in excess of 35 percent of the net assessed value of taxable property (including homestead exempt and nonexempt property) within the parish. At June 30, 2019, the net assessed value of taxable property for the parish was \$107,787,325, which would result in a \$37,725,564 long-term bonded debt limit.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

9. LONG-TERM LIABILITIES (continued)

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

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

10. INTERFUND TRANSACTIONS

Interfund receivable/payable:

<u>Receivable Fund</u>		<u>Payable Fund</u>	
Governmental funds		Governmental funds	
General	\$ 536,475	General Fund	\$ 9,871
Non-major	<u>-</u>	Non-major	<u>526,604</u>
Total	<u>\$ 536,475</u>	Total	<u>\$ 536,475</u>

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

Transfers:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 374,824	\$ -
Non-major	<u>-</u>	<u>374,824</u>
Totals:	<u>\$ 374,824</u>	<u>\$ 374,824</u>

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

11. RISK MANAGEMENT

The School Board manages its exposure under general liability, fleet, and errors and omissions through the purchase of commercial insurance. Qualifying employees and retirees may participate in the state group medical and life insurance plan. Risk of loss under workers' compensation statutes is self-insured by the School Board for up to \$400,000 per occurrence, with an insurance policy in force for losses in excess of that amount. The self-insured plan is administered by a third party, with the claims under the self-insured amount paid by the General Fund; certain Special Revenue funds may reimburse the General Fund for payment of their claims. Consistent with the provisions of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, the School Board uses the General Fund to account for its risk financing activities. Claims outstanding at June 30, 2019 of approximately \$84,000 have been recorded as liabilities in the accompanying general fund and government-wide financial statements.

12. LITIGATION AND CONTINGENCIES

At June 30, 2019, the School Board was a defendant in several lawsuits. These suits, arising from various claims are mostly covered through insurance. However, the School Board is exposed to certain uninsured claims and deductibles. Based upon the opinion of the School Board's legal counsel, the ultimate resolution of these matters, as well as other claims not covered by insurance policies, is not expected to materially impact the operations of the School Board.

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

13. LEASE OBLIGATIONS

The School Board leased 45 buses during the fiscal year under an operating lease for a term of five years. Lease expenditures were approximately \$799,670 for the fiscal year ended June 30, 2019. Future minimum lease payments under this lease are as follows:

2020	\$ 691,000
2021	262,500
2022	262,500
2023	<u>262,500</u>
	<u>\$ 1,478,500</u>

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

14. SALES TAX COLLECTIONS AND REMITTANCES

Act 711 of the 2010 Louisiana Legislative Session amended LRS 24:51 (b) to provide required financial statement note disclosure in the financial statements for local governments that collect tax for other taxing jurisdictions. Listed below are sales tax collections and distributions to other parish governmental agencies during fiscal year 2018-2019.

<u>Jurisdiction</u>	<u>Tax</u>	<u>Total Collections</u>	<u>Collection Cost</u>	<u>Final Distributions</u>
Police Jury	1%	\$ 2,602,900	\$ (30,915)	\$ 2,571,985
Police Jury	1/2%	1,301,412	(17,337)	1,284,075
		<u>3,904,312</u>	<u>(48,252)</u>	<u>3,856,060</u>
Franklin Sheriff	1/2%	<u>1,301,411</u>	<u>(16,083)</u>	<u>1,285,328</u>
City of Winnsboro	1%	1,455,199	(18,305)	1,436,894
City of Winnsboro 2007	1/2%	735,359	(9,243)	726,116
City of Winnsboro 2009	1/2%	735,359	(9,243)	726,116
		<u>2,925,917</u>	<u>(36,791)</u>	<u>2,889,126</u>
Town of Gilbert		<u>47,755</u>	<u>(572)</u>	<u>47,183</u>
Town of Wisner		<u>81,243</u>	<u>(1,208)</u>	<u>80,035</u>
Town of Baskin		<u>22,252</u>	<u>(242)</u>	<u>22,010</u>
Revenue Recovery Audits		<u>28,527</u>	<u>-</u>	<u>28,527</u>
Held in Escrow Pending Suit		<u>-</u>	<u>-</u>	<u>-</u>
Legal Fees Collected		<u>-</u>	<u>-</u>	<u>-</u>
TOTALS		<u>\$ 8,311,417</u>	<u>\$ (103,148)</u>	<u>\$ 8,208,269</u>

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

15. CURRENT ACCOUNTING STANDARDS SCHEDULED TO BE IMPLEMENTED

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

GASB Statement 84, *Fiduciary Activities*. This standard defines and establishes criteria for identifying and reporting fiduciary activities. The focus of the criteria is on (1) whether the School Board controls the assets in a fiduciary activity and (2) there are separate identifiable beneficiaries with whom a fiduciary relationship exists. The standard is effective for annual reporting periods beginning after December 15, 2018. The School Board will include the requirements of this standard, as applicable, in its June 30, 2020 financial statement. The effect of this standard or its applicability to the School Board are unknown at this time.

GASB Statement 87, *Leases*. This standard will require all leases to be reported on the statement of net position under a single accounting model for both lessors and lessees. The statement will require the recognition of lease assets or liabilities for leases previously reported as operating leases. Both operating and capital leases will be reported under this single accounting method and reported by lessees as an intangible right to use asset and by lessors as a receivable with both reporting a deferred inflow of resources. The standard is effective for annual reporting periods beginning after December 15, 2019. The School Board will include the requirements of this standard, as applicable, in its June 30, 2021 financial statement. All of the School Board lease agreements will need to be evaluated to determine the impact of implementing this standard; however, the effect of this standard or its applicability to the School Board are unknown at this time.

REQUIRED SUPPLEMENTAL INFORMATION

Franklin Parish School Board

Winnsboro, Louisiana

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

MAJOR FUND DESCRIPTIONS
BUDGETARY COMPARISON SCHEDULES

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

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

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

**FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA**

**GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019**

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Local sources	\$ 5,104,000	\$ 5,782,637	\$ 5,956,716	\$ 174,079
State sources	20,325,000	20,063,486	20,175,205	111,719
Federal sources	-	71,076	35,846	(35,230)
Total revenues	<u>25,429,000</u>	<u>25,917,199</u>	<u>26,167,767</u>	<u>250,568</u>
Expenditures:				
Current:				
Instruction:				
Regular education programs	10,800,000	11,108,996	11,129,767	(20,771)
Special education programs	2,704,000	2,705,690	2,705,688	2
Other education programs	1,635,000	1,248,548	1,321,849	(73,301)
Support services:				
Pupil support services	1,412,000	1,382,063	1,382,060	3
Instructional staff services	1,305,000	1,173,651	1,180,461	(6,810)
General administration services	614,000	657,609	766,430	(108,821)
School administration services	1,740,221	1,789,214	1,789,220	(6)
Business administration services	545,000	562,712	562,710	2
Plant operation and maintenance	2,110,000	2,087,900	2,087,888	12
Transportation	2,674,000	2,746,820	2,746,823	(3)
Food services	187,000	189,621	189,621	-
Central services	66,000	46,520	46,518	2
Community services	7,600	7,644	7,646	(2)
Appropriations				
Charter Schools	-	-	83,619	(83,619)
Facility acquisition and construction	-	-	-	-
Total expenditures	<u>25,799,821</u>	<u>25,706,988</u>	<u>26,000,300</u>	<u>(293,312)</u>
Excess (deficiency) of revenues over expenditures	\$ (370,821)	\$ 210,211	\$ 167,467	\$ (42,744)

(continued)

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>Other financing sources (uses):</u>				
Operating transfers in	\$ 370,821	\$ 292,174	\$ 374,824	\$ 82,650
 Total other financing sources (uses)	 370,821	 292,174	 374,824	 82,650
 Excess of revenues and other financing sources over (under) expenditures and other financing sources (uses)	 -	 502,385	 542,291	 39,906
 Fund balances, June 30, 2018	 <u>5,000,000</u>	 <u>5,173,119</u>	 <u>6,240,659</u>	 <u>1,067,540</u>
 FUND BALANCES, JUNE 30, 2019	 <u>\$ 5,000,000</u>	 <u>\$ 5,675,504</u>	 <u>\$ 6,782,950</u>	 <u>\$ 1,107,446</u> (concluded)

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

COMBINED RENOVATION FUND AND CAPITAL PROJECTS 2017 FUND
BUDGETARY COMPARISON SCHEDULE (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2019

	Renovation Fund and Capital Projects 2017 Fund			
	Original Budget	Final Budget	Budgetary Basis Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>				
Local sources:	\$ 2,500,000	\$ 2,537,439	\$ 2,550,249	\$ 12,810
Total revenues	<u>2,500,000</u>	<u>2,537,439</u>	<u>2,550,249</u>	<u>12,810</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular education programs	-	24,330	24,330	-
Special education programs	-	7,518	7,516	2
Other education programs	-	77,508	77,507	1
Support services:				
Pupil Support	-	980	978	2
Instructional staff services	-	1,148	1,148	-
General administrative services	-	19,560	19,560	-
School administration	-	6,637	6,637	-
Business services	-	5,617	5,617	-
Plant operation and maintenance	250,000	343,648	338,232	5,416
Student transportation	320,000	18,570	18,570	-
Food services	-	-	-	-
Central services	50,000	74,841	74,840	1
Facilities acquisition and construction	5,000,000	5,549,070	5,554,491	(5,421)
Debt Service	1,800,000	1,953,218	1,801,746	151,472
Total expenditures	<u>7,420,000</u>	<u>8,082,645</u>	<u>7,931,172</u>	<u>151,473</u>
Excess (deficiency) of revenues over expenditures	(4,920,000)	(5,545,206)	(5,380,923)	164,283
Fund balances, June 30, 2018	<u>9,000,000</u>	<u>11,364,201</u>	<u>13,434,880</u>	<u>2,070,679</u>
FUND BALANCES, JUNE 30, 2019	<u>\$ 4,080,000</u>	<u>\$ 5,818,995</u>	<u>\$ 8,053,957</u>	<u>\$ 2,234,962</u>

Note: For budgetary reporting purposes, the Renovation Fund and the Capital Project 2017 Fund are combined in this schedule. However, these funds are reported separately under generally accepted accounting principles on pages 13-16

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2019

BUDGETS

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

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

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

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

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

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

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

SCHEDULE OF CHANGES IN TOTAL OTHER POST-EMPLOYMENT
BENEFIT LIABILITY AND RELATED RATIOS
YEAR ENDED JUNE 30, 2019

Financial statement reporting date	6/30/2019	6/30/2018
Measurement date	6/30/2019	6/30/2018
Service cost	\$ 434,402	\$ 562,602
Interest	1,383,950	1,354,009
Difference between actual and expected experience	310,299	(259,283)
Changes of assumptions or other inputs	8,646,860	(1,429,473)
Benefit payments	(2,216,596)	(2,360,098)
Net change in total OPEB liability	<u>8,558,915</u>	<u>(2,132,243)</u>
Total OPEB liability - beginning	<u>36,869,290</u>	<u>39,001,533</u>
Total OPEB liability - ending	<u>\$ 45,428,205</u>	<u>\$ 36,869,290</u>
Covered payroll	\$ 11,380,716	\$ 11,933,877
Total OPEB liability as a percentage of covered payroll	399.17%	308.95%

Notes to Schedule:

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

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

Benefit Changes.

Measurement date

6/30/2019

There were no changes to the benefit terms that affected the total OPEB liability

Changes of Assumptions.

The changes in assumptions balance was a result of changes in the discount rate. The following are the discount rates used for in each measurement of total OPEB liability

Measurement Date	Rate	Change
6/30/2019	3.50%	-0.37%
6/30/2018	3.87%	0.29%
6/30/2017	3.58%	

Franklin Parish School Board
Schedule of the Proportionate Share of the Net Pension Liability
Cost Sharing Plans Only
For the Year Ended June 30, 2019 (*)

Pension Plan	Year	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Teachers Retirement System of Louisiana						
	2019	0.3129%	\$ 30,749,123	\$ 14,662,036	209.7193%	68.17%
	2018	0.3070%	34,471,110	14,283,093	241.3421%	65.55%
	2017	0.2993%	35,124,224	13,944,475	251.8863%	59.90%
	2016	0.3108%	33,420,336	12,762,427	261.8651%	62.50%
	2015	0.3058%	31,259,190	12,633,434	247.4323%	63.70%
Louisiana School Employees Retirement System						
	2019	0.5356%	3,578,577	1,547,339	231.2730%	74.44%
	2018	0.5356%	3,427,743	1,534,716	223.3471%	75.03%
	2017	0.4994%	3,766,893	1,417,298	265.7799%	70.09%
	2016	0.4748%	3,011,133	1,315,313	228.9290%	74.49%
	2015	0.4689%	2,718,050	1,310,969	207.3314%	76.18%

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

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

Franklin Parish School Board
Schedule of Contributions to Each Retirement System
Cost Sharing Plans Only
For the Year Ended June 30, 2019

<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 Payroll³</u>	<u>Contributions as a % of Covered Payroll</u>
Teachers Retirement System of Louisiana						
	2019	\$ 3,858,041	\$ 3,858,041	\$ -	\$ 14,466,381	26.6690%
	2018	3,909,022	3,909,022	-	14,662,036	26.6608%
	2017	3,636,403	3,636,403	-	14,283,093	25.4595%
	2016	3,667,397	3,667,397	-	13,944,475	26.3000%
	2015	3,940,665	3,940,665	-	12,762,427	30.8771%
Louisiana School Employees Retirement System						
	2019	440,955	440,955	-	1,545,101	28.5389%
	2018	428,043	428,043	-	1,547,339	27.6632%
	2017	419,757	419,757	-	1,534,716	27.3508%
	2016	428,024	428,024	-	1,417,298	30.2000%
	2015	438,899	438,899	-	1,315,313	33.3684%

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

For reference only:

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

² *Actual employer contributions remitted to Retirement Systems*

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

Franklin Parish School Board
Notes to Required Supplementary Information -
Retirement Systems
For the Year Ended June 30, 2019

Changes in benefit terms:

TRSL:

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

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

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

:

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

Changes in assumptions:

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

Dicount Rate:			Dicount Rate:		
Year (*)	Rate	Change	Year (*)	Rate	Change
TRSL			LSERS		
2018	7.650%	-0.050%	2018	7.0625%	-0.063%
2017	7.700%	-0.050%	2017	7.1250%	0.000%
2016	7.750%	-	2016	7.1250%	0.125%
2015	7.750%		2015	7.0000%	

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

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

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

Salary Increases:

Year (*)	Range		
TRSL		LSERS	
2018	3.30 to 4.80% for various member types	2018	3.25%
2017	3.50 to 10.0% for various member types	2017	3.075% to 5.375%
2016	3.50 to 10.0% for various member types	2016	3.200% to 5.500%

Mortality table:

Year (*)

TRSL:

2018 Active members – RP-2014 White Collar Employee tables, adjusted by 1.010 for males
 2017 Mortality rates were projected based on the RP-2000 Mortality Table with projection to 20

LSERS:

2018 RP-2014 Healthy Annuitant, Sex Distinct Employee, Sex Distinct Disabled Tables
 2017 RP-2000 Sex Distinct Mortality and Disabled Lives Mortality Tables

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

FRANKLIN PARISH SCHOOL BOARD

SUPPLEMENTAL INFORMATION

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NON-MAJOR GOVERNMENTAL FUNDS

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

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

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

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

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

Other Federal Accounts for the proceeds of miscellaneous federal grants.

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

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	Headstart	School Lunch	Title I	Title II
<u>ASSETS</u>				
Cash and cash equivalents	\$ 50	\$ 901,735	\$ -	\$ -
Receivables:				
Accounts	-	2,568	-	-
Due from other governments	114,966	-	377,183	49,787
Inventory	-	28,044	-	-
	\$ 115,016	\$ 932,347	\$ 377,183	\$ 49,787
TOTAL ASSETS				
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 39,645	\$ 39,444	\$ -	\$ -
Salaries and benefits payable	75,321	57,859	100,441	3,994
Due to other funds	50	-	276,742	45,793
Unearned revenues	-	9,342	-	-
	115,016	106,645	377,183	49,787
TOTAL LIABILITIES				
Fund balances:				
Nonspendable	-	18,702	-	-
Spendable, Restricted	-	807,000	-	-
	-	825,702	-	-
TOTAL FUND BALANCES				
 TOTAL LIABILITIES AND FUND BALANCES				
	\$ 115,016	\$ 932,347	\$ 377,183	\$ 49,787

<u>Special Education</u>	<u>Other Federal</u>	<u>State and Local Grants</u>	<u>Capital Project</u>	<u>Total</u>
\$ -	\$ 78	\$ 112,944	\$ 3,126	\$ 1,017,933
-	-	-	-	2,568
122,201	92,582	39,501	27,955	824,175
-	-	-	-	28,044
<u>\$ 122,201</u>	<u>\$ 92,660</u>	<u>\$ 152,445</u>	<u>\$ 31,081</u>	<u>\$ 1,872,720</u>
\$ -	\$ -	\$ -	\$ -	\$ 79,089
29,385	12,724	8,234	-	287,958
92,816	79,936	31,267	-	526,604
-	-	-	-	9,342
<u>122,201</u>	<u>92,660</u>	<u>39,501</u>	<u>-</u>	<u>902,993</u>
-	-	-	-	18,702
-	-	112,944	31,081	951,025
-	-	112,944	31,081	969,727
<u>\$ 122,201</u>	<u>\$ 92,660</u>	<u>\$ 152,445</u>	<u>\$ 31,081</u>	<u>\$ 1,872,720</u>

**FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Headstart</u>	<u>School Lunch</u>	<u>Title I</u>	<u>Title II</u>
<u>REVENUES</u>				
Local sources:				
Earnings on investments	\$ -	\$ 2,749	\$ -	\$ -
Food Services	-	31,669	-	-
Other	-	-	-	-
State sources:				
Unrestricted grants-in-aid, MFP	-	26,270	-	-
Restricted grants-in-aid	-	-	-	-
Federal grants	<u>1,040,842</u>	<u>2,065,010</u>	<u>2,148,137</u>	<u>207,731</u>
TOTAL REVENUES	<u>1,040,842</u>	<u>2,125,698</u>	<u>2,148,137</u>	<u>207,731</u>
<u>EXPENDITURES</u>				
Current:				
Instruction:				
Regular education programs	-	-	-	-
Special education programs	-	-	-	-
Other education programs	603,751	-	1,612,124	-
Support:				
Pupil support services	119,547	-	39	-
Instructional staff services	111,350	-	341,665	189,391
General administration services	5,608	-	-	-
School administration services	-	-	-	-
Business and central services	57,734	-	-	-
Plant operation and maintenance	40,522	-	-	-
Transportation	91,164	-	4,655	-
Food services	<u>11,166</u>	<u>2,083,127</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>1,040,842</u>	<u>2,083,127</u>	<u>1,958,483</u>	<u>189,391</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>42,571</u>	<u>189,654</u>	<u>18,340</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>-</u>	<u>-</u>	<u>(189,654)</u>	<u>(18,340)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(189,654)</u>	<u>(18,340)</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES</u>				
	<u>-</u>	<u>42,571</u>	<u>-</u>	<u>-</u>
Fund balances, June 30, 2018	<u>-</u>	<u>783,131</u>	<u>-</u>	<u>-</u>
FUND BALANCES, JUNE 30, 2019	<u>\$ -</u>	<u>\$ 825,702</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Special Education</u>	<u>Other Federal</u>	<u>State and Local Grants</u>	<u>Capital Project</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,749
-	-	-	-	31,669
-	-	137,736	-	137,736
-	-	-	-	26,270
-	-	102,010	-	102,010
<u>816,312</u>	<u>1,183,282</u>	<u>-</u>	<u>27,955</u>	<u>7,489,269</u>
<u>816,312</u>	<u>1,183,282</u>	<u>239,746</u>	<u>27,955</u>	<u>7,789,703</u>
86,252	548,376	98,840	-	733,468
155,274	58,138	-	-	213,412
60,169	262,632	83,944	-	2,622,620
131,362	-	-	-	250,948
310,975	219,375	28,966	-	1,201,722
-	-	-	-	5,608
-	-	-	-	-
-	-	-	-	57,734
-	-	-	-	40,522
211	-	-	-	96,030
-	-	-	-	2,094,293
<u>744,243</u>	<u>1,088,521</u>	<u>211,750</u>	<u>-</u>	<u>7,316,357</u>
<u>72,069</u>	<u>94,761</u>	<u>27,996</u>	<u>27,955</u>	<u>473,346</u>
<u>(72,069)</u>	<u>(94,761)</u>	<u>-</u>	<u>-</u>	<u>(374,824)</u>
<u>(72,069)</u>	<u>(94,761)</u>	<u>-</u>	<u>-</u>	<u>(374,824)</u>
<u>-</u>	<u>-</u>	<u>27,996</u>	<u>27,955</u>	<u>98,522</u>
<u>-</u>	<u>-</u>	<u>84,948</u>	<u>3,126</u>	<u>871,205</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112,944</u>	<u>\$ 31,081</u>	<u>\$ 969,727</u>

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

SCHEDULE OF COMPENSATION PAID BOARD MEMBERS
FOR THE YEAR ENDED JUNE 30, 2019

Richard Kelly, President	\$ 4,500
Jacqueline Johnson, Vice President	2,100
Danny Davis, Chaplain	4,200
Dorothy Brown	2,100
Eddie Ray Bryan	4,500
Mia Liki Dunn	2,100
Tim Eubanks	4,200
Ronnie Hatton	2,100
Louise Johnson	2,100
Alaina Nichols	2,100
	<hr/>
	\$ 30,000

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED JUNE 30, 2019

<u>Dr. Lanny Johnson</u>	
Salary	\$ 117,949
Benefits - insurance	22,754
Benefits - retirement	33,589
Benefits - Medicare	1,717
Other	8,244
Car allowance	5,500
Dues	<u>444</u>
 Total Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer	 <u>\$ 190,197</u>

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

Franklin Parish School Board
Winnsboro, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Franklin Parish School Board (School Board) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements, and have issued our report thereon dated December 31, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Postlethwaite + Netterville

Baton Rouge, Louisiana
December 31, 2019

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

Franklin Parish School Board
Winnsboro, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the Franklin Parish School Board's (the School Board) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School Board's major federal programs for the year ended June 30, 2019. The School Board's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as items 2019-001. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a significant deficiency.

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

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

Postlethwaite + Netterville

Baton Rouge, Louisiana
December 31, 2019

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

FEDERAL DEPARTMENT/PASS-THROUGH ENTITY/PROGRAM	CFDA #	Grant #	EXPENDED
United States Department of Education			
<i>Passed through the Louisiana Department of Education</i>			
Title I 18/19	84.010A	2819T121	\$ 2,089,717
Title I 18/19 Direct Student Services	84.010A	2819DSS21	57,531
Title I 18/19 Redesign 1003A	84.010A	2819RD1921	889
IDEA 18/19	84.027A ¹	2819B121	787,453
IDEA Pre-School 18/19	84.173A ¹	2819P121	27,251
Early Childhood IDEA	84.173 ¹	2818CY21	1,608
Vocational Education - Federal	84.048A	28190221	38,344
Title V-B	84.358B	2819RE21	50,139
Title II FY 18/19	84.367A	28195021	207,731
Teacher Incentive Fund	84.374A	2819TP21	73,166
Teacher Incentive Fund	84.374A	2818TP21	12,106
Teacher Incentive Fund - PBCS	84.374A	2818PBCS21	233,269
Title IV	84.424A	28197121	135,015
Striving Readers - Grades K to 5	84.371C	28185RO221	142,899
Striving Readers - Content Leader	84.371C	2818SR0404	4,641
Striving Readers - Birth to age 5	84.371C	2818SR0121	58,886
Striving Readers - Grades K to 2	84.371C	2818SR0521	160,161
Striving Readers - Content Leader	84.371C	2818SR0404	282
Striving Readers - Grades 3 to 5	84.371C	2818SR0621	102,033
Striving Readers - Birth to age 5	84.371C	2818SR0121	71,791
<i>Passed through the Louisiana Workforce Commission</i>			
State Vocational Rehabilitation Services	84.126A	HI26A140025 - 14C	48,912
Total United States Department of Education			<u>4,303,824</u>
United States Department of Health and Human Services			
<i>Direct funding</i>			
Head Start	93.600	06 CH 7015	1,040,842
Early Childhood Child Care and Development Block Grant	93.575 ³	2815C621	9,988
<i>Passed through the Louisiana Department of Education</i>			
Jobs for America's Graduates - Pets	93.558 ⁴	2819JS21	41,650
Total United States Department of Health and Human Services			<u>1,092,480</u>
United States Department of Agriculture			
<i>Passed through the Louisiana Department of Education</i>			
National School Lunch Program	10.555 ²	N/A	1,438,836
National School Breakfast Program	10.553 ²	N/A	467,037
<i>Passed through the Louisiana Department of Agriculture and Forestry</i>			
Food Distribution	10.555 ²	N/A	159,137
Total United States Department of Agriculture			<u>2,065,010</u>
United States Department of Homeland Security			
<i>Passed through the Louisiana Governor's Office of Homeland Security and Emergency Preparedness</i>			
Public Assistance Grant	97.036		27,955
Total United States Department of Homeland Security			<u>27,955</u>
United States Department of Defense			
<i>Direct Funding</i>			
Reserve Officer Training Corps	12.xxx		35,846
Total United States Department of Defense			<u>35,846</u>
Total Expenditures			<u>\$ 7,525,115</u>
¹ Special Education Cluster	\$ 816,312		
² Child Nutrition Cluster	2,065,010		
³ CCDF Cluster	9,988		
⁴ TANF Cluster	41,650		

See accompanying notes to this schedule.

FRANKLIN PARISH SCHOOL BOARD

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE A – BASIS OF PRESENTATION

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

NOTE B – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. During the year ended June 30, 2019, the School Board received commodities valued at \$159,137. At June 30, 2019, the School Board had food commodities totaling \$12,852 in inventory.

NOTE C – DE MINIMUS COST RATE

During the year ended June 30, 2019, the Franklin Parish School Board did not elect to use the 10% de minimus cost rate as covered in §200.414 of the Uniform Guidance. Instead the School Board has an indirect cost rate that is provided by the Louisiana Department of Education.

NOTE D – RECONCILIATION TO THE BASIC FINANCIAL STATEMENT

The Federal Expenditures reported on the SEFA of \$7,525,115, are reported in the School Board's financial statements by fund as follows:

General Fund	\$ 35,846
Headstart	1,040,842
School Lunch	2,065,010
Title I	2,148,137
Title II	207,731
Special Education	816,312
Other Federal Funds and Captial Projets Fund	1,211,237
Total to Basic Financial Statements	<u>\$ 7,525,115</u>

FRANKLIN PARISH SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019

A. Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: *Unmodified*

Internal Control over Financial Reporting:

- Material weakness(es) identified? _____ yes x no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ 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 deficiency(ies) identified that are not considered to be material weaknesses? x yes _____ 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 2 CFR §200.516(a)? x yes _____ no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.600	Headstart
84.027 & 84.173	Special Education Cluster

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

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

FRANKLIN PARISH SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019

B. Findings – Financial Statement Audit

None

C. Findings and Questioned Costs – Major Federal Award Programs

2019-001) Procurement

Questioned Cost: Undetermined

Compliance with Uniform Guidance Federal Regulations over Procurement, Suspension and Debarment

84.027 Special Education Cluster (IDEA) Procurement
84.173

Grant No(s): 2819B121

Criteria: The Uniform Guidance federal regulations were fully effective as of December 26, 2017 and therefore, the school board as a recipient of federal awards were required to implement and comply with the Uniform Guidance for the year ended June 30, 2019. The regulations (200.320) require, among other things, that procurement for small purchases of goods and services in an amount between the \$10,000 to \$250,000, follow the small purchase procedures and obtain an adequate number of prices/quotes be obtained.

The Uniform Guidance federal regulations require when a non-Federal entity enters into a covered transaction, the non-Federal entity must verify that the entity, as defined in 2 CFR section 180.995, is not suspended or debarred or otherwise excluded from participating in covered transactions. This verification may be accomplished by (1) by checking the Excluded Parties List System (EPLS), (2) collecting certification from entity, (3) adding a clause or condition within the contract with the entity.

In addition to other provisions required by the Federal agency or non-Federal entity, all contracts made by the non-Federal award entity Federal award must contain provisions that are outlined in Appendix II to Part 200, namely:

- A.) All contracts > \$10,000 must address termination for cause and convenience by the non-federal entity including the manner by which it will be effected and the basis for settlement.
- B.) Equal Employment Opportunity. Except as otherwise provided under 41 CFR Part 60, all contracts that meet the definition of "federally assisted construction contract" in 41 CFR Part 60-1.3 must include the equal opportunity clause provided under 41 CFR 60-1.4(b), in accordance with Executive Order 11246, "Equal Employment Opportunity" (30 FR 12319, 12935, 3 CFR Part, 1964-1965 Comp., p. 339), as amended by Executive Order 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and implementing regulations at 41 CFR part 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor."
- C.) Debarment and Suspension (Executive Orders 12549 and 12689)—A contract award (see 2 CFR 180.220) must not be made to parties listed on the government wide Excluded Parties List System in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180

FRANKLIN PARISH SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019

C. Findings and Questioned Costs – Major Federal Award Programs (continued)

84.027 **Special Education Cluster (IDEA)** **Procurement** (continued)
84.173

Grant No(s): 2819B121

that implement Executive Orders 12549 (3 CFR Part 1986 Comp., p. 189) and 12689 (3 CFR Part 1989 Comp., p. 235), “Debarment and Suspension.” The Excluded Parties List System in SAM contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.

Condition: While testing compliance with the federal procurement regulations, we selected 2 of the 10 vendors with expenditures greater than \$10,000 and less than \$250,000 and observed the documentation to support the procurement process. These 2 vendors provided professional services during year ended June 30, 2019. Our compliance test focused on the proper renewing and awarding of the contracts to determine compliance with the procurement regulations. The two contracts totaled \$46,727. The federal award, Special Education Cluster responsible for administering and contracting with these 2 vendors is IDEA Part B, no evidence was provided to demonstrate that quotes and prices were obtained from an adequate number of vendors or providers as required by Federal procurement regulations. Also, no evidence was provided to demonstrate that the vendor was appropriately checked for suspension and debarment. And finally, the contracts did not contain the provisions required by Appendix II to Part 200.

Effect: The School Board is not in compliance with the requirements of the Uniform Guidance Procurement regulations.

Cause: Personnel administering the grants and those in the School Board purchasing department did not execute and enforce the revised purchasing policy containing the new Uniform Guidance requirements.

Recommendation: We recommend for the School Board to more fully implement and follow its revised policies and procedures for purchases made with federal awards so that these newly required federal procurement regulations are followed. We recommend that the School Board include Appendix II to Part II Summary as applicable in their future contracts.

Management’s Response and Planned Corrective Action:

The School board will include Appendix II to Part II Summary as applicable in future contracts. We will also more fully implement our revised policies and procedures for purchases made with federal awards so that newly required federal procurement regulations are followed.

FRANKLIN PARISH SCHOOL BOARD
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2019

Findings – Financial Statement Audit

2018-001 **Enhancement of policies and procedures and internal controls**

Criteria: A system of internal controls should be established to ensure accurate financial reporting and to safeguard assets. Features of internal controls should include fully documented policies and procedures, adequate segregation of duties, oversight, and monthly reporting. Internal controls must be monitored and updated periodically to ensure they are current and relevant.

Condition: The School Board has established a system of internal controls. However, in performing the Statewide Agreed-Upon Procedures in connection with our audit as required and enumerated by the Louisiana Legislative Auditor, we noted certain aspects of the internal control system could be enhanced. Areas that could benefit from enhancement include the updating of written policies and procedures, reassignment of responsibilities thereby enhancing segregation of duties, enhanced oversight of the sales tax collection process with respect to delinquent filers, and other updates to otherwise strengthen internal controls.

This is a repeat finding from the prior year. See the Summary schedule of prior audit findings Item 2017-001

Effect: Internal controls are not as strong as they could be.

Cause: Processes, policies and procedures should be revisited periodically.

Recommendation: We recommend the following enhancements for certain operational and financial areas that were addressed in performing the procedures:

Policies and procedures:

- Contracting – establish the types of goods/service that require written contracts, when legal review is required, the level of approval, and a more formal monitoring process
- Payroll – memorialize and formalize the review and approval process for attendance records
- Ethics violations - clarify the prohibitions and the legal source therefore La Revised Statute (42:1111-1121)
- Debt Service – EMMA requirements, debt service payment requirements, debt service reserve requirements
- Sales Tax – memorialize and document the collection process, including that for pursuit of delinquent taxpayers. Consistent and standardized communication should be applied and independent review of delinquent accounts should be conducted.

Segregation of duties and enhanced oversight:

- School Booster Accounts – to further segregate duties over custody of cash, accounting, and reconciliation and to enhance oversight to improve compliance with State Law regarding school activity accounts.

FRANKLIN PARISH SCHOOL BOARD
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2019

2018-001 **Enhancement of policies and procedures and internal controls (continued)**

- Sales Tax Collections – The Sales Tax Office should separate the duties of physically collecting tax payments received and posting payments to the accounting system. Additionally, a reconciliation of payments collected and deposited to the amounts posted in the Sales Tax accounting system should be made daily by someone that does not touch/process collections. Taxpayer data access within the computerized system should be restricted or reviewed.

Internal Reporting:

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

Management's Response and Planned Corrective Action:

Management will work to enhance internal controls by updating written policies and procedures as noted, segregating duties where possible, and providing additional oversight to Sales Tax Collections and School Booster Accounts.

Internal reporting of monthly finances to the Board will be better documented.

Updated Status:

Written policies and procedures have been revised and we continue to update them as needed. We have segregated the deposit of Sales Tax Receipts to a department outside the Sales Tax Department. Both the business manager and superintendent review sales tax reports, delinquent sales tax accounts, late payments, and legal filings of the sales tax department.

2018-002 **Compliance with statutory requirements to bid a public works project**

Criteria:

Louisiana Revised Statute (LRS) 38:2211 requires a public works project for the construction, alteration, improvement or repair of a public facility including all labor and materials costs to be publicly bid if the cost is estimated to exceed \$150,000 adjusted annually by the Consumer Price Index rate increase beginning in 2015 by the Louisiana Division of Administration Office of Facility Planning and Control. The threshold as of January 2017 was \$154,450.

Condition:

The School Board started a project to construct an indoor baseball batting cage facility at the High School. The original plan cost estimate for the cost to construct the facility was less than the threshold limits set by LRS 38:2211. As of June 30, 2018, the total accumulated costs of the batting cage facility amounted to \$176,527 which exceeds the threshold requiring a project to be publicly bid as required by LRS 38:2211.

Effect:

The School Board may not be in compliance with the requirements of LRS 38:2211.

FRANKLIN PARISH SCHOOL BOARD
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2019

2018-002 **Compliance with statutory requirements to bid a public works project (continued)**

Cause: The School Board underestimated the costs of construction of the indoor baseball batting cage facility.

Recommendation: We recommend the School Board to obtain more accurate estimates of the total costs including all internal or external labor and materials for the construction, alteration, improvement or repair of a public facility in the future to avoid potentially being in non-compliance with the requirements of LRS 38:2211

Management's Response and Planned Corrective Action:

The cost of the batting facility was underestimated. As the project progressed, we realized that the finished cost would exceed the threshold of \$154,450. We immediately advertised for bid proposals to complete the building project. Of the \$176,527 in accumulated costs on June 30, 2018, \$26,000 was for air conditioning that was awarded through sealed bids.

Our goal is to resolve all findings by June 30, 2019. The business manager, Rebecca Boquet is the individual responsible for implementing the Corrective Action Plan.

Update Status:

Measures have been undertaken to ensure that future projects are properly estimated and appropriately bid.

C. Findings and Questioned Costs – Major Federal Award Programs

None

FRANKLIN PARISH SCHOOL BOARD
LOUISIANA LEGISLATIVE AUDITOR – STATEWIDE
AGREED-UPON PROCEDURES REPORT
FOR THE YEAR ENDED JUNE 30, 2019



Postlethwaite & Netterville

A Professional Accounting Corporation

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INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

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

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

Additionally, a separate report has been prepared by the Entity's Internal Auditor, dated November 20, 2019, to reflect the results of that auditor's performance of certain of the Statewide Agreed Upon Procedures on the school activity accounts of the Entity. We were not engaged to perform, and have not performed, any of the State-Wide Agreed Upon Procedures performed by the Internal Auditor, and we take no responsibility for the sufficiency of those procedures or results reported.

Postlethwaite + Netterville

Baton Rouge, Louisiana
December 31, 2019

FRANKLIN PARISH SCHOOL BOARD
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2019

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. Additionally, certain procedures listed below may not have been performed in accordance with guidance provided by the Louisiana Legislative Auditor, the specified user of the report. For those procedures, the results will read "*procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating controls as asserted by the entity.*"

Written Policies and Procedures

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

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

- d) ***Receipts***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

No exceptions noted.

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

No exceptions noted.

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

The policy lacks item (1) – types of services requiring written contracts; item (2) - standard terms and conditions; and item (5) – monitoring process.

FRANKLIN PARISH SCHOOL BOARD
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2019

Schedule A

Written Policies and Procedures (continued)

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

The policy lacks item (4) - required approvers of statements.

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

No exceptions noted.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 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.

No exceptions noted.

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

No exceptions noted.

- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

The policy lacks item (4) - use of antivirus software on all systems.

Board or Finance Committee

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

No exceptions noted.

**FRANKLIN PARISH SCHOOL BOARD
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2019**

Schedule A

Board or Finance Committee (continued)

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

There was no indication in the minutes that there were monthly budget-to-actual comparisons for the general fund and major special revenue funds presented at the board meetings.

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

No exceptions noted.

Bank Reconciliations

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

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

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

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

1 out of 5 bank reconciliations were not prepared within 2 months of the statement closing date.

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

No exceptions noted.

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

No exceptions noted.

FRANKLIN PARISH SCHOOL BOARD
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2019

Schedule A

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

FRANKLIN PARISH SCHOOL BOARD
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2019

Schedule A

Collections (continued)

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

FRANKLIN PARISH SCHOOL BOARD
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2019

Schedule A

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

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

FRANKLIN PARISH SCHOOL BOARD
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2019

Schedule A

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- a) Observe that the disbursement matched the related original invoice/billing statement.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

**FRANKLIN PARISH SCHOOL BOARD
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2019**

Schedule A

Credit Cards/Debit Cards/Fuel Cards/P-Cards (continued)

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

**FRANKLIN PARISH SCHOOL BOARD
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2019**

Schedule A

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

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Contracts

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

**FRANKLIN PARISH SCHOOL BOARD
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2019**

Schedule A

Payroll and Personnel

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

**FRANKLIN PARISH SCHOOL BOARD
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2019**

Schedule A

Payroll and Personnel (continued)

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Ethics

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

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Debt Service

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

**FRANKLIN PARISH SCHOOL BOARD
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2019**

Schedule A

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

**FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA**

**STATEWIDE PROCEDURES REPORT
FOR THE PERIOD ENDED JUNE 30, 2019**

**FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA**

**STATEWIDE PROCEDURES REPORT
FOR THE PERIOD ENDED JUNE 30, 2019**

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**INTERNAL AUDIT REPORT
ON APPLYING STATEWIDE PROCEDURES**

To the Franklin Parish School Board:

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

The procedures and associated findings are as follows:

Bank Reconciliations

1. We obtained a listing of client bank accounts for school activity funds for the fiscal period from management and management's representation that the listing is complete.

Comment: No exceptions were noted.

2. We asked management to identify the entity's main operating account. We selected 4 school activity fund accounts. We randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for each selected account, and observed that:

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

Comment: No exceptions noted.

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

Comment: No exceptions were noted.

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

Comment: No exceptions were noted.

**FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA**

**STATEWIDE PROCEDURES REPORT
FOR THE PERIOD ENDED JUNE 30, 2019**

Collections

1. We obtained a listing of deposit sites of the school activity funds for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. We randomly selected 4 deposit sites.

Comment: No exceptions were noted.

2. For each deposit site selected, we obtained a listing of collection locations and management's representation that the listing is complete. We randomly selected one collection location for each deposit site (i.e. 4 collection locations for 4 deposit sites), we obtained and inspected written policies and procedures relating to employee job duties (if no written policies or procedures, we inquired of employees about their job duties) at each collection location, and we observed that job duties are properly segregated at each collection location such that:

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

Comment: No exceptions were noted.

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

Comment: We noted for each of the 4 deposit sites the same person is responsible for preparing/making bank deposits and is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit. We did note an independent person reviews the bank reconciliations.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

Comment: We noted for each of the 4 deposit sites the same person is responsible for posting collection entries to the general ledger or subsidiary ledgers and is responsible for reconciling ledger postings to each other and to the deposit.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Comment: We noted for each of the 4 deposit sites the same person is responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions and is responsible for collecting cash.

**FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA**

**STATEWIDE PROCEDURES REPORT
FOR THE PERIOD ENDED JUNE 30, 2019**

Collections (Continued)

3. We inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Comment: No exceptions were noted.

4. We randomly selected two deposit dates for each of the 4 bank accounts selected for procedure #2 under "Collections" above (we selected the next deposit date chronologically if no deposits were made on the dates randomly selected and we randomly selected a deposit if multiple deposits are made on the same day). We obtained supporting documentation for each of the 8 deposits and:

- a) We observed that receipts are sequentially pre-numbered.

Comment: No exceptions were noted.

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

Comment: No exceptions were noted.

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

Comment: No exceptions were noted.

- d) We observed that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

Comment: No exceptions were noted.

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

Comment: No exceptions were noted.

Non-payroll Disbursements

1. We obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. We randomly selected 4 locations (or all locations if less than 5).

Comment: No exceptions were noted.

**FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA**

**STATEWIDE PROCEDURES REPORT
FOR THE PERIOD ENDED JUNE 30, 2019**

Non-payroll Disbursements (Continued)

2. For each location selected under #1 above, we obtained a listing of those employees involved with non-payroll purchasing and payment functions. We obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, we inquired of employees about their job duties), and we observed that job duties are properly segregate such that:

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

Comment: Two exceptions were noted. We determined the same individual is initiating and approving purchases at two locations.

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

Comment: Two exceptions were noted. We determined the same individual is initiating and approving purchases at two locations.

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

Comment: Currently the FPSB system allows employees to add and modify vendors, but all Bookkeepers and Principals have been instructed not to do so.

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

Comment: Four exceptions were noted. We determined at each location the person responsible for signing checks does not mail the payments. The individual responsible for payments currently does this.

3. For each location selected above, we obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. We randomly selected 5 disbursements for each location and obtained supporting documentation for each transaction:

- a) We observed that the disbursement matched the related original invoice/billing statement.

Comment: No exceptions were noted.

- b) We observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #2 as applicable.

Comment: Two exceptions were noted, as above under #2 item (b).

**FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA**

**STATEWIDE PROCEDURES REPORT
FOR THE PERIOD ENDED JUNE 30, 2019**

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

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

Comment: No exceptions were noted in the procedures performed.

2. Using the listing prepared by management, we randomly selected 5 cards (or all cards if less than 5) that were used during the fiscal period. We randomly selected one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), we obtained supporting documentation, and:
 - a. We observed that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.

Comment: We noted one exception to segregation of duties, as one transaction tested was not reviewed and approved in writing.

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

Comment: No exceptions were noted in the procedures performed.

3. Using the monthly statements or combined statements selected under #2 above, excluding fuel cards, we randomly selected 10 transactions (or all transactions if less than 10) from each statement, and we obtained supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, we observed that it is supported by:

- a. an original itemized receipt that identifies precisely what was purchased

Comment: No exceptions were noted in the procedures performed.

- b. written documentation of the business/public purpose

Comment: No exceptions were noted in the procedures performed.

- c. documentation of the individuals participating in meals (for meal charges only).

Comment: Documentation of the individuals participating in meals was non-existent in five instances.

**FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA**

**STATEWIDE PROCEDURES REPORT
FOR THE PERIOD ENDED JUNE 30, 2019**

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.

The Robinette Firm, APAC

The Robinette Firm, A Professional Accounting Corporation

Monroe, Louisiana
November 20, 2019

**FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA**

**STATEWIDE PROCEDURES REPORT
FOR THE PERIOD ENDED JUNE 30, 2019**

MANAGEMENTS RESPONSE:

Franklin Parish School Board's management has reviewed the Independent Accountants' Report on Applying Agreed-upon Procedures. Management is in agreement with the report as provided by The Robinette Firm, APAC. In addition, the Franklin Parish School Board will implement changes/additions to policies and/or procedures where necessary to meet the expectations in the report.

Contact Person: Rebecca Boquet, Business Manager

FRANKLIN PARISH SCHOOL BOARD

REPORT TO MANAGEMENT

JUNE 30, 2019



Postlethwaite & Netterville

A Professional Accounting Corporation

www.pncpa.com

FRANKLIN PARISH SCHOOL BOARD

REPORT TO MANAGEMENT

JUNE 30, 2019

December 31, 2019

Members of the Board and Management
Franklin Parish School Board
Baton Rouge, Louisiana

We have audited the financial statements of the Franklin Parish School Board (School Board), for the year ended June 30, 2018 and have issued our report thereon. As part of our audit, we considered the School Board's internal control over financial reporting as well as compliance with the terms of applicable laws and regulations, contracts, and grant agreements that could have a material effect on the financial statements. The purpose of our consideration of internal control and compliance was to establish a basis for designing our auditing procedures, and to determine the effects of compliance to financial statements amounts. Our consideration was not for the purpose of expressing an opinion on the effectiveness of the School Board's internal control or expressing an opinion on compliance.

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

No matter how good a system, there are inherent limitations that should be recognized in considering the potential effectiveness of internal controls. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other 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 several matters that are opportunities for strengthening internal controls or operating efficiency, or immaterial instances of noncompliance with laws, regulation, contracts and grant agreements. Our comments and suggestions regarding those matters are set forth below. This letter does not affect our reports dated December 31, 2019, on the financial statements of the School Board and the School Board's internal control over financial reporting.

2019-1

Capital Asset Reports

Condition:

A basic tenet of internal control over financial reporting is the reconciliation of balance sheet accounts to underlying supporting documentation. Such reconciliations should be performed timely and thoroughly to ensure that financial activity is properly recorded in the external financial reports, and to provide a means to detect necessary adjustments and corrections. We noted that the accounting software system was unable to produce a complete and accurate capital assets depreciation schedule that was reconcilable to the financial statements. Additionally, we noted that a construction in progress schedule reconciled to the accounting activity and financial statements was also unable to be provided.

Recommendation:

While the initial capital assets depreciation schedule was later corrected and a final construction in progress schedule prepared, the effects resulted in delays in completing audit procedures and the preparation of the financial statements. We recommend that updating and reconciling the capital assets depreciation schedule and construction in progress schedule be performed and completed monthly, be documented, contain evidence of appropriate approval, and that all differences are corrected and these schedules be provided timely upon request for audit procedures to be completed and the financial statement prepared.

*Management's
Response:*

Appropriate measures were taken to balance general ledger entries to the capital asset listing; however, a subsequent software update resulted in many unexpected errors. Business Manager and staff will complete Construction in Progress Reports, Completed Project Cost Support, reconcile asset listing to general ledger, and review depreciation calculations in a timely manner.

2019-2

School Lunch Fund – Fund Balance

Condition:

The School Lunch Fund's Cash Balance as of June 30, 2019 is \$901,735. As part of the national school lunch application process through the State of Louisiana, a school board must disclose as part of its income and expense reporting the amount of net cash resources available. If the amount of net cash resources on hand is more than the average of 3 month's operating cash needs at year end the State requires that a corrective action plan be established to spend this excess. The School Board's cash on hand exceeded the average of three month's operating expenses by approximately \$206,000 which may require a corrective action plan be established for the 2019-2020 application. A corrective action on the use of the excess funds may be required to be presented and approved by the State of Louisiana. Management would need to establish policies and procedures to monitor compliance with keeping cash in the School Lunch fund within the required guidelines.

Recommendation:

The School Board should develop and implement a plan to monitor the cash in excess of the estimate of what is necessary to cover 3 months of operations.

*Management's
Response:*

Cafeteria equipment has been and continues to be upgraded, which will and has reduced the cash balance in the Child Nutrition Program bank account.

2019-3

Information Technology Policies and Data Back-Up Testing

Condition:

The School Board uses various software for both financial and non-financial purposes. The School Board's information technology policies should address areas of best practices regarding use of antivirus software and testing if stored backups can be actually restored so that business can continue in the event of a disaster. We reviewed the School Board's policies on computer disaster recovery and business continuity and noted that the policy lacks the requirement that all systems have installed and updated antivirus software. Also, the policy lacked the requirement for periodic testing and verification that stored backups can be restored.

Recommendation:

The School Board's policies and procedures should be updated to require that antivirus software be installed and updated on all of the School Board's computer systems. Additionally, we recommend the policy be updated to include a requirement for data backups to be tested periodically to determine if the data can actually be restored.

*Management's
Response:*

Franklin Parish School Board has purchased and installed a terastation to auto-backup the backup server, JCampus server, and the GFA/RCS server, as well cloud storage. In addition, we have purchased antivirus/ransomware software, Acronis. Plans have been made to revise the current Disaster Plan.

2019-4

Student Activity Accounts Internal Audits

Condition:

During the year under audit, the School Board's internal audit and oversight function for its student activity accounts (SAA's) identified several instances of non-compliance with the Board's internal control policies, including an instance of non-compliance with the state bid law, negotiation of extended payment terms with a vendor, and a purchase whose school-related purpose was questionable. The audits also identified instances where proper approvals and documentation for transactions were lacking. These type audit findings have been repeated from prior years.

Recommendation:

We commend the School Board on the thoroughness of its SAA audits. In an effort to improve the internal controls over the SAA's and deter such non-compliance in the future, management of the School Board should consider measures such as additional employee training, education, and reprimands to the extent allowed by its human resource policies. Such measures should be formalized and incorporated into the policies and procedures for student activity accounts.

*Management's
Response:*

We appreciate the recognition of the effectiveness of our internal audit function but also recognize the need to enhance compliance with policies and procedures over student activity accounts. Management will consider holding training sessions for principals and school administrators prior to the start of the 2020-2021 school year as well as developing appropriate personnel actions in consultation with the HR director.

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 Franklin Parish School Board and its management and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Postlethwaite + Netterville

Independent Accountants' Report on Applying Agreed-Upon Procedures

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

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

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

1. We selected a sample of 25 transactions, reviewed supporting documentation, and observed that the sampled expenditures/revenues are classified correctly and are reported in the proper amounts among the following amounts reported on the schedule:
 - Total General Fund Instructional Expenditures
 - Total General Fund Equipment Expenditures
 - Total Local Taxation Revenue
 - Total Local Earnings on Investment in Real Property
 - Total State Revenue in Lieu of Taxes
 - Nonpublic Textbook Revenue
 - Nonpublic Transportation Revenue

No exceptions or findings were noted in performing this procedure.

Class Size Characteristics (Schedule 2)

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

No exceptions or findings were noted in performing this procedure.

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

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

No exceptions or findings were noted in performing this procedure.



Postlethwaite & Netterville

Public School Staff Data: Average Salaries (NO SCHEDULE)

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

No exceptions or findings were noted in performing this procedure.

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 Franklin Parish School Board, as required by Louisiana Revised Statute 24:514.I, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Postlethwaite & Netterville

Baton Rouge, Louisiana

December 31, 2019

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

Schedules Required by State Law (R.S. 24:514 - Performance and Statistical Data)
As of and for the Year Ended June 30, 2019

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

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

Schedule 2 (Formerly Schedule 6) Class Size Characteristics

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

Schedules Required by State Law (R.S. 24:514 - Performance and Statistical Data)
As of and for the Year Ended June 30, 2019

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

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

Schedule 2 (Formerly Schedule 6) Class Size Characteristics

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

FRANKLIN PARISH SCHOOL BOARD
Winnsboro, Louisiana

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

<u>General Fund Instructional and Equipment Expenditures</u>	<u>Column A</u>	<u>Column B</u>
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$ 8,580,393	
Other Instructional Staff Activities	821,822	
Employee Benefits	5,282,222	
Purchased Professional and Technical Services	112,550	
Instructional Materials and Supplies	216,470	
Instructional Equipment	-	
Total Teacher and Student Interaction Activities		15,013,457
Other Instructional Activities		143,847
Pupil Support Activities	1,382,060	
Less: Equipment for Pupil Support Activities	-	
Net Pupil Support Activities		1,382,060
Instructional Staff Services	1,180,461	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		1,180,461
School Administration	1,789,220	
Less: Equipment for School Administration	-	
Net School Administration		1,789,220
Total General Fund Instructional Expenditures		<u>\$ 19,509,045</u>
Total General Fund Equipment Expenditures		<u>\$ -</u>
<u>Certain Local Revenue Sources</u>		
Local Taxation Revenue:		
Constitutional Ad Valorem Taxes		\$ 483,102
Renewable Ad Valorem Tax		2,113,698
Debt Service Ad Valorem Tax		-
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes		119,564
Sales and Use Taxes		5,176,733
Total Local Taxation Revenue		<u>\$ 7,893,097</u>
Local Earnings on Investment in Real Property:		
Earnings from 16th Section Property		\$ 14,920
Earnings from Other Real Property		-
Total Local Earnings on Investment in Real Property		<u>\$ 14,920</u>
State Revenue in Lieu of Taxes:		
Revenue Sharing - Constitutional Tax		\$ -
Revenue Sharing - Other Taxes		-
Revenue Sharing - Excess Portion		73,168
Other Revenue in Lieu of Taxes		-
Total State Revenue in Lieu of Taxes		<u>\$ 73,168</u>
Nonpublic Textbook Revenue		<u>\$ 15,643</u>
Nonpublic Transportation Revenue		<u>\$ -</u>

FRANKLIN PARISH SCHOOL BOARD
Winnsboro, Louisiana

Class Size Characteristics
As of October 1, 2018

School Type	Class Size Range							
	1 - 20		21 - 26		27-33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	80%	686	18%	159	1%	11	1%	6
Elementary Activity Classes	45%	34	31%	23	16%	12	8%	6
Middle/Jr. High	0%	0	0%	0	0%	0	0%	0
Middle/Jr. High Activity Classes	0%	0	0%	0	0%	0	0%	0
High	68%	220	30%	96	1%	4	1%	4
High Activity Classes	87%	40	9%	4	2%	1	2%	1
Combination	0%	0	0%	0	0%	0	0%	0
Combination Activity Classes	0%	0	0%	0	0%	0	0%	0

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