
WEST BATON ROUGE PARISH SCHOOL BOARD

PORT ALLEN, LOUISIANA

JUNE 30, 2018



Postlethwaite & Netterville

A Professional Accounting Corporation

www.pncpa.com

WEST BATON ROUGE PARISH SCHOOL BOARD

BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

TABLE OF CONTENTS

Independent Auditors' Report	1-2
REQUIRED SUPPLEMENTARY INFORMATION – Part I	
Management's Discussion and Analysis	3-9
BASIC FINANCIAL STATEMENTS	
<u>Government-Wide Financial Statements (GWFS)</u>	
Statement of Net Position	10
Statement of Activities	11
<u>Fund Financial Statements (FFS)</u>	
<u>Governmental Funds:</u>	
Balance Sheet	12
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	13
Statement of Revenues, Expenditures, and Changes in Fund Balances	14-15
Reconciliation of the Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	16
<u>Fiduciary Funds:</u>	
Statement of Fiduciary Assets and Liabilities	17
Notes to the Financial Statements	18-52
REQUIRED SUPPLEMENTARY INFORMATION – Part II	
Major Fund Descriptions	53
Budgetary Comparison Information	54-58
Schedule of Changes in Total Other Post-Employment Benefits Liability and Related Ratios	59
Schedule of School Board's Proportionate Share of the Net Pension Liability for the Retirement Systems	60

TABLE OF CONTENTS

REQUIRED SUPPLEMENTARY INFORMATION – Part II (continued)

Schedule of Employer Contributions to the Retirement Systems	61
Notes to Required Supplementary Information	62-63

Other Supplemental Information:

Non-major Governmental Funds:

Non-major Fund Descriptions	64-65
Combining Balance Sheet	66-68
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	69-71
Schedule of Board Members' Compensation	72
Schedule of Compensation, Benefits, and Other Payments to the Superintendent	73

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

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	74-75
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	76-77
Schedule of Expenditures of Federal Awards and Accompanying notes	78-79
Schedule of Findings and Questioned Costs	80-82
Summary Schedule of Prior Audit Findings	83-85

Performance and Statistical Schedules:

Independent Accountants' Report on Applying Agreed-Upon Procedures	86-88
Schedules Required by State Law – Descriptions	89
Schedules Required by State Law	90-91

Independent Auditors' Report

The Members of the
West Baton Rouge Parish School Board
Port Allen, 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 West Baton Rouge Parish School Board (the School Board) as of and for the year ended June 30, 2018, 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board, as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 2Q to the financial statements, the School Board adopted Governmental Accounting Standards Board (GASB) Statement Number 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for the year ended June 30, 2018. This new standard requires the School Board to recognize and report its total other post-employment benefit liability, measured according to actuarial methods and approaches prescribed within the standard along with certain disclosures. Our opinion is not modified with respect to this matter.



Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedule of changes in total other post-employment benefits liability and related ratios, the schedule of school board's proportionate share of the net pension liability for the retirement systems, and the schedule of school board's contributions to the retirement systems and related notes, presented on pages 3 through 9, pages 53 through 58, page 59, page 60, and pages 61 through 63, 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 as a whole. The combining non-major governmental fund financial statements; the schedule of board members' compensation; and the schedule of compensation, benefits, and other payments to the superintendent; on pages 64 through 71, page 72, and page 73, respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and accompanying notes on pages 78 and 79 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining non-major governmental fund financial statements; the schedule of board members' compensation; the schedule of compensation benefits, and other payments to the superintendent; and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 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.

The information included in the performance and statistical data on pages 89 through 91 are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it. Our report on performance of agreed-upon procedures with respect to such information is dated December 31, 2018.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2018, 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 to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Board's internal control over financial reporting and compliance.

Postlethwaite & Netterville
Baton Rouge, Louisiana
December 31, 2018

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2018

The Management's Discussion and Analysis of the West Baton Rouge Parish School Board's (the School Board) financial performance presents a narrative overview and analysis of the School Board's financial activities for the year ended June 30, 2018. 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).

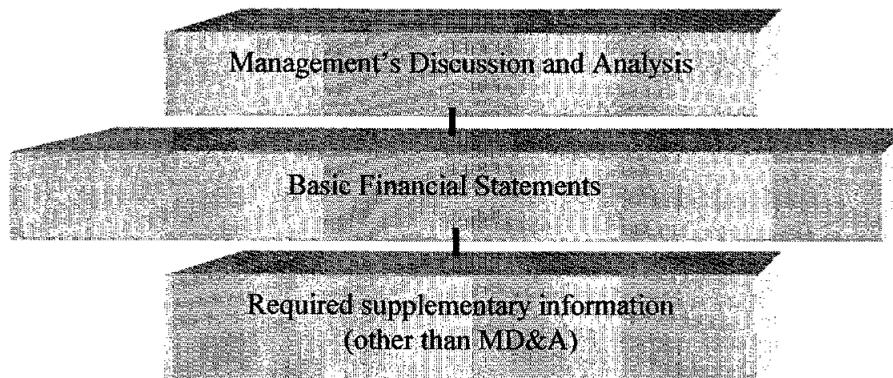
FINANCIAL HIGHLIGHTS

- ★ The School Board's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$68,860,422 at the close of fiscal year 2018.
- ★ During the year, the School Board's expenses exceeded revenues by \$576,225.
- ★ State MFP funding decreased by \$255,187 from the prior year.
- ★ Ad valorem tax revenue increased by \$8,421,152 over the prior year as additional ad valorem taxes were levied for the security of the general bonds of \$85,245,000 that were issued during the year. There was also a slight decrease in sales and uses tax of \$141,787 from the prior year.
- ★ The General Fund operated at a deficit of \$666,952, and ended the fiscal year with an accumulated fund balance of \$2,596,189, which is 7.3% of current year total expenditures for the general fund.
- ★ The School Board adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement required the School Board to recognize and report its total other post-employment benefit liability, measured according to actuarial methods and approaches prescribed within the standard along with certain disclosures. The effects of the implementation were applied directly to net position as of June 30, 2017, and thus the School Board restated its net position as of June 30, 2017. See Note 2Q to the financial statements.
- ★ Net pension liabilities and related deferrals decreased as required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as did the total postemployment benefit liability as required by GASB Statement No.75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS

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



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

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

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

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

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2018

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 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 government fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the Capital Projects Fund, the Bond Building Fund, Property Tax Fund, and the EFID Sales Tax Fund, all of which are considered major funds.

The remaining funds are combined into a single, aggregated presentation under the label of other non-major 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 adopts annual appropriated budgets for the General Fund, Capital Projects Fund, Property Tax Fund, EFID Sales Tax Fund, the Special Education Fund, Debt Service Fund, and all other Special Revenue Funds.

Fiduciary funds

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

Notes to the financial statements

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

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2018

FINANCIAL ANALYSIS OF THE ENTITY

Statements of Net Position
As of June 30, 2018 and 2017

	<u>2018</u>	<u>2017 Restated</u>	<u>Change</u>
Assets			
Cash and cash equivalents	\$ 98,949,306	\$ 6,753,210	\$ 92,196,096
Receivables and other assets	3,877,966	3,273,836	604,130
Investments	5,914,984	7,873,372	(1,958,388)
Capital assets, net	<u>26,491,110</u>	<u>17,432,281</u>	<u>9,058,829</u>
Total assets	<u>135,233,366</u>	<u>35,332,699</u>	<u>99,900,667</u>
Total deferred outflows of resources			
	<u>10,826,189</u>	<u>15,698,979</u>	<u>4,872,790</u>
Liabilities			
Accounts, salaries, and other payables	9,191,762	5,732,652	3,459,110
Accrued interest payable	1,389,174	20,958	1,368,216
Total post-employment benefit liability	36,854,016	37,730,187	(876,171)
Compensated absences payable	556,570	534,167	22,403
Bonds payable	99,353,452	2,170,000	97,183,452
Net pension liability	<u>60,835,013</u>	<u>71,290,320</u>	<u>(10,455,307)</u>
Total liabilities	<u>208,179,987</u>	<u>117,478,284</u>	<u>90,701,703</u>
Total deferred inflows of resources			
	<u>6,739,990</u>	<u>1,837,591</u>	<u>4,902,399</u>
Net Position			
Net investment in capital assets	16,341,563	15,262,281	1,079,282
Restricted for state, federal, and donor grants	162,335	146,294	16,041
Restricted for debt service	-	7	7
Restricted for food service	279,045	294,994	(15,949)
Restricted for compensation	1,283,852	1,665,688	(381,836)
Restricted for operations and maintenance	565,000	633,442	(68,442)
Unrestricted (Deficit)	<u>(87,492,217)</u>	<u>(86,286,903)</u>	<u>(1,205,314)</u>
Total net position (deficit)	<u>\$ (68,860,422)</u>	<u>\$ (68,284,197)</u>	<u>\$ (576,225)</u>

- Cash and cash equivalents account for approximately 73% of the total assets of the School Board. Capital assets, which are reported net of accumulated depreciation, account for approximately 20% of the total assets of the School Board for the most recent year end.
- Accounts, salaries, and other payables increased by approximately \$3,459,000 from the prior year and account for 4% of total liabilities reported. Total post-employment benefit liability accounts for 18% of total liabilities and decreased by approximately \$876,000 or 2% from the prior year due to the implementation of GASB 75.
- Net pension liability accounts for 29% of total liabilities at June 30, 2018.
- Net position at June 30, 2018 shows a deficit of \$68,860,422 predominantly due to the recording of the net pension liability and total other poste-employment benefit liability.

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2018

Changes in Net Position (for fiscal year)

	<u>2018</u>	<u>2017 (Restated)</u>	<u>change</u>
Revenues			
Charges for services	\$ 1,155,583	\$ 1,129,070	\$ 26,513
Operating grants	7,024,991	7,732,522	(707,531)
General revenues			
Taxes	37,280,507	29,001,142	8,279,365
Earnings on Investments	927,024	162,801	764,223
MFP	12,861,725	13,116,912	(255,187)
Other	605,136	388,281	216,855
	<u>59,854,966</u>	<u>51,530,728</u>	<u>8,324,238</u>
Expenses			
Regular education	17,578,445	17,768,425	(189,980)
Special education	7,915,164	8,040,425	(125,261)
Other education	7,994,289	8,282,420	(288,131)
Pupil support	3,260,012	3,039,911	220,101
Instructional staff	2,660,707	3,092,930	(432,223)
General administrative	1,488,000	1,410,400	77,600
School administrative	3,215,538	3,145,254	70,284
Business services	424,037	416,118	7,919
Plant operation and maintenance	5,211,337	4,472,311	739,026
Student transportation	3,097,047	2,983,753	113,294
Central services	262,378	503,828	(241,450)
Appropriations	753,662	660,995	92,667
Food service	2,936,683	2,979,843	(43,160)
Interest and bank charges	3,633,892	67,208	3,566,684
	<u>60,431,191</u>	<u>56,863,821</u>	<u>3,567,370</u>
Change in net position	<u>(576,225)</u>	<u>(5,333,093)</u>	<u>4,756,868</u>
Net Position - beginning	(68,284,197)	(34,835,764)	(33,448,433)
Adoption of New Accounting Standard (GASB 75)	-	(28,115,340)	28,115,340
Net Position - ending	<u><u>\$(68,860,422)</u></u>	<u><u>\$(68,284,197)</u></u>	<u><u>\$(576,225)</u></u>

- The revenues and expenses for 2017 do not include the effects of GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as that information was not readily available.
- Operating grants decreased by approximately \$708,000 from the prior year as funding for various grants decreased and there were no new major grant programs.

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2018

- Taxes have increased by approximately \$8,280,000 or 28.5% from prior year as the School Board issued additional ad valorem tax levies for security of the issuance of the new general obligation bonds. MFP funds decreased by approximately \$255,000 as there was an adjustment in the School Board's provided MFP funding.
- Total expenses have increased by approximately \$3,567,000 or 6.3% during the fiscal year. Salaries include an estimated 1% step increase earned by employees based on their length of employment with the School Board. Also, additional staff were hired for continued implementation of educational initiatives.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2018, the West Baton Rouge Parish School Board had \$26,491,110 (net of depreciation) invested in a broad range of capital assets, including land, construction in progress, building, and equipment. (See table below)

This amount represents a net increase (including additions, deductions, and changes in capitalization) of \$9,058,829, or 52%.

Capital Assets at Year-end
(Net of Depreciation)

	2018	2017	change
Land	\$ 4,261,780	\$ 4,261,780	\$ -
Construction in Progress	10,149,547	286,889	9,862,658
Land improvements	875,950	1,019,841	(143,891)
Buildings and improvements	10,083,643	10,576,855	(493,212)
Equipment and fixtures	1,120,190	1,286,916	(166,726)
	\$26,491,110	\$17,432,281	\$ 9,058,829

There was approximately \$10,637,000 in purchases of capital assets made by the School Board during 2018 and approximately \$1,578,000 in depreciation expense. The capital asset purchases are related to planned major capital projects funded by the general obligation bonds issuances. Additional information on the School Board's capital assets can be found in Note 8 to the basic financial statements.

Long-term Debt

New debt issued by the School Board consisted of \$85,245,000 in general obligation bonds at a premium of \$12,868,727 for the funding of major capital construction projects. Other changes to long-term debt consisted of principal payments as scheduled for the outstanding bonds and net increases in accruals of compensated absences.

Long-Term Debt at June 30, 2018 and 2017

	2018	2017 (as restated)
Compensated absences	\$ 556,570	\$ 534,167
Bonds payable	87,080,000	2,170,000
Premium on Bonds	12,273,452	-
	\$ 99,910,022	\$ 2,704,167

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2018

ANALYSIS OF THE SCHOOL BOARD'S GENERAL FUND

- The majority of the School Board's financial activity occurs in the general fund. The fund balance at June 30, 2018, is \$2,596,189. This fund balance is a result of accumulated operating surpluses and deficits from the current and prior fiscal years and serves to sustain the system during periods of decreased revenue or major events.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

There were no budget amendments adopted during the year ended June 30, 2018 as the original budgets accurately reflected actual operations through the fiscal year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The financial stability that is necessary to fund services provided by the School Board is achieved through federal and state funding. These revenue sources represent 31%, or \$21.5 million, of total projected 2019 proceeds. Local revenues (primarily sales and use and ad valorem taxes) represent 61%, or \$42.4 million, of total projected proceeds. Other sources of funds represent 8%, or \$5.3 million.

The West Baton Rouge Parish School Board's elected and appointed officials considered the following factors and indicators when setting next year's budget. These factors and indicators include:

- Ad valorem (property) tax revenue is budgeted to be about 2% higher collections as compared to 2017-18 collections. Sales and use tax revenue is expected to generate a 3% decrease in the amount of revenues as the prior year. This is mainly due to the completion of expansions of businesses throughout West Baton Rouge Parish. The Louisiana Department of Education released its Minimum Foundation Program (MFP) funding schedule for the 2017-2018 fiscal year which indicates that the School Board is projected to receive around of \$14.97 million dollars in State Aid. Federal revenues are projected at \$7.6 million dollars, the amount of approved grant applications.
- Total salaries budgeted include the step increase earned by all employees, which is projected at a 1.1 % increase, due to their length of employment with the School Board. This increase has been factored in across all major funds of the School Board. Retirement costs will increase by approximately \$150,000 this year due to rate increase for 2018-2019. In addition, the 2018-19 budget anticipates minor increases in commercial insurance and property insurance.

CONTACTING THE WEST BATON ROUGE 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 Jared Gibbs, Supervisor of Business Services, West Baton Rouge Parish School Board, 3761 Rosedale Road, Port Allen, LA 70767.

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2018

ASSETS

Cash and cash equivalents	\$ 98,949,306
Receivables	3,822,397
Investments	5,914,984
Inventory	55,569
Capital assets, net of accumulated depreciation	<u>26,491,110</u>
TOTAL ASSETS	<u>135,233,366</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflow amounts related to pension liability	10,491,391
Deferred outflow amounts related to other post-employment benefit liability	<u>334,798</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>10,826,189</u>

LIABILITIES

Accounts, salaries, and other payables	9,191,762
Accrued interest payable	1,389,174
Long-term liabilities	
Due within one year	
Compensated absences payable	45,093
Bonds payable	3,365,888
Due in more than one year	
Compensated absences payable	511,477
Bonds payable	95,987,564
Total post-employment benefit liability	36,854,016
Net pension liability	<u>60,835,013</u>
TOTAL LIABILITIES	<u>208,179,987</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflow amounts related to pension liability	5,101,494
Deferred inflow amounts related to other post-employment benefit liability	<u>1,638,496</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>6,739,990</u>

NET POSITION

Net invested in capital assets	16,341,563
Restricted for:	
State, federal, and donor grants	162,335
Food service	279,045
Compensation	1,283,852
Operations and maintenance	565,000
Unrestricted (Deficit)	<u>(87,492,217)</u>
TOTAL NET POSITION (DEFICIT)	<u>\$ (68,860,422)</u>

The accompanying notes are an integral part of this statement.

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

		Program Revenues		Net (Expense)
		Charges for	Operating	Revenue and
Expenses	Services	Grants and	Contributions	Changes in Net
				Position
				Governmental
				Unit
<u>Functions/Programs</u>				
Instruction:				
Regular education programs	\$ 17,578,445	\$ -	\$ 103,174	\$ (17,475,271)
Special education programs	7,915,164	-	349,008	(7,566,156)
Other education programs	7,994,289	-	2,870,508	(5,123,781)
Support Services:				
Pupil support services	3,260,012	1,000,615	314,763	(1,944,634)
Instructional staff services	2,660,707	-	592,320	(2,068,387)
General administration services	1,488,000	-	6,218	(1,481,782)
School administration services	3,215,538	-	600	(3,214,938)
Business services	424,037	-	134	(423,903)
Plant operation and maintenance	5,211,337	-	2,441	(5,208,896)
Student transportation	3,097,047	-	197,610	(2,899,437)
Central services	262,378	-	130	(262,248)
Appropriations:				
Charter school	753,662	-	-	(753,662)
Non-Instruction Services:				
Food service	2,936,683	154,968	2,588,085	(193,630)
Debt Service:				
Interest and fiscal charges	3,633,892	-	-	(3,633,892)
Total Governmental Activities	60,431,191	1,155,583	7,024,991	(52,250,617)
General Revenues				
Taxes:				
Ad Valorem taxes				21,036,320
Sales and use taxes				16,244,187
Grants and contributions not restricted to specific purposes:				
Minimum Foundation Program				12,861,725
Interest and investment earnings				927,024
Miscellaneous				605,136
			Total general revenues	51,674,392
			Change in Net Position	(576,225)
			Net Position - June 30, 2017 (as restated)	(68,284,197)
			Net Position - June 30, 2018	\$ (68,860,422)

The accompanying notes are an integral part of this statement.

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2018

	General	Capital Projects	Bond Building	Property Tax	EFID Sales Tax	Other Non-major Governmental	Total
ASSETS							
Cash and cash equivalents	\$4,506,981	\$ 586,636	\$ 89,269,678	\$ 2,162,233	\$ 714,578	\$ 1,709,200	\$ 98,949,306
Receivables	1,121,322	539	-	-	595,713	2,104,823	3,822,397
Investments	-	4,722,474	-	-	195,989	996,521	5,914,984
Due from other funds	1,602,964	975,000	-	10,923	25,505	5,017	2,619,409
Inventory	-	-	-	-	-	55,569	55,569
TOTAL ASSETS	\$7,231,267	\$ 6,284,649	\$ 89,269,678	\$ 2,173,156	\$1,531,785	\$ 4,871,130	\$ 111,361,665
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 43,385	\$ -	\$ 3,063,780	\$ -	\$ -	\$ 4,501	\$ 3,111,666
Salaries and benefits payable	3,616,693	-	-	1,349,874	504,512	609,017	6,080,096
Due to other funds	975,000	-	-	1,703	-	1,642,706	2,619,409
TOTAL LIABILITIES	4,635,078	-	3,063,780	1,351,577	504,512	2,256,224	11,811,171
Fund balances:							
Nonspendable	-	-	-	-	-	55,569	55,569
Spendable:							
Restricted	-	-	-	821,579	1,027,273	2,559,337	4,408,189
Committed	-	6,284,649	86,205,898	-	-	-	92,490,547
Unassigned	2,596,189	-	-	-	-	-	2,596,189
TOTAL FUND BALANCES	2,596,189	6,284,649	86,205,898	821,579	1,027,273	2,614,906	99,550,494
TOTAL LIABILITIES AND FUND BALANCES	\$7,231,267	\$ 6,284,649	89,269,678	\$ 2,173,156	\$1,531,785	\$ 4,871,130	\$ 111,361,665

The accompanying notes are an integral part of this statement.

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Total Fund Balances at June 30, 2018 - Governmental Funds		\$ 99,550,494
Cost of capital assets at June 30, 2018	\$ 43,898,184	
Less: Accumulated depreciation as of June 30, 2018:	<u>(17,407,074)</u>	26,491,110
Accrued interest on long-term debt		(1,389,174)
Long-term liabilities at June 30, 2018:		
Bonds payable	\$ (99,353,452)	
Compensated absences payable	<u>(556,570)</u>	<u>(99,910,022)</u>
Total post-employment liability balances in accordance with GASB 75		
Deferred outflow of resources - related to total OPEB	334,798	
Total other post-employment liability	(36,854,016)	
Deferred inflow of resources - related to total OPEB	<u>(1,638,496)</u>	<u>(38,157,714)</u>
Net pension obligation balances in accordance with GASB 68		
Deferred outflow of resources - related to net pension liability	10,491,391	
Net pension liability	(60,835,013)	
Deferred inflow of resources - related to net pension liability	<u>(5,101,494)</u>	<u>(55,445,116)</u>
Total net position at June 30, 2018 - Governmental Activities		<u>\$ (68,860,422)</u>

The accompanying notes are an integral part of this statement.

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	General	Capital Projects	Bond Building	Property Tax	EFID Sales Tax	Other Non-major Governmental	Total
REVENUES							
Local sources:							
Ad valorem taxes	\$ 8,204,726	\$ -	\$ -	\$ 9,623,696	\$ -	\$ 3,207,898	\$ 21,036,320
Sales and use taxes	8,197,633	-	-	-	8,046,554	-	16,244,187
Earnings on investments	83,173	102,752	717,915	2,674	3,663	16,847	927,024
Food services - paid meals	-	-	-	-	-	154,968	154,968
Other	1,000,615	102,155	-	-	-	376,729	1,479,499
State sources:							
Unrestricted grants-in-aid, MFP	12,400,213	-	-	-	-	461,512	12,861,725
Restricted grants-in-aid	14,017	-	-	-	-	558,281	572,298
Revenue sharing	126,252	-	-	-	-	-	126,252
Federal grants	-	-	-	-	-	6,452,693	6,452,693
TOTAL REVENUES	30,026,629	204,907	717,915	9,626,370	8,050,217	11,228,928	59,854,966
EXPENDITURES							
Current:							
Instruction:							
Regular education programs	12,120,274	-	-	4,375,161	1,140,050	199,790	17,835,275
Special education programs	5,016,345	-	-	1,722,637	647,262	695,159	8,081,403
Other education programs	3,215,542	-	-	1,436,891	491,151	3,012,469	8,156,053
Support:							
Pupil support services	2,344,484	-	-	529,607	185,746	268,966	3,328,803
Instructional staff services	1,715,051	-	-	331,619	91,518	541,245	2,679,433
General administration services	1,061,583	-	-	336,618	120,213	9,525	1,527,939
School administration services	2,716,513	-	-	474,222	63,884	482	3,255,101
Business administration services	333,038	-	-	79,376	20,681	-	433,095
Plant operation and maintenance	3,473,416	-	-	387,514	162,937	-	4,023,867
Student transportation	2,643,711	-	-	38,205	17,896	341,145	3,040,957
Food services	53	-	-	195,842	-	2,788,525	2,984,420
Central services	326,668	-	-	44,517	28,079	-	399,264
Appropriations:							
Charter school	753,662	-	-	-	-	-	753,662
Facility acquisition and construction	-	189,688	10,592,705	-	-	108,349	10,890,742
Debt service - principal	-	-	-	-	-	335,000	335,000
Debt service - interest	-	-	-	-	-	2,338,180	2,338,180
Debt service - bond issuance costs	-	-	522,771	-	-	-	522,771
TOTAL EXPENDITURES	35,720,340	189,688	11,115,476	9,952,209	2,969,417	10,638,835	70,585,965
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (5,693,711)	\$ 15,219	\$ (10,397,561)	\$ (325,839)	\$ 5,080,800	\$ 590,093	\$ (10,730,999)

(continued)

The accompanying notes are an integral part of this statement.

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	<u>General</u>	<u>Capital Projects</u>	<u>Bond Building</u>	<u>Property Tax</u>	<u>EFID Sales Tax</u>	<u>Other Non-major Governmental</u>	<u>Total</u>
<u>OTHER FINANCING SOURCES (USES)</u>							
Proceeds from issuance of bonds	\$ -	\$ -	\$ 85,245,000	\$ -	\$ -	\$ -	\$ 85,245,000
Premium from issuance of bonds	-	-	11,690,877	-	-	1,177,850	12,868,727
Transfers in	5,026,759	-	-	-	-	607,823	5,634,582
Transfers out	-	(122,146)	(23,829)	-	(5,205,239)	(283,368)	(5,634,582)
TOTAL OTHER FINANCING SOURCES (USES)	<u>5,026,759</u>	<u>(122,146)</u>	<u>96,912,048</u>	<u>-</u>	<u>(5,205,239)</u>	<u>1,502,305</u>	<u>98,113,727</u>
<u>NET CHANGES IN FUND BALANCE</u>	<u>(666,952)</u>	<u>(106,927)</u>	<u>86,514,487</u>	<u>(325,839)</u>	<u>(124,439)</u>	<u>2,092,398</u>	<u>87,382,728</u>
Fund balances, June 30, 2017	<u>3,263,141</u>	<u>6,391,576</u>	<u>(308,589)</u>	<u>1,147,418</u>	<u>1,151,712</u>	<u>522,508</u>	<u>12,167,766</u>
FUND BALANCES, JUNE 30, 2018	<u>\$ 2,596,189</u>	<u>\$ 6,284,649</u>	<u>\$ 86,205,898</u>	<u>\$ 821,579</u>	<u>\$ 1,027,273</u>	<u>\$ 2,614,906</u>	<u>\$ 99,550,494</u> (concluded)

The accompanying notes are an integral part of this statement.

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA

RECONCILIATION OF THE GOVERNMENTAL FUNDS -
STATEMENT OF REVENUES, EXPENDITURES, and
CHANGES IN FUND BALANCE TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Total Net Changes in Fund Balance - Governmental Funds		\$ 87,382,728
Capital Assets:		
Capital outlay and other expenditures capitalized	\$ 10,637,137	
Depreciation expense for year ended June 30, 2018	<u>(1,578,308)</u>	9,058,829
Change in accrued interest on long-term debt		(1,368,216)
Long Term Debt:		
Principal portion of debt service payments	335,000	
Proceeds from bond issuance	(85,245,000)	
Premium received from debt issuance	(12,868,727)	
Amortization of premium on issuance of debt	595,275	
Change in compensated absences payable	<u>(22,403)</u>	(97,205,855)
Change in total other post-employment liability and deferred inflows and outflows of resources in accordance with GASB 75		<u>(427,527)</u>
Change in Net pension liability and deferred inflows and outflows of resources in accordance with GASB 68		<u>1,983,816</u>
Change in Net Position - Governmental Activities		<u>\$ (576,225)</u>

The accompanying notes are an integral part of this statement.

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2018

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and cash equivalents - School Activity Accounts	\$ 600,043
Investments	<u>21,561</u>
TOTAL ASSETS	<u>\$ 621,604</u>
<u>LIABILITIES</u>	
Amounts held for others	<u>\$ 621,604</u>
TOTAL LIABILITIES	<u>\$ 621,604</u>

The accompanying notes are an integral part of this statement.

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The West Baton Rouge Parish School Board (School Board) is a corporate body created under Louisiana Revised Statutes 17:51. A board consisting of 10 members (the Board) elected from legally established districts is charged with the management and operation of the school system.

The school system is composed of a central office and 10 schools. Student enrollment as of October, 2017 was approximately 4,000. The regular school term normally begins during the middle of August and runs until the end of May.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the School Board conform to generally accepted accounting principles (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the standard setting body for establishing governmental accounting and financial reporting principles.

A. Financial Reporting Entity

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

B. Fund Accounting

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

Emphasis of fund financial reporting is on the major funds. Non-major funds (by category) or fund type are summarized into a single column. The major funds of the School Board consist of the General Fund, Capital Projects Fund, Bond Building Fund, Property Tax Fund, and the Educational Facilities Improvement District (EFID) Fund.

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

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

B. **Fund Accounting** (continued)

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

Governmental Fund Types:

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

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

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

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

Capital Projects Fund - The Capital Projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Fiduciary Fund:

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

C. **Basis of Presentation**

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

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

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

D. **Measurement Focus/Basis of Accounting**

Government-Wide Financial Statements (GWFS)

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

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

Program Revenues

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

Fund Financial Statements (FFS)

Governmental Funds

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

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

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

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

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

E. **Budget and Budgetary Accounting**

The School Board follows these procedures in establishing the budgetary data reflected in the financial statements:

The General Fund and the Special Revenue Funds are the only funds with legally required budgets. All of the Special Revenue Funds have legally required budgets. The General Fund budget and the Special Revenue Funds' budgets are adopted on an annual basis.

Prior to September 15, the Superintendent submits to the Board a proposed annual appropriated budget for the General Fund for the fiscal year commencing the prior July 1.

The operating budgets include proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments.

Formal budgetary integration is employed as a management control device during the year for the General Fund Special Revenue Funds, and Capital Projects Fund. Formal budgetary integration is not employed for the Debt Service Fund because effective budgetary control is alternatively achieved through general obligation bond indenture provisions.

Unencumbered appropriations in the General Fund lapse at the end of the fiscal year. Budgeted amounts are as originally adopted or as amended by the Board. Legally the Board must adopt a balanced budget; that is, total budgeted revenues and other financing sources including fund balance must equal or exceed total budgeted expenditures and other financing uses. State statutes require the Board to amend its budgets when revenues plus projected revenues within a fund are expected to be less than budgeted revenues by five percent or more and/or expenditures within a fund are expected to exceed budgeted expenditures by five percent or more. The School Board approves budgets at the fund level and management can transfer amounts between line items.

Special Revenue Funds' budgets that are not grant-oriented have annual appropriated budgets adopted prior to September 15 by the Board. Grant funds are included in Special Revenue Funds and their budgets are adopted at the time the grant applications are approved by the grantor. Unencumbered appropriations of grant-oriented Special Revenue Funds are re-appropriated at the beginning of the following fiscal year. Un-encumbered appropriations of certain non-grant-oriented Special Revenue Funds lapse at the end of the fiscal year.

The Capital Projects Fund budget is adopted prior to September 15 by the Board. Although, by statute, the Board is not required to adopt a budget for its Capital Projects Fund.

All budget amounts presented in the combined financial statements have been adjusted for legally authorized revisions of the annual budgets during the year. All budget revisions are approved by the 10-member Board.

F. **Cash and Cash Equivalents**

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

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

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

G. Investments

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

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

H. Inventory

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

I. Capital Assets

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

Capital assets are recorded in the GWFS, but are not recorded in the FFS. All capital assets are depreciated using the straight-line method over their estimated useful 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 are approximately 40 years for buildings and 5 to 20 years for equipment.

The School Board does not possess any material amounts of infrastructure capital assets, such as sidewalks and parking lots. Amounts expended for such items prior to June 30, 2002 were considered to be part of the cost of buildings or other immovable property such as stadiums. In the future, if such items are built or constructed, and appear to be material in cost compared to all capital assets, they will be capitalized and depreciated over their estimated useful lives as with all other capital assets.

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

J. Interfund Transactions

During the course of normal operations, the School Board has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. For purposes of the statement of activities, all interfund transactions between individual government funds have been eliminated.

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

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

K. Sales and Use Tax

The School Board levies two separate sales taxes on taxable sales within the Parish. The sales tax is collected by West Baton Rouge Parish Department of Revenue and remitted to the School Board in the month following receipt by the Department of Revenue. The Department of Revenue receives the sales tax in the month after collection by vendors.

In October 1965, the voters of the parish approved a permanent one percent sales and use tax. The net proceeds (after deduction for the cost of collection) are dedicated for salaries of teachers and for the general operations of the schools. Proceeds from this tax are included as revenue in the General Fund.

In May 1999, the voters of the parish approved an additional one percent sales and use tax. The net proceeds (after deduction for cost of collection) are dedicated as follows: 1) 45% to be used for teachers' and support staff salaries; 2) 55% to eliminate operating deficits of the General Fund by providing monies to pay the cost of operation and maintenance of the school system. Proceeds from this tax are included as revenues in the Educational Facilities Improvement District Special Revenue Fund.

L. Compensated Absences

Teachers and other school employees accrue from 10 to 13 days of sick leave per year depending upon the number of months worked. Sick leave may be accumulated without limitation. Upon death or retirement, unused accumulated sick leave of up to 25 days is paid to employees or their heirs at the employee's current rate of pay. The accrual computation for earned sick leave is calculated on a 25-day maximum per employee. Sick leave is not payable upon discharge or termination. Upon retirement, accumulated sick leave beyond 25 days is used in the retirement benefit computation as earned service.

All 12-month employees earn from 10 to 20 days of annual vacation leave per year depending on length of service with the School Board. Vacation leave can be accumulated and up to 50 days can be carried forward. Upon separation, all unused vacation is paid to the employee.

In Governmental Fund types, sick and vacation leave that has been claimed by employees as of the end of the fiscal year is recorded as an expenditure in the year claimed. Sick leave accrued as of the end of the fiscal year is valued using employees' current rates of pay. Accrued sick leave will be paid from future years' resources. No allowance is made for the immaterial amounts of sick and vacation leave forfeited when employees resign or retire.

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.

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

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

L. **Compensated Absences** (continued)

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.

M. **Pension Plans**

The School Board is a participating employer in three defined benefit pension plans (plans) as described in Note 5. 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.

N. **Government-wide 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*. 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 School Board'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.

Because deferred outflows and deferred inflows are, by definition, neither assets nor liabilities, the statement of net assets title is referred to as the statement of net position. The statement of net position reports net position as the difference between all other elements in a statement of net position and should be displayed in three components—net investment in capital assets, restricted net position (distinguishing between major categories of restrictions), and unrestricted net position.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of borrowings for capital asset acquisition, construction, 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.

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

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

N. **Government-wide Net Position** (continued)

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

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

The School Board has implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This standard provides guidance for reporting the financial statement elements of deferred outflows of resources and deferred inflows of resources, required by GASB Statement No. 63, as applied to the governmental fund statements. In addition to identifying which items should be reported in these new categories in proprietary fund, fiduciary fund, government-wide statements of net position and governmental fund balance sheets, GASB Statement No. 65 also identifies certain items previously reported as assets and liabilities that the GASB determined should be recognized as revenues, expenses, or expenditures when incurred and not reported in statements of net position/balance sheets.

O. **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 – Represents nonspendable balances that are not expected to be converted to cash.

Spendable:

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

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

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

Unassigned – Represents balances for which there are no constraints.

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

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

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

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.

P. **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 disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Q. **Current Year Adoption of New Accounting Standard and Restatement of Net Position**

The Entity adopted Government Accounting Standards Board (GASB) Statement Number 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The net effect to the Entity’s Statement of Net Position for the prior year that resulted from the adoption of GASB 75 is as follows:

	<u>Governmental Activities</u>
Total Net Position (Deficit), June 30, 2017 as previously reported	(\$40,168,858)
Reverse post-employment benefit obligation June 30, 2017	9,614,848
Record total post-employment benefit liability June 30, 2017	<u>(37,730,187)</u>
Net effect	<u>(28,115,339)</u>
Total Net Position, June 30, 2017, Restated	<u><u>(\$68,284,197)</u></u>

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

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

A. Equity in Pooled Cash

Cash and investments consist of demand deposit accounts and certificates of deposit at a local bank. The School Board maintains a cash pool that is available for use by all funds. Positive book cash balances are displayed on the combined balance sheet as "Cash." Negative book cash balances are included in "Due to Other Funds" on the combined balance sheet.

B. Deposits

The carrying amount of the School Board's deposits with financial institutions was \$105,485,894 and the bank balances were \$107,150,423. Deposits in financial institutions can be exposed to custodial credit risk. Custodial credit risk is the risk that in the event of a financial institution failure, the School Board's deposits may not be returned to them. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. As of June 30, 2018, the School Board's deposits were not exposed to custodial credit risk. Securities that may be pledged as collateral consist of obligations of the U.S. Government and its agencies, obligations of the State of Louisiana and its municipalities and political subdivisions.

C. Investments

Investments	Fair Value	Years to Maturity	
		Less than 1	1 -5
Investments at fair value			
Certificates of deposit	\$ 4,087,806	\$ 4,087,806	\$ -
Subtotal investments at fair value	4,087,806	4,087,806	-
Investments measured at the net asset value (NAV)			
External investment pool	1,848,739	1,848,739	-
Total investments measured at NAV	1,848,739	1,848,739	-
Total investments	\$ 5,936,545	\$ 5,936,545	\$ -

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

Investments consist of certificates of deposit with original maturities of greater than 90 days.

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

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

C. **Investments** (continued)

\$1,848,739 is invested in an external investment pool, Louisiana Asset Management Pool. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33:2955.

LAMP is a governmental external investment pool that reports at fair value. The following facts are relevant for an investment pool:

- Credit risk: LAMP is rated AAAM by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The School Board's investment is with the pool, not the securities that make up the pool; therefore, no public disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the five percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 47 days as of June 30, 2018.
- Foreign currency risk: Not applicable.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares. The School Board reports its investment in LAMP at net asset value.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

An annual audit of LAMP is conducted by an independent certified public accountant. The Legislative Auditor of the State of Louisiana has full access to the records of LAMP.

LAMP issues financial reports which can be obtained by writing: LAMP, Inc., 228 St. Charles Avenue, Suite 1123, New Orleans, LA 70130.

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

4. **AD VALOREM TAXES**

Ad valorem (property) taxes were levied for the fiscal year 2018 by the School Board on June 19, 2017 based on the assessed valuation of property as of January 1, 2017. These taxes become due and payable on November 15 of each year and become delinquent after December 31 of the year levied.

Total assessed value was \$447,634,250 in calendar year 2017. 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 \$46,075,259 of the assessed value in calendar year 2017.

A summary of the various taxes levied for 2017 is as follows:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
General Fund:			
Constitutional School Tax	4.39	4.39	N/A
Special	15.00	15.00	2023
Special – Salaries (I)	12.00	12.00	2026
Special – Salaries (II)	12.00	12.00	2026
Debt Service (Special II)	8.00	8.00	2036

State law requires the Sheriff to collect property taxes in the calendar year in which the assessment is made. Property taxes become delinquent January 1 of the following year. If taxes are not paid by the due date, taxes bear interest at the rate of one and one-fourth percent per month until taxes are paid. After notice is given to the delinquent taxpayers, the Sheriff is required by the Constitution of the State of Louisiana to sell the least quantity of property necessary to settle the taxes and interest owed. All property taxes are recorded in the General Fund and the Property Tax Fund on the basis explained in Note 2D. Revenues in such funds are recognized in the accounting period in which they become measurable and available. Property taxes are considered measurable in the calendar year of the tax levy. Estimated uncollectible taxes are those taxes based on past experience which will not be collected in the subsequent year and are primarily due to subsequent adjustments to the tax roll. Available means due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. The remaining property taxes receivable are considered available because they are substantially collected within 60 days subsequent to year end.

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

5. **DEFINED BENEFIT PENSION PLANS**

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

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

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

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:	LASERS:
8401 United Plaza Blvd.	8660 United Plaza	8401 United Plaza Blvd.
P. O. Box 94123	Blvd.	P. O. Box 44213
Baton Rouge, Louisiana	Baton Rouge, LA	Baton Rouge, Louisiana
70804-9123	70804	70804-4213
(225) 925-6446	(225) 925-6484	(225) 925-0185
www.trsl.org	www.lasers.net	www.lasersonline.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)

The Teachers' Retirement System of Louisiana (TRSL) is the administrator of a cost-sharing multiple employer defined benefit plan. The plan provides retirement, disability, and survivor benefits to employees who meet the legal definition of a "teacher" as provided for in LRS 11:701. The School Board has participants in TRSL's Regular Plan and in Plan A. Eligibility for retirement benefits for these plans and the calculation of retirement benefits are provided for in LRS 11:761. Most members are eligible to receive retirement benefits 1) at the age of 60 with 5 years of creditable service, 2) at the age of 55 with at least 25 years of creditable service, or 3) at any age with at least 30 years of creditable service. Retirement benefits are calculated by applying a percentage ranging from 2% to 3% of final average salary multiplied by years of service. Final average salary is based upon the member's highest successive 36 months (highest successive 60 months for members employed after January 1, 2011).

In lieu of terminating employment and accepting a service retirement, an eligible member can begin participation in the Deferred Retirement Option Program (DROP) on the first retirement eligibility date for a period not to exceed the 3rd anniversary of retirement eligibility. Delayed participation reduces the three-year participation period. During participation, benefits otherwise payable are fixed, and deposited in an individual DROP account. Upon termination of DROP, the member can continue employment and earn additional accruals to be added to the fixed pre-DROP benefit. Upon termination of employment, the member is entitled to the fixed benefit, an additional benefit based on post-DROP service (if any), and the individual DROP account balance which can be paid in a lump sum or an additional annuity based upon the account balance.

Under LRS 11:778, members who have suffered a qualified disability are eligible for disability benefits if employed prior to January 1, 2011 and have five or more years' creditable service, or if employed on or after January 1, 2011 and attained at least 10 years of creditable service. Members employed prior to January 1, 2011 receive disability benefits equal to 2½% of his average compensation multiplied by his years of creditable service, but not more than 50% of his average compensation subject to statutory minimums. Members employed on or after January 1, 2011 receive disability benefits equal to the regular retirement formula without reduction by reason of age.

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

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

Plan Descriptions: (continued)

Teachers' Retirement System of Louisiana (TRSL) (continued)

Survivor benefits are provided for in LRS 11:762. In order for survivor benefits to be paid, the deceased member must have been in state service at the time of death and must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or must have had a minimum of twenty years of service credit regardless of when earned. Survivor benefits are equal to 50% of the benefit to which the member would have been entitled if he had retired on the date of his death using a factor of 2½% regardless of years of service or age, or \$600 per month, whichever is greater.

Louisiana School Employees' Retirement System (LSERS)

The Louisiana School Employees' Retirement System (LSERS) is the administrator of a cost-sharing multiple employer defined benefit pension plan. The plan provides retirement, disability, and survivor benefits to school employees as defined in LRS 11:1002. Eligibility for retirement benefits and the calculation of retirement benefits are provided for in LRS 11:1141. Members who joined the system on or before June 30, 2010 are eligible for regular retirement benefits upon attaining 30 years of service at any age, 25 years of service and aged 55 years, 20 years of service regardless of age with an actuarially reduced benefit, or 10 years of service and aged 60 years. Members who joined the system after June 30, 2010 are eligible for regular retirement upon attaining at least 5 years of service and aged 60 years or 20 years of service regardless of age with an actuarially reduced benefit. For members employed prior to July 1, 2010, the maximum retirement benefit is equal to 3½% of the average compensation for the three highest consecutive years of service (five highest consecutive years for members employed between July 1, 2006 and June 30, 2010), subject to a 10% salary limitation, multiplied by the number of years of service limited to 100% of final average compensation plus a supplementary allowance of \$2 per month for each year of service. For members employed on or after July 1, 2010, the maximum retirement benefit is equal to 2½% of the average compensation for the five highest consecutive years of service, subject to a 15% salary limitation, multiplied by the number of years of service limited to 100% of final average compensation plus a supplementary allowance of \$2 per month for each year of service.

Members of the System may elect to participate in the Deferred Retirement Option Plan, (DROP) and defer the receipt of benefits. The election may be made only one time and the duration is limited to three years. Once an option has been selected, no change is permitted. Upon the effective date of the commencement of participation in the DROP Plan, active membership in the regular retirement plan of the System terminates. Average compensation and creditable service remain as they existed on the effective date of commencement of participation in the System. The monthly retirement benefits, that would have been payable had the person elected to cease employment and receive a service retirement allowance, are paid into the Deferred Retirement Option Plan Fund Account. The System maintains subaccounts within this account reflecting the credits attributed to each participant in the DROP program. Interest credited and payments from the DROP account are made in accordance with Louisiana Revised Statutes 11:1152(F)(3). Upon termination of participation in both the DROP program and employment, a participant may receive his DROP monies either in a lump sum payment from the account or systematic disbursements. The System also provides for deferred benefits for vested members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable.

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

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

Louisiana School Employees' Retirement System (LSERS) (continued)

LRS 11:1147 provides that members are eligible to retire and receive disability benefits if the member has attained at least 5 years of creditable service (10 years of creditable service if employed on or after July 1, 2006), if the member is not eligible for regular retirement and has become totally and permanently disabled. Disability benefits are equal to 2½% of his average compensation multiplied by his years of creditable service, but not less than 33⅓% of his average compensation for members employed prior to July 1, 2006 and 3% of his average compensation multiplied by his years of creditable service for members employed between July 1, 2006 and June 30, 2010. For those employed on or after July 1, 2010 disability benefits are equivalent to the regular retirement formula without reduction by reason of age. Pursuant to LRS 11:1151, survivor benefits of up to 75% of the members salary are available for surviving spouses and minor children of members with at least five years of service.

Louisiana State Employees' Retirement System (LASERS)

The Louisiana State Employees' Retirement System (LASERS) is the administrator of a cost-sharing multiple employer defined benefit pension plan to provide retirement, disability, and survivor's benefits to eligible state employees and their beneficiaries as defined in LRS 11:411-414. The School Board has participants in this plan who began service under the LASER plan and later transferred to employment with the School Board. The age and years of creditable service required in order for a member to receive retirement benefits are established by LRS 11:441 and vary depending on the member's hire date, employer and job classification. The substantial majority of members may retire with full benefits at any age upon completing 30 years of creditable service and at age 60 upon completing 10 years of creditable service. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit. The computation of retirement benefits is provided for in LRS 11:444. The basic annual retirement benefit for members is equal to a percentage (between 2.5% and 3.5%) of average compensation multiplied by the number of years of creditable service.

The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account. Members who enter DROP on or after January 1, 2004, are required to participate in LASERS Self-Directed Plan (SDP) which is administered by a third-party provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. For members who selected the IBO option prior to January 1, 2004, such amount may be withdrawn or remain in the IBO account earning interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero). Those members who select the IBO on or after January 1, 2004, are required to enter the SDP as described above.

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

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

Louisiana State Employees' Retirement System (LASERS) (continued)

Eligibility requirements and benefit computations for disability benefits are provided for in LRS 11:461. All members with ten or more years of creditable service or members aged 60 or older regardless of date of hire who become disabled may receive a maximum disability benefit equivalent to the regular retirement formula without reduction by reason of age. Hazardous duty personnel who become disabled in the line of duty will receive a disability benefit equal to 75% of final average compensation.

Provisions for survivor's benefits are provided for in LRS 11:471-478. Under these statutes, the deceased member who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of twenty years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18 or age 23 if the child remains a full-time student. The minimum service requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

Funding Policy

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

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, 2018, for the School Board and covered employees were as follows:

	<u>School Board</u>	<u>Employees</u>
Teachers' Retirement System:		
Regular Plan	26.60%	8.00%
Plan A	26.60%	9.10%
School Employees' Retirement System	27.60%	7.50% - 8.00%
State Employees' Retirement System	37.90%	7.50% - 8.00%

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Teachers' Retirement System	\$ 7,408,403	\$ 6,548,405	\$ 7,012,713
School Employees' Retirement System	280,318	260,377	279,340
State Employees' Retirement System	-	-	-

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

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

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

The following schedule lists the School Board's proportionate share of the Net Pension Liability allocated by each of the pension plans for based on the June 30, 2017 measurement date. The School Board uses this measurement to record its Net Pension Liability and associated amounts as of June 30, 2018 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2017 along with the change compared to the June 30, 2016 rate. The School Board's proportion of the Net Pension Liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

	<u>Net Pension Liability at June 30, 2017</u>	<u>Rate at June 30, 2017</u>	<u>Increase (Decrease) to June 30, 2016 Rate</u>
Teachers' Retirement System	\$ 59,423,571	0.5796%	(0.0125)%
School Employees' Retirement System	1,411,442	0.2206%	(0.0166)%
State Employees' Retirement System	-	0.0000%	0.0000%
	<u>\$ 60,835,013</u>		

The following schedule list each pension plan's recognized pension expense including 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, 2018:

	<u>Pension Expense</u>
Teachers' Retirement System	\$ 5,631,352
School Employees' Retirement System	136,068
State Employees' Retirement System	<u>(62,515)</u>
	<u>\$ 5,704,905</u>

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

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

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

At June 30, 2018, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (1,986,262)
Changes of assumptions	656,218	(21,988)
Net difference between projected and actual earnings on pension plan investments	-	(1,556,874)
Changes in proportion and differences between Employer contributions and proportionate share of contributions	2,146,452	(1,536,370)
Employer contributions subsequent to the measurement date	7,688,721	-
Total	<u>\$ 10,491,391</u>	<u>\$ (5,101,494)</u>

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Teachers' Retirement System	\$ 10,091,224	\$ (4,883,756)
School Employees' Retirement System (LSERS)	400,167	(152,394)
State Employees' Retirement System (LASERS)	-	(65,344)
	<u>\$ 10,491,391</u>	<u>\$ (5,101,494)</u>

The School Board reported a total of \$7,688,721 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2017 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:

	<u>Subsequent Contributions</u>
Teachers' Retirement System	\$ 7,408,403
School Employees' Retirement System (LSERS)	280,318
State Employees' Retirement System (LASERS)	-
	<u>\$ 7,688,721</u>

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

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

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

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

<u>Year</u>	<u>TRSL</u>	<u>LSERS</u>	<u>LASERS</u>	<u>Total</u>
2018	\$ (407,973)	\$ (24,041)	\$ (65,344)	\$ (497,358)
2019	784,235	33,547	-	817,782
2020	(679,063)	9,303	-	(669,760)
2021	(1,898,134)	(51,354)	-	(1,949,488)
	<u>\$ (2,200,935)</u>	<u>\$ (32,545)</u>	<u>\$ (65,344)</u>	<u>\$ (2,298,824)</u>

Actuarial Assumptions

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

	TRSL	LSERS	LASERS
Valuation Date	June 30, 2017	June 30, 2017	June 30, 2017
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:			
Expected Remaining			
Service Lives	5 years	3 years	3 years
Investment Rate of Return	7.70% net of investment expenses (decreased from 7.75% in 2016)	7.125% per annum	7.70% net of investment expenses (decreased from 7.75% in 2016)
Inflation Rate	2.5% per annum	2.625% per annum	2.75% per annum (decreased from 3.0% per annum in 2016)
Mortality	Mortality rates were projected based on the RP-2000 Mortality Table with projection to 2025 using Scale AA	Mortality rates based on the RP-2000 Sex Distinct Mortality Table. RP-2000 Disabled Lives Mortality Table	Non-disabled members - Mortality rates based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015. Disabled members - Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a five year (2008-2012) experience study of the System's members.		Termination, disability, and retirement assumptions were projected based on a five-year (2009-2013) experience study of the System's members.

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLANS (continued)

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

Salary Increases	3.50% - 10.0% varies depending on duration of service	Salary increases were projected based on the 2008-2012 experience study of the Plan's members ranging from 3.075% to 5.375%	Salary increases were projected based on a 2009-2013 experience study of the System's members. The salary increase ranges for specific types of members are:																		
			<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;"><u>Member Type</u></th> <th style="text-align: center;"><u>Lower Range</u></th> <th style="text-align: center;"><u>Upper Range</u></th> </tr> </thead> <tbody> <tr> <td>Regular</td> <td style="text-align: center;">3.80%</td> <td style="text-align: center;">12.80%</td> </tr> <tr> <td>Judges</td> <td style="text-align: center;">2.80%</td> <td style="text-align: center;">5.30%</td> </tr> <tr> <td>Corrections</td> <td style="text-align: center;">3.40%</td> <td style="text-align: center;">14.30%</td> </tr> <tr> <td>Hazardous Duty</td> <td style="text-align: center;">3.40%</td> <td style="text-align: center;">14.30%</td> </tr> <tr> <td>Wildlife</td> <td style="text-align: center;">3.40%</td> <td style="text-align: center;">14.30%</td> </tr> </tbody> </table>	<u>Member Type</u>	<u>Lower Range</u>	<u>Upper Range</u>	Regular	3.80%	12.80%	Judges	2.80%	5.30%	Corrections	3.40%	14.30%	Hazardous Duty	3.40%	14.30%	Wildlife	3.40%	14.30%
<u>Member Type</u>	<u>Lower Range</u>	<u>Upper Range</u>																			
Regular	3.80%	12.80%																			
Judges	2.80%	5.30%																			
Corrections	3.40%	14.30%																			
Hazardous Duty	3.40%	14.30%																			
Wildlife	3.40%	14.30%																			
Cost of Living Adjustments	None.	Not 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.	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 projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.																		

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

TRSL	LSERS	LASERS
<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 8.33% for 2017.</p>	<p>The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up), and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward-looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting long-term arithmetic nominal expected return is 8.10%.</p>	<p>The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimates ranges 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 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 3.25% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 8.69% for 2017.</p>

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

5. **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 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, 2017:

Asset Class	Target Allocation			Long-Term Expected Real Rate of Return		
	TRSL	LSERS	LASERS	TRSL	LSERS	LASERS
Cash	-	-	-	-	-	(0.24)%
Domestic equity	27.0%	-	25.0%	4.28%	-	4.31%
International equity	19.0%	-	32.0%	4.96%	-	5.35%
US equity	-	20.0%	-	-	6.44%	-
Developed equity	-	18.0%	-	-	7.40%	-
Emerging markets equity	-	10.0%	-	-	9.42%	-
Global REITs	-	3.0%	-	-	5.77%	-
Domestic fixed income	13.0%	-	8.0%	1.98%	-	1.73%
International fixed income	5.5%	-	6.0%	2.75%	-	2.49%
Core fixed income	-	8.0%	-	-	2.02%	-
High yield fixed income	-	5.0%	-	-	4.43%	-
Emerging mkts debt fixed income	-	7.0%	-	-	4.71%	-
Global fixed income	-	10.0%	-	-	1.38%	-
Alternatives	-	-	22.0%	-	-	7.41%
Alternative – private equity	-	5.0%	-	-	10.47%	-
Alternative – hedge fund or funds	-	3.0%	-	-	3.75%	-
Alternative – real estate	-	5.0%	-	-	5.0%	-
Private equity	25.5%	-	-	8.47%	-	-
Other private equity	10.0%	-	-	3.51%	-	-
Global asset allocation	-	-	7.0%	-	-	2.84%
Real assets – timber	-	2.0%	-	-	5.67%	-
Real assets – oil and gas	-	2.0%	-	-	10.57%	-
Real assets – infrastructure	-	2.0%	-	-	6.25%	-
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>			

Inflation
Expected Arithmetic Nominal
Return

n/a - amount not provided by Retirement System

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

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

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for TRSL, LSERS and LASERS was 7.70%, 7.125% and 7.70%, respectively for the year ended June 30, 2017. The discount rates for TRSL and LASERS decreased by 0.05% since the prior measurement date, and the discount rate of LSERS remained unchanged since the prior measurement date.

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	6.70%	7.70%	8.70%
WBRPSB Share of NPL	\$ 76,568,627	\$ 59,423,571	\$ 44,838,686
LSERS			
Rates	6.125%	7.125%	8.125%
WBRPSB Share of NPL	\$ 1,934,921	\$ 1,411,442	\$ 961,896
LASERS			
Rates	6.70%	7.70%	8.70%
WBRPSB Share of NPL	\$ -	\$ -	\$ -

Payables to the Pension Plan

The School Board recorded accrued liabilities to each of the Retirement Systems for the year ended June 30, 2018 mainly due to the accrual for payroll at the end of each of the fiscal years. The amounts due are included in liabilities under the amounts reported as accounts, salaries and other payables. The balance due to each for the retirement systems at June 30, 2018 is as follows:

	<u>June 30, 2018</u>
TRSL	\$ 1,807,509
LSERS	24,337
LASERS	-
	<u>\$ 1,831,846</u>

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

6. OTHER POST-EMPLOYMENT BENEFITS

General Information about the OPEB Plan

Plan description – The School Board provides certain continuing health care and life insurance benefits for its retirees, disabled retirees and their eligible beneficiaries. Current employees are eligible for these plan benefits if they retire as members of one of three School Board sponsored retirement systems. These benefits are provided through an Other Post Employment Benefit Plan (the OPEB Plan) categorized as a single-employer defined benefit plan that the School Board administers. The School Board'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 – Medical benefits are provided through the Louisiana Office of Group Benefits (OGB) and involve several statewide networks and one HMO with a premium structure by region. The OGB plan is a fully insured, multiple-employer arrangement and this plan has been deemed to be a single employer defined benefit OPEB plan (within the meaning of GASB 74/75) for financial reporting purposes and for this valuation. Medical benefits are provided to employees upon actual retirement from either the Teachers' Retirement System of Louisiana (TRSL) or the Louisiana School Employees' Retirement System (LSERS). The retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age; age 55 and 25 years of service; age 60 and 5 years of service. For membership after January 1, 2011, the earliest allowable retirement age is age 60.

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

Employees covered by benefit terms – The June 30, 2018 total OPEB liability was determined using the July 1, 2017 actuarial valuation that included the following employees covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	206
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	476
	682

Total OPEB Liability

The School Board's total OPEB liability of \$36,854,016 was measured as of June 30, 2018 and was determined by an actuarial valuation as of July 1, 2017.

Actuarial Assumptions and other inputs – The total OPEB liability as of June 30, 2018 was based on an actuarial valuation dated July 1, 2017 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	3.58% annually (beginning of year to determine ADC)
	3.87% annually (as of end of year measurement date)
Healthcare cost trend rates	Flat 5.5% annually

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

6. **OTHER POST-EMPLOYMENT BENEFITS** (continued)

Total OPEB Liability (continued)

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of June 30, 2018, the end of the applicable measurement period.

Mortality rates were based on the RP-2000 Table without projection with 50%/50% unisex blend.

The actuarial assumptions did not assume any sharing of benefits with inactive employees.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2009 to June 30, 2018.

Changes in the Total OPEB Liability

Balance at June 30, 2017	<u>\$ 37,730,187</u>
Changes for the year:	
Service cost	820,846
Interest	1,321,835
Differences between expected and actual experience	360,552
Changes in assumptions	(1,764,534)
Benefit payments	<u>(1,614,870)</u>
Net changes	<u>(876,171)</u>
Balance at June 30, 2018	<u><u>\$ 36,854,016</u></u>

The amount of total OPEB liability estimated to be due and payable within one year is \$1,700,000.

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 (2.87%) or 1-percentage-point higher (4.87%) than the current discount rate:

	<u>1.0% Decrease (2.87%)</u>	<u>Current Discount Rate (3.87%)</u>	<u>1.0% Increase (4.87%)</u>
Total OPEB liability	<u>\$ 43,734,372</u>	<u>\$ 36,854,016</u>	<u>\$ 31,447,259</u>

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

6. OTHER POST-EMPLOYMENT BENEFITS (continued)

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:

	1.0% Decrease (4.5%)	Current Discount Rate (5.5%)	1.0% Increase (6.5%)
Total OPEB liability	\$ 34,240,210	\$ 36,854,016	\$ 43,973,697

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

For the year ended June 30, 2018, the School Board recognized OPEB expense of \$2,042,397. At June 30, 2018, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 334,798	\$ -
Changes in assumptions		(1,638,496)
Total	\$ 334,798	\$ (1,638,496)

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:	
2019	\$ (100,284)
2020	(100,284)
2021	(100,284)
2022	(100,284)
2023	(100,284)
Thereafter	(802,278)
	\$ (1,303,698)

7. GENERAL LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended June 30, 2018:

	July 1, 2017	Additions	Reductions	June 30, 2018	Due Within One Year
Compensated Absences	\$ 534,167	\$ 73,536	\$ (51,133)	\$ 556,570	\$ 45,093
Bonds Payable	2,170,000	85,245,000	(335,000)	87,080,000	2,720,000
Premium on Bonds	-	12,868,727	(595,275)	12,273,452	645,888
Total	\$2,704,167	\$98,187,263	\$(981,408)	\$99,910,022	\$ 3,410,981

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

7. **GENERAL LONG-TERM OBLIGATIONS** (continued)

General obligation bonds were issued to provide funds for the acquisition and construction of major capital facilities. General obligation bonds issued included the following:

	<u>Principal Outstanding at June 30, 2018</u>
\$3,400,000 General Obligation Limited Tax Revenue Bonds, Series 2013, issued August 14, 2013 for the purpose of construction, rehabilitation, or repair of public school facilities due in annual installments of \$285,000 to \$390,000 through March 31, 2023 with interest at 1.1% to 3.5% secured by an annual ad valorem tax levy.	<u>\$ 1,835,000</u>
\$74,745,000 General Obligation Limited Tax Revenue Bonds, Series 2017, issued July 12, 2017 for the purpose of acquiring and/or improving lands, school buildings and facilities, and the acquiring of necessary equipment and furnishings due in semi-annual installments of \$1,000,000 to \$6,135,000 through March 1, 2037 with interest at 2.0% to 5.0% secured by an annual ad valorem tax levy.	<u>\$ 74,745,000</u>
\$10,500,000 General Obligation Limited Tax Revenue Bonds, Series 2018, issued June 28, 2018 for the purpose of acquiring and/or improving lands, school buildings and facilities, and the acquiring of necessary equipment and furnishings due in semi-annual installments of \$140,000 to \$795,000 through September 1, 2038 with interest at 3.0% to 5.0% secured by an annual ad valorem tax levy.	<u>\$ 10,500,000</u>

At June 30, 2018, the School Board has accumulated \$2,041,946 in the debt service fund for future debt retirement. The annual requirements to amortize all bonds at June 30, 2018, including interest of \$47,611,718 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 2,720,000	\$ 3,899,880	\$ 6,619,880
2020	2,950,000	3,972,619	6,922,619
2021	3,190,000	3,885,006	7,075,006
2022	3,455,000	3,758,006	7,213,006
2023	3,740,000	3,619,506	7,359,506
2024 – 2028	19,380,000	15,475,080	34,855,080
2029 – 2033	25,285,000	10,204,171	35,489,171
2034 – 2038	26,360,000	2,797,450	29,157,450
Total	<u>\$ 87,080,000</u>	<u>\$ 47,611,718</u>	<u>\$ 134,691,718</u>

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

7. GENERAL LONG-TERM OBLIGATIONS (continued)

In accordance with LSA – R.S. 39:562, the School Board is legally restricted from incurring long-term bonded debt in excess of 50% of the assessed value of taxable property within the parish. At June 30, 2018, the total assessed value of taxable property for the parish was \$447,634,250, which resulted in a statutory limit of \$223,817,125.

Compensated absences payable consist of the portion of accumulated sick and annual leave of the governmental funds that is not of Homestead expected to require current resources. These liabilities will be liquidated through the general and special revenue funds.

New Debt Issuances

On July 12, 2017, the School Board issued \$74,745,000 of Series 2017 General Obligation Bonds for the purpose of acquiring and/or improving lands for building sites and playgrounds, purchasing, erecting and/or improving school buildings and other school related facilities within and for the District and acquiring the necessary equipment and furnishings therefor and paying for the costs of issuance of the bonds. The Bonds payments are due on March 1st of each year beginning 2019 through 2037 with interest ranging from 2.00 percent to 5.00 percent. The bonds are secured by and payable in principal and interest from the revenues of the Constitutional ad valorem tax levied at 12.00 mills beginning in the 2018 tax year.

On June 28, 2018, the School Board issued \$10,500,000 of Series 2018 General Obligation Bonds for the purpose of acquiring and/or improving lands for building sites and playgrounds, purchasing, erecting and/or improving school buildings and other school related facilities within and for the District and acquiring the necessary equipment and furnishings therefor and paying for the costs of issuance of the bonds. The Bonds payments are due on March 1st of each year beginning 2020 through 2038 with interest ranging from 3.00 percent to 5.00 percent. The bonds are secured by and payable in principal and interest from the revenues of the Constitutional ad valorem tax levied at 12.00 mills beginning in the 2018 tax year.

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

8. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2018 is as follows:

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings and Improvements</u>	<u>Equipment and Fixtures</u>	<u>Construction in Progress</u>	<u>Total</u>
Cost at June 30, 2017	\$ 4,261,780	\$ 2,029,795	\$ 23,343,601	\$ 3,338,982	\$ 286,889	\$ 33,261,047
Additions	-	-	329,890	444,589	9,862,658	10,637,137
Cost at June 30, 2018	<u>\$ 4,261,780</u>	<u>\$ 2,029,795</u>	<u>\$ 23,673,491</u>	<u>\$ 3,783,571</u>	<u>\$ 10,149,547</u>	<u>\$ 43,898,184</u>
Accumulated depreciation at June 30, 2017	\$ -	\$ 1,009,954	\$ 12,766,746	\$ 2,052,066	\$ -	\$ 15,828,766
Additions (* see below)	-	143,891	823,102	611,315	-	1,578,308
Accumulated depreciation at June 30, 2018	<u>\$ -</u>	<u>\$ 1,153,845</u>	<u>\$ 13,589,848</u>	<u>\$ 2,663,381</u>	<u>\$ -</u>	<u>\$ 17,407,074</u>
Capital assets, net of depreciation at June 30, 2018	<u>\$ 4,261,780</u>	<u>\$ 875,950</u>	<u>\$ 10,083,643</u>	<u>\$ 1,120,190</u>	<u>\$ 10,149,547</u>	<u>\$ 26,491,110</u>

* Depreciation expense of \$1,578,308 for the year ended June 30, 2018 was charged to the following governmental functions:

Regular education programs	\$ 194,934
Special education programs	89,667
Other education programs	92,035
Pupil support services	33,889
Instructional staff services	33,434
General administrative services	15,889
School administration services	33,967
Business and central services	4,603
Plant operation and maintenance	1,009,334
Student transportation services	33,176
Central services	4,489
Food services	32,891
	<u>\$ 1,578,308</u>

9. CONTINGENCIES

Litigation. The School Board is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the School Board's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the government.

Grant Disallowances. The School Board participates in a number of state and federally assisted grant programs. The programs are subject to audits under the single audit approach as well as audits conducted by the Louisiana and U.S. Department of Education. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under the terms of the grants.

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

10. RECEIVABLES

Receivables as of June 30, 2018 for the School Board are as follows by fund:

	<u>General</u>	<u>Capital Projects</u>	<u>EFID Sales Tax</u>	<u>Non-Major Governmental</u>	<u>Total</u>
<u>Receivables:</u>					
Sales taxes	\$ 608,979	\$ -	\$ 595,713	\$ -	\$ 1,204,692
Due from other governments	512,343	539	-	2,104,823	2,617,705
Gross receivables	<u>\$ 1,121,322</u>	<u>\$ 539</u>	<u>\$ 595,713</u>	<u>\$ 2,104,823</u>	<u>\$ 3,822,397</u>

11. CHANGES IN AGENCY DEPOSITS DUE OTHERS

A summary of changes in agency fund deposits due others for the year ended June 30, 2018 are as follows:

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
School Activity Agency Fund	<u>\$ 580,895</u>	<u>\$ 1,298,047</u>	<u>\$ (1,257,338)</u>	<u>\$ 621,604</u>

12. INTERFUND TRANSACTIONS

Interfund Receivable/Payable:

<u>Interfund Receivable</u>		<u>Interfund Payable</u>	
General	\$ 1,602,964	General	\$ 975,000
Capital Projects	975,000	Capital Projects	-
Property Tax	10,923	Property Tax	1,703
EFID Sales Tax	25,505	EFID Sales Tax	-
Non-Major		Non-Major	
Governmental	5,017	Governmental	1,642,706
Total	<u>\$ 2,619,409</u>	Total	<u>\$ 2,619,409</u>

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

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

12. **INTERFUND TRANSACTIONS** (continued)

Transfers:

Fund	Transfers In	Transfers Out
General	\$ 5,026,759	\$ -
Capital Projects	-	122,146
Bond Building	-	23,829
EFID Sales Tax	-	5,205,239
Non-major Governmental	607,823	283,368
	\$ 5,634,582	\$ 5,634,582

The purpose of interfund transfers is predominantly to cover operating expenditures of the General Fund through indirect cost recoveries charged to grant programs and through transfers from the Capital Project Fund and the EFID Sales Tax Fund to cover eligible costs paid for by the General Fund.

13. **OPERATING LEASE**

The School Board leases school buses through a lease arrangement which qualifies as an operating lease. The pricing for the agreement is based on the quantity of buses needed, special accessories needed on the bus, and frequency of use per day. The lease payments are to be made on a monthly basis. The lease is scheduled over a five-year period ending June 30, 2020.

The School Board leases three copier/printers through a lease agreement that qualifies as an operating lease which began on April 1, 2017. The payments in the amount of \$916 are scheduled in advance monthly over a three-year period ending May 31, 2020.

Management has estimated that the minimum future lease payments under these lease agreements to be as follows:

<u>Year ended June 30,</u>	<u>Total</u>
2019	\$ 2,610,992
2020	2,608,244
	\$ 5,219,236

Payments made during June 30, 2018 totaled approximately \$2,600,000 for the school bus lease arrangement and \$12,200 for the copier/printer lease agreement.

14. **COMMITMENTS**

The School Board has entered into a maintenance agreement for air conditioning services. The payments in the amount of \$26,750 are scheduled in advance monthly over a 5-year period ending September 30, 2018. Beginning October 1, 2018, the maintenance agreement switched to month-to-month, retaining the same monthly payment amounts of \$26,750, until the completion of the construction of the new schools.

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

14. **COMMITMENTS** (continued)

Minimum future payments under the non-cancellable agreement in effect at the date of financial statements were available to be issued are as follows:

<u>Year ended June 30,</u>	<u>Total</u>
2019	<u>\$ 80,250</u>

Payments made during June 30, 2018 related to the maintenance agreement totaled approximately \$503,000, including additional services not included in the agreement.

In October 2018, the School Board entered into a month to month agreement for the provided air conditioning services.

The School Board had construction commitments of approximately \$31,291,000 related to the Bond Building Projects at June 30, 2018.

15. **EDUCATION EXCELLENCE FUND**

Pursuant to Act #161 of the 2002 First Extraordinary Session of the Legislature, the State of Louisiana established the Education Excellence Fund (EEF) for the oversight, appropriation, and disposition of proceeds from the tobacco settlements. These funds are dedicated for use in educational programs, and are available to local school districts, subject to the approval of an expenditure plan by the Louisiana Department of Education. The funds are held and invested by the Treasurer of the State of Louisiana on behalf of local school districts and are disbursed in accordance with approved expenditure plans. At June 30, 2018, the School Board's EEF funds invested through the Treasurer totaled approximately \$760,000. These funds are recognized as revenue to the School Board upon submission and subsequent approval of an annual expenditure plan. The School System expended approximately \$85,000 during the 2017-2018 fiscal year in accordance with its respective expenditure plan.

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

16. DETAILED RESTRICTED NET POSITION AND FUND BALANCES

a. Details of restricted Net Position as reported in the entity-wide Statement of Net Position are as follows:

	<u>Governmental Activities</u>
Net Position Restricted for:	
Specific programs:	
State, federal, and donor grants	\$ 162,335
Food service	<u>279,045</u>
Total Net Position restricted for specific programs	<u>441,380</u>
External legal constraints:	
Dedicated property and sales taxes authorized by the electorate to specific special revenue funds – salaries and benefits	1,283,852
Dedicated sales taxes authorized by the electorate for specific revenue funds – operations and maintenance	<u>565,000</u>
Total net position restricted for external legal constraints	<u>1,848,852</u>
Total Restricted Net Position	<u>\$ 2,290,232</u>

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

16. DETAILED RESTRICTED NET POSITION AND FUND BALANCES (continued)

b. Details of nonspendable, restricted, committed, and unassigned fund balances at year-end are as follows:

	<u>General</u>	<u>Capital Projects</u>	<u>Bond Building</u>	<u>Property Tax</u>	<u>EFID Sales Tax</u>	<u>Other Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund balances:							
Nonspendable:							
Inventory	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,569	\$ 55,569
Restricted for:							
Food service	-	-	-	-	-	223,476	223,476
State, federal, and donor grants	-	-	-	-	-	293,915	293,915
Dedicated property taxes:							
Debt service	-	-	-	-	-	2,041,946	2,041,946
Salaries and benefits	-	-	-	821,579	-	-	821,579
Dedicated sales taxes:							
Salaries and benefits	-	-	-	-	462,273	-	462,273
Operations and maintenance	-	-	-	-	565,000	-	565,000
Total Restricted	-	-	-	821,579	1,027,273	2,559,337	4,408,189
Committed to:							
Capital improvements	-	6,284,649	86,205,898	-	-	-	92,490,547
Unassigned	2,596,189	-	-	-	-	-	2,596,189
Total fund balances	<u>\$ 2,596,189</u>	<u>\$ 6,284,649</u>	<u>\$ 86,205,898</u>	<u>\$ 821,579</u>	<u>\$ 1,027,273</u>	<u>\$ 2,614,906</u>	<u>\$ 99,550,494</u>

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

17. Future Accounting Changes

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 83, Certain Asset Retirement Obligations (ARO). This standard establishes criteria for determining the timing and pattern of recognition of an ARO liability and a corresponding deferred outflow of resources. An ARO is a legally enforceable liability associated with the sale, recycling, retirement, abandonment or disposal in some other manner of a tangible capital asset permanently removed from service. The standard is effective for annual reporting periods beginning after June 15, 2018. The School Board will include the requirements of this standard, as applicable, in its June 30, 2019 financial statements. The effect of this standard or its applicability to the School Board are unknown at this time.

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 statements. 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 statements. 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.

18. Disaggregation of Accounts Payable and Accrued Liabilities

Accounts, salaries and other payables as of June 30, 2018, were as follows:

Vendors	\$ 3,111,666
Salaries and benefits	<u>6,080,096</u>
Total governmental fund encumbrances	<u>\$ 9,191,762</u>

19. Tax Revenues Abated

The Louisiana Industrial Ad Valorem Tax Exemption program (Louisiana Administrative Code, Title 13, Chapter 5) is a state incentive program which abates, up to ten years, local ad valorem taxes on a manufacturer's new investment and annual capitalized additions related to the manufacturing site. Applications to exempt qualified property for five years are approved by the Board of Commerce and Industry. The exemption may be renewed for an additional five years. For the fiscal year ending June 30, 2018, \$8,532,280 in West Baton Rouge Parish School Board ad valorem tax revenues were abated by the state of Louisiana through the Louisiana Industrial Ad Valorem Tax Exemption program.

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

20. Appropriations to Charter Schools

Appropriations to Type 2 Charter Schools during the year ended June 30, 2018 were as follows:

	<u>General Fund</u>
Type 2 Charter Schools	
Madison Prep	\$ 34,470
Louisiana Key Academy	114,900
Baton Rouge Charter Academy	7,660
Advantage Charter Academy	45,960
Iberville Charter Academy	360,020
GEO Academies EBR	19,150
Apex Collegiate Academy	7,660
Louisiana Virtual Charter Academy	58,599
University View Academy	99,963
Subtotal – Type 2 Charter Schools	<u>748,382</u>
Office of Juvenile Justice (OJJ)	<u>5,280</u>
Grand Total	<u>\$ 753,662</u>

Charter schools are entitled to receive an apportionment of local tax revenue. That amount, determined by the Louisiana Department of Education, is withheld from the School Board's MFP funding and remitted to the charter schools. An appropriation of \$753,662 has been recorded for the School Board's apportionment of local taxes to the charter schools.

WEST BATON ROUGE PARISH SCHOOL BOARD

MAJOR FUND DESCRIPTIONS

GENERAL FUND

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

CAPITAL PROJECTS FUND

The Capital Projects Fund accounts for financial resources to be used for the renovation of major capital facilities.

BOND BUILDING FUND

The Bond Building Capital Project Fund accounts for projects to be funded by the July 2017 and June 2018 General Obligation Bonds.

PROPERTY TAX FUND

The Property Tax Special Revenue Fund accounts for both of the 10 year, 12 mills property taxes. The purpose of these taxes is to give additional support to the public elementary and secondary schools in the district by providing funds for improving and maintaining salaries and benefits of teachers and other public school personnel employed by the School Board as well as to help pay for the debt incurred from the 2017 and 2018 General Obligation Bonds.

EDUCATIONAL FACILITIES IMPROVEMENT DISTRICT FUND

The Educational Facilities Improvement District (EFID) Special Revenue Fund accounts for the collection of a 1 percent sales and use tax; 45% of which is dedicated to salaries and 55% of which is available for general operations.

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>				
Local sources:				
Taxes:				
Ad valorem	\$ 8,250,800	\$ 8,250,800	\$ 8,204,726	\$ (46,074)
Sales and use	8,431,933	8,431,933	8,197,633	(234,300)
Earnings on investments	54,000	54,000	83,173	29,173
Other	740,700	740,700	1,000,615	259,915
State sources:				
Unrestricted grants-in-aid	13,325,000	13,325,000	12,400,213	(924,787)
Restricted grants-in-aid	12,500	12,500	14,017	1,517
Revenue sharing	127,561	127,561	126,252	(1,309)
Federal sources:				
Grants-in-aid - subgrants and other	-	-	-	-
Total revenues	<u>30,942,494</u>	<u>30,942,494</u>	<u>30,026,629</u>	<u>(915,865)</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular education programs	12,332,566	12,332,566	12,120,274	212,292
Special education programs	5,286,940	5,286,940	5,016,345	270,595
Other education programs	3,167,898	3,167,898	3,215,542	(47,644)
Support services:				
Pupil support services	2,188,353	2,188,353	2,344,484	(156,131)
Instructional staff services	1,694,395	1,694,395	1,715,051	(20,656)
General administration services	1,077,700	1,077,700	1,061,583	16,117
School administration services	2,716,995	2,716,995	2,716,513	482
Business administration services	371,800	371,800	333,038	38,762
Plant operation and maintenance	3,442,867	3,442,867	3,473,416	(30,549)
Transportation	2,879,782	2,879,782	2,643,711	236,071
Food services	-	-	53	(53)
Central services	351,173	351,173	326,668	24,505
Appropriations:				
Charter school	817,031	817,031	753,662	63,369
Total expenditures	<u>36,327,500</u>	<u>36,327,500</u>	<u>35,720,340</u>	<u>607,160</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (5,385,006)</u>	<u>\$ (5,385,006)</u>	<u>\$ (5,693,711)</u>	<u>\$ (308,705)</u>

(continued)

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Other financing sources (uses):</u>				
Operating transfers in	\$ <u>4,620,850</u>	\$ <u>4,620,850</u>	\$ <u>5,026,759</u>	\$ <u>405,909</u>
Total other financing sources (uses)	<u>4,620,850</u>	<u>4,620,850</u>	<u>5,026,759</u>	<u>405,909</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing sources (uses)	<u>(764,156)</u>	<u>(764,156)</u>	<u>(666,952)</u>	<u>97,204</u>
Fund balances, June 30, 2017	<u>3,263,138</u>	<u>3,263,138</u>	<u>3,263,141</u>	<u>3</u>
FUND BALANCES, JUNE 30, 2018	\$ <u><u>2,498,982</u></u>	\$ <u><u>2,498,982</u></u>	\$ <u><u>2,596,189</u></u>	\$ <u><u>97,207</u></u> (concluded)

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA

CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>				
Local sources:				
Earnings on investments	\$ 91,500	\$ 91,500	\$ 102,752	\$ 11,252
Other	<u>185,000</u>	<u>185,000</u>	<u>102,155</u>	<u>(82,845)</u>
Total revenues	<u>276,500</u>	<u>276,500</u>	<u>204,907</u>	<u>(71,593)</u>
<u>Expenditures:</u>				
Facilities acquisition and construction	<u>90,000</u>	<u>90,000</u>	<u>189,688</u>	<u>(99,688)</u>
Total expenditures	<u>90,000</u>	<u>90,000</u>	<u>189,688</u>	<u>(99,688)</u>
Excess (deficiency) of revenues over expenditures	186,500	186,500	15,219	(171,281)
<u>Other financing sources (uses):</u>				
Operating transfers out	<u>(34,688)</u>	<u>(34,688)</u>	<u>(122,146)</u>	<u>(87,458)</u>
Total other financing sources (uses)	<u>(34,688)</u>	<u>(34,688)</u>	<u>(122,146)</u>	<u>(87,458)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing sources (uses)	151,812	151,812	(106,927)	(258,739)
Fund balances, June 30, 2017	<u>6,391,577</u>	<u>6,391,577</u>	<u>6,391,576</u>	<u>(1)</u>
FUND BALANCES, JUNE 30, 2018	<u>\$ 6,543,389</u>	<u>\$ 6,543,389</u>	<u>\$ 6,284,649</u>	<u>\$ (258,740)</u>

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA

PROPERTY TAX FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>				
Local sources:				
Taxes:				
Ad valorem	\$ 9,598,870	\$ 9,598,870	\$ 9,623,696	\$ 24,826
Earnings on investments	8,500	8,500	2,674	(5,826)
Total revenues	<u>9,607,370</u>	<u>9,607,370</u>	<u>9,626,370</u>	<u>19,000</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular education programs	3,565,863	3,565,863	4,375,161	(809,298)
Special education programs	1,846,603	1,846,603	1,722,637	123,966
Other education programs	1,684,337	1,684,337	1,436,891	247,446
Support services:				
Pupil support services	545,085	545,085	529,607	15,478
Instructional staff services	367,077	367,077	331,619	35,458
General administration services	351,597	351,597	336,618	14,979
School administration services	501,684	501,684	474,222	27,462
Business administration services	63,713	63,713	79,376	(15,663)
Plant operation and maintenance	399,082	399,082	387,514	11,568
Transportation	42,681	42,681	38,205	4,476
Food services	182,334	182,334	195,842	(13,508)
Central services	45,192	45,192	44,517	675
Total expenditures	<u>9,595,248</u>	<u>9,595,248</u>	<u>9,952,209</u>	<u>(356,961)</u>
Excess (deficiency) of revenues over expenditures	<u>12,122</u>	<u>12,122</u>	<u>(325,839)</u>	<u>(337,961)</u>
Fund balances, June 30, 2017	<u>1,147,419</u>	<u>1,147,419</u>	<u>1,147,418</u>	<u>(1)</u>
FUND BALANCES, JUNE 30, 2018	<u>\$ 1,159,541</u>	<u>\$ 1,159,541</u>	<u>\$ 821,579</u>	<u>\$ (337,962)</u>

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA

EFID SALES TAX FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>				
Local sources:				
Taxes:				
Sales and use	\$ 8,281,760	\$ 8,281,760	\$ 8,046,554	\$ (235,206)
Earnings on investments	11,100	11,100	3,663	(7,437)
Total revenues	<u>8,292,860</u>	<u>8,292,860</u>	<u>8,050,217</u>	<u>(242,643)</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular education programs	1,382,500	1,382,500	1,140,050	242,450
Special education programs	831,500	831,500	647,262	184,238
Other education programs	589,450	589,450	491,151	98,299
Support services:				
Pupil support services	214,750	214,750	185,746	29,004
Instructional staff services	98,500	98,500	91,518	6,982
General administration services	133,500	133,500	120,213	13,287
School administration services	72,500	72,500	63,884	8,616
Business administration services	22,850	22,850	20,681	2,169
Plant operation and maintenance	183,750	183,750	162,937	20,813
Transportation	23,874	23,874	17,896	5,978
Food services	135,000	135,000	-	135,000
Central services	30,850	30,850	28,079	2,771
Total expenditures	<u>3,719,024</u>	<u>3,719,024</u>	<u>2,969,417</u>	<u>749,607</u>
Excess (deficiency) of revenues over expenditures	<u>4,573,836</u>	<u>4,573,836</u>	<u>5,080,800</u>	<u>506,964</u>
<u>Other financing sources (uses):</u>				
Operating transfers out	<u>(4,500,000)</u>	<u>(4,500,000)</u>	<u>(5,205,239)</u>	<u>(705,239)</u>
Total other financing sources (uses)	<u>(4,500,000)</u>	<u>(4,500,000)</u>	<u>(5,205,239)</u>	<u>(705,239)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing sources (uses)	<u>73,836</u>	<u>73,836</u>	<u>(124,439)</u>	<u>(198,275)</u>
Fund balances, June 30, 2017	<u>1,151,712</u>	<u>1,151,712</u>	<u>1,151,712</u>	<u>-</u>
FUND BALANCES, JUNE 30, 2018	<u>\$ 1,225,548</u>	<u>\$ 1,225,548</u>	<u>\$ 1,027,273</u>	<u>\$ (198,275)</u>

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA

SCHEDULE OF CHANGES IN TOTAL OTHER POST-EMPLOYMENT
BENEFITS LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2018

Financial statement reporting date	Measurement date	Service cost	Interest	Difference between actual and expected experience	Changes of assumptions or other inputs	Benefit payments	Net change in total OPEB liability	Total OPEB liability - beginning	Total OPEB liability - ending	Covered payroll	Total OPEB liability as a percentage of covered payroll
6/30/2018	6/30/2018	\$ 820,846	\$ 1,321,835	\$ 360,552	\$ (1,764,534)	(1,614,870)	\$ (876,171)	\$ 37,730,187	\$ 36,854,016	\$ 30,221,324	121.95%

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

There were no changes of benefit terms for the year ended June 30, 2018.

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	Discount Rate
6/30/2017	3.58%
6/30/2018	3.87%

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA

SCHEDULE OF SCHOOL BOARD'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY FOR THE RETIREMENT SYSTEMS
FOR THE YEAR ENDED JUNE 30, 2018(*)

<u>Pension Plan</u>	<u>Year</u>	<u>Employer's Proportion of the Net Pension Liability (Asset)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
Teachers Retirement System of Louisiana						
	2018	0.5796%	\$ 59,423,571	\$ 25,680,021	231.4000%	65.60%
	2017	0.5922%	69,501,272	26,664,308	260.6528%	59.90%
	2016	0.5892%	63,352,310	25,944,754	244.1816%	62.50%
	2015	0.5682%	58,079,211	22,578,785	257.2291%	63.70%
Louisiana School Employees Retirement System						
	2018	0.2206%	1,411,442	953,762	147.9868%	75.03%
	2017	0.2372%	1,789,048	924,968	193.4173%	70.09%
	2016	0.2337%	1,482,227	661,606	224.0347%	74.49%
	2015	0.2417%	1,400,959	683,611	204.9351%	76.18%
Louisiana State Employees Retirement System						
	2018	0.0000%	-	-	0.0000%	62.50%
	2017	0.0000%	-	-	0.0000%	57.70%
	2016	0.0029%	194,523	62,673	310.3777%	62.70%
	2015	0.0028%	173,518	58,895	294.6226%	65.00%

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 the previous fiscal year end.

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO THE RETIREMENT SYSTEMS
FOR THE YEAR ENDED JUNE 30, 2018

<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						
	2018	\$ 7,408,403	\$ 7,408,403	-	\$ 29,438,267	25.5000%
	2017	6,548,405	6,548,405	-	25,680,021	25.5000%
	2016	7,012,713	7,012,713	-	26,664,308	26.3000%
	2015	7,264,531	7,264,531	-	25,944,754	28.0000%
Louisiana School Employees Retirement System						
	2018	280,318	280,318	-	1,015,645	27.6000%
	2017	260,377	260,377	-	953,762	27.3000%
	2016	279,340	279,340	-	924,968	30.2000%
	2015	218,330	218,330	-	661,606	33.0000%
Louisiana State Employees Retirement System						
	2018	-	-	-	-	0.0000%
	2017	-	-	-	-	0.0000%
	2016	-	-	-	-	0.0000%
	2015	23,189	23,189	-	62,673	37.0000%

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 payroll amount for each of the fiscal year ended June 30, 2016

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018

1. **Changes in Benefit Terms and Assumptions Related to Defined Pension Plans**

Changes of Benefit Terms include:

Following is a listing of changes in benefit terms, as applicable, for the three pension plans for the years presented.

Teachers Retirement System of Louisiana and Louisiana State Employees' Retirement System

2016 - Act 93 of the 2016 provides for a 1.5% permanent benefit increase on the first \$60,000 of a recipient's benefit for eligible members effective 7/1/16 for those retired on or before 6/30/15 who are at least the age of 60.

Louisiana School Employees Retirement System

2016 - Act 93 of the 2016 provides for an up to 2.0% COLA on the first \$60,000 of a recipient's benefit for eligible members effective 7/1/16.

Louisiana State Employees' Retirement System

2016 - The Harbor Police Retirement System transferred into LASERS in 2016 that resulted in a change in benefit terms.

Changes of Assumptions:

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

Discount Rate:		
<u>Year(*)</u>	<u>Rate</u>	<u>Change</u>
TRSL		
2017	7.700%	-0.050%
2016	7.750%	-
2015	7.750%	
<u>Year(*)</u>	<u>Rate</u>	<u>Change</u>
LSERS		
2017	7.125%	-
2016	7.125%	0.125%
2015	7.000%	
<u>Year(*)</u>	<u>Rate</u>	<u>Change</u>
LASERS		
2017	7.700%	-0.050%
2016	7.750%	-
2015	7.750%	

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

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018

1. **Changes in Benefit Terms and Assumptions Related to Defined Pension Plans** (continued)

Changes of Assumptions (continued):

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

Inflation Rate:		
<u>Year (*)</u>	<u>Rate</u>	<u>Change</u>
LSERS		
2016	2.625%	-0.125%
2015	2.750%	
LASERS		
2017	2.750%	-0.250%
2016	3.000%	

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

Salary Increases:	
<u>Year (*)</u>	<u>Range</u>
LASERS	
2017	2.80% to 14.30% for various member types
2016	3.00% to 14.50% for various member types
LSERS	
2017	3.075% to 5.375%
2016	3.200% to 5.500%

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

2. **Changes in Benefit Terms and Assumptions Related to the Other Post Employment Liability**

Benefit changes: There were no changes in benefit terms for the year ended June 30, 2018.

Changes in assumptions: There were no changes in assumptions for the year ended June 30, 2018.

WEST BATON ROUGE PARISH SCHOOL BOARD

NON-MAJOR FUND DESCRIPTIONS

TITLE I FUNDS

The Title I fund accounts for the Title I grants. This is a program for economically and educationally deprived children which are federally financed, state-administered, and locally operated by the School Board. The Title I services are provided through various projects that are designed to meet the special needs of educationally deprived children. The activities supplement, rather than replace, state and locally mandated activities.

TITLE II FUNDS

This fund accounts for the federal grants which combine the Eisenhower Professional Development State Grants and Class-Size Reduction programs into one program that focuses on preparing, training, and recruiting high-quality teachers.

SCHOOL LUNCH

This fund includes lunch and breakfast operations and accounts for the financial activities of the food service program in the school system during the regular school term. The basic goals of this program are to serve nutritionally, attractive, and moderately priced meals, to help children grow both socially and emotionally, to extend educational influence to the home of school children, and to provide learning experiences that will improve children's food habits with the ultimate goal of physically fit adults.

SPECIAL EDUCATION FUNDS

Public Law 101-476 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.

Public Law 89-313 is a federally financed program providing "per child" funding that follows the child as he leaves his facility and enters public schools or day developmental training programs.

HEAD START

The objectives of the Head Start Program are to provide comprehensive health, educational, nutritional, social and other services primarily to economically disadvantaged preschool children so that the children will attain overall social competence. Parents also participate in various decision-making processes related to the operation of the program.

PRE-K STATE

The objective of this program is to provide high quality early childhood educational experiences to four-year old children who are considered to be "at risk" of achieving later academic success.

STRIVING READERS

The purpose of this program is to improve the school readiness and success for disadvantaged youth, birth through grade 12, by advancing their literacy skills; to establish a comprehensive approach to literacy development based on Louisiana's Comprehensive Literacy Plan; and to address established LDOE priorities related to common core implementation, birth to 5 systems, and teacher effectiveness.

WEST BATON ROUGE PARISH SCHOOL BOARD

NON-MAJOR FUND DESCRIPTIONS

TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) FUNDS

The objective of this program is to provide high quality early childhood educational experiences to four-year old children who are considered to be “at risk” of achieving later academic success.

DEBT SERVICE FUND

This fund accumulates funds for the payment of the 2013 general obligation limited tax revenue bonds.

TECHNOLOGY FUND

This fund was established by the School Board to improve the use and maintenance of technology throughout the school district.

OTHER FUNDS

Other funds consist primarily of certain smaller programs funded through state grants and federal grants approved by the State Board of Elementary and Secondary Education and which are to be used for local initiatives. Also, included in other funds are funds containing contributions from the general public for specific education programs within the school district.

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	<u>Title I</u>	<u>Title II</u>	<u>School Lunch</u>	<u>Special Education</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ -	\$ -	\$ 360,254	\$ -
Receivables	372,928	62,546	43,317	982,427
Investments	-	-	-	-
Due from other funds	-	-	126	-
Inventory	-	-	55,569	-
	<u>-\$ 372,928</u>	<u>\$ 62,546</u>	<u>\$ 459,266</u>	<u>\$ 982,427</u>
TOTAL ASSETS				
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 2,179	\$ -
Salaries and benefits payable	116,587	-	178,042	56,614
Due to other funds	256,341	62,546	-	925,813
	<u>372,928</u>	<u>62,546</u>	<u>180,221</u>	<u>982,427</u>
TOTAL LIABILITIES				
Fund balances:				
Nonspendable	-	-	55,569	-
Spendable:				
Restricted	-	-	223,476	-
Committed	-	-	-	-
Unassigned	-	-	-	-
	<u>-</u>	<u>-</u>	<u>279,045</u>	<u>-</u>
TOTAL FUND BALANCES				
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 372,928</u>	<u>\$ 62,546</u>	<u>\$ 459,266</u>	<u>\$ 982,427</u>

(continued)

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	<u>Head Start</u>	<u>Pre-K State</u>	<u>Striving Readers</u>	<u>TANF</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ -	\$ 132,671	\$ -	\$ 6,238
Receivables	201,479	93,139	84,737	141,131
Investments	-	-	-	-
Due from other funds	-	4,036	-	855
Inventory	-	-	-	-
	<u>\$ 201,479</u>	<u>\$ 229,846</u>	<u>\$ 84,737</u>	<u>\$ 148,224</u>
TOTAL ASSETS				
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Salaries and benefits payable	92,946	74,282	-	75,094
Due to other funds	108,533	23,984	84,737	73,130
	<u>201,479</u>	<u>98,266</u>	<u>84,737</u>	<u>148,224</u>
TOTAL LIABILITIES				
Fund balances:				
Nonspendable	-	-	-	-
Spendable:				
Restricted	-	131,580	-	-
Committed	-	-	-	-
Unassigned	-	-	-	-
	<u>-</u>	<u>131,580</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCES				
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 201,479</u>	<u>\$ 229,846</u>	<u>\$ 84,737</u>	<u>\$ 148,224</u>

(continued)

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	<u>Debt</u> <u>Service</u>	<u>Technology</u>	<u>Other</u> <u>Funds</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,107,460	\$ -	\$ 102,577	\$ 1,709,200
Receivables	-	-	123,119	2,104,823
Investments	934,486	-	62,035	996,521
Due from other funds	-	-	-	5,017
Inventory	-	-	-	55,569
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ 2,041,946	\$ -	\$ 287,731	\$ 4,871,130
	<hr/>	<hr/>	<hr/>	<hr/>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 2,322	\$ 4,501
Salaries and benefits payable	-	-	15,452	609,017
Due to other funds	-	-	107,622	1,642,706
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	-	-	125,396	2,256,224
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances:				
Nonspendable	-	-	-	55,569
Spendable:				
Restricted	2,041,946	-	162,335	2,559,337
Committed	-	-	-	-
Unassigned	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL FUND BALANCES	2,041,946	-	162,335	2,614,906
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,041,946	\$ -	\$ 287,731	\$ 4,871,130
	<hr/>	<hr/>	<hr/>	<hr/>

(concluded)

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR FUNDS
FISCAL YEAR ENDED JUNE 30, 2018

	Title I	Title II	School Lunch	Special Education
<u>REVENUES</u>				
Local sources:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Earnings on investments	-	-	-	-
Food services - paid meals	-	-	154,968	-
Other	-	-	-	-
State sources:				
Unrestricted grants-in-aid, MFP	-	-	29,523	431,989
Restricted grants-in-aid	-	-	17,200	-
Federal grants	1,164,285	134,263	2,570,885	946,516
TOTAL REVENUES	1,164,285	134,263	2,772,576	1,378,505
<u>EXPENDITURES</u>				
Current:				
Instruction:				
Regular education programs	-	-	-	-
Special education programs	-	-	-	681,159
Other education programs	976,927	130,889	-	1,774
Support:				
Pupil support services	-	-	-	268,870
Instructional staff services	142,578	-	-	249,903
General administration services	-	-	-	-
School administration/Plant services	-	-	-	482
Student transportation	-	-	-	144,595
Food services	-	-	2,788,525	-
Facility Acquisition and Construction	-	-	-	-
Debt service - Principal	-	-	-	-
Debt service - Interest	-	-	-	-
TOTAL EXPENDITURES	1,119,505	130,889	2,788,525	1,346,783
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	44,780	3,374	(15,949)	31,722
<u>OTHER FINANCING SOURCES (USES)</u>				
Premium from issuance of bonds	-	-	-	-
Transfers in	-	-	181,609	-
Transfers out	(44,780)	(3,374)	(181,609)	(31,722)
Proceeds from refunding of bonds	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(44,780)	(3,374)	-	(31,722)
<u>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES</u>				
	-	-	(15,949)	-
Fund balances, June 30, 2017	-	-	294,994	-
FUND BALANCES, JUNE 30, 2018	\$ -	\$ -	\$ 279,045	-

(continued)

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR FUNDS
FISCAL YEAR ENDED JUNE 30, 2018

	Head Start	Pre-K State	Striving Readers	TANF
<u>REVENUES</u>				
Local sources:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Earnings on investments	-	-	-	-
Food Services - paid meals	-	-	-	-
Other	-	179,925	-	-
State sources:				
Unrestricted grants-in-aid, MFP	-	-	-	-
Restricted grants-in-aid	-	356,309	-	-
Federal grants	930,671	-	139,443	463,543
TOTAL REVENUES	930,671	536,234	139,443	463,543
<u>EXPENDITURES</u>				
Current:				
Instruction:				
Regular education programs	-	-	74,708	36,672
Special education programs	-	-	-	-
Other education programs	641,663	427,857	51,375	370,541
Support:				
Pupil support services	-	-	-	-
Instructional staff services	92,443	3,547	7,997	39,912
General administration services	15	-	-	-
School administration services	-	-	-	-
Student transportation	196,550	-	-	-
Food services	-	-	-	-
Facility Acquisition and Construction	-	-	-	-
Debt service - Principal	-	-	-	-
Debt service - Interest	-	-	-	-
TOTAL EXPENDITURES	930,671	431,404	134,080	447,125
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	104,830	5,363	16,418
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from issuance of long-term debt	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	(5,363)	(16,418)
Proceeds from refunding of bonds	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(5,363)	(16,418)
<u>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES</u>				
	-	104,830	-	-
Fund balances, June 30, 2017	-	26,750	-	-
FUND BALANCES, JUNE 30, 2018	\$ -	\$ 131,580	-	\$ -

(continued)

**WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NON-MAJOR FUNDS

FISCAL YEAR ENDED JUNE 30, 2018

	Debt Service	Technology	Other Funds	Total
<u>REVENUES</u>				
Local sources:				
Ad valorem taxes	\$ 3,207,898	\$ -	\$ -	\$ 3,207,898
Earnings on investments	16,016	-	831	16,847
Food Services - paid meals	-	-	-	154,968
Other	-	-	196,804	376,729
State sources:				
Unrestricted grants-in-aid, MFP	-	-	-	461,512
Restricted grants-in-aid	-	-	184,772	558,281
Federal grants	-	-	103,087	6,452,693
TOTAL REVENUES	3,223,914	-	485,494	11,228,928
<u>EXPENDITURES</u>				
Current:				
Instruction:				
Regular education programs	-	54,463	33,947	199,790
Special education programs	-	-	14,000	695,159
Other education programs	-	-	411,443	3,012,469
Support:				
Pupil support services	-	-	96	268,966
Instructional staff services	-	-	4,865	541,245
General administration services	-	-	9,510	9,525
School administration services	-	-	-	482
Student transportation	-	-	-	341,145
Food services	-	-	-	2,788,525
Facility Acquisition and Construction	108,349	-	-	108,349
Debt service - Principal	335,000	-	-	335,000
Debt service - Interest	2,338,180	-	-	2,338,180
TOTAL EXPENDITURES	2,781,529	54,463	473,861	10,638,835
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	442,385	(54,463)	11,633	590,093
<u>OTHER FINANCING SOURCES (USES)</u>				
Premium from issuance of bonds	1,177,850	-	-	1,177,850
Transfers in	421,704	-	4,510	607,823
Transfers out	-	-	(102)	(283,368)
Proceeds from issuance of bonds	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	1,599,554	-	4,408	1,502,305
<u>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES</u>	2,041,939	(54,463)	16,041	2,092,398
Fund balances, June 30, 2017	7	54,463	146,294	522,508
FUND BALANCES, JUNE 30, 2018	\$ 2,041,946	\$ -	\$ 162,335	\$ 2,614,906

(concluded)

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA

SCHEDULE OF BOARD MEMBERS' COMPENSATION

FOR THE YEAR ENDED JUNE 30, 2018

Teri Bergeron	\$ 9,600
George A. Chustz, Jr.	9,600
Leon Goudeau	9,600
Ronald P. LeBlanc	9,600
Jason Manola	9,600
Michael Maranto	9,600
Rose A. Roche	9,600
Craig Sarradet	9,600
Toby Sarradet	9,600
Dr. Atley D. Walker, Sr.	<u>9,600</u>
	<u>\$ 96,000</u>

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO THE SUPERINTENDENT

FOR THE YEAR ENDED JUNE 30, 2018

Superintendent Name: Wesley S. Watts

Salary, including incentive and bonus	\$ 140,000
Benefits-insurance	11,108
Benefits-retirement	39,900
Benefits-other	2,051
Car allowance	10,000
Dues	2,093
Per diem	372
Registration fees	<u>573</u>
	<u>\$ 206,097</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**

The Members of the
West Baton Rouge Parish School Board
Port Allen, 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 West Baton Rouge Parish School Board (the School Board), as of and for the year ended June 30, 2018, 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, 2018.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies as items 2018-001 and 2018-002.



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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2018-001 and 2018-002.

The School Board's Response to Findings

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

Purpose of this Report

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

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 31, 2018

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

The Members of the
West Baton Rouge Parish School Board
Port Allen, Louisiana

Report on Compliance for Each Major Federal Program

We have audited West Baton Rouge 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, 2018. 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 major 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the 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, 2018.

Report on Internal Control over Compliance

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

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

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 31, 2018

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/ Pass-Through Grantor/ Program Name	Grant Year	Grantor Project Number	CFDA Number	Expenditures 2018
<u>UNITED STATES DEPARTMENT OF AGRICULTURE</u>				
Pass-through program from Louisiana Department of Agriculture and Forestry:				
Food Distribution - Commodities	17-18	N/A	10.555	\$ 170,463
Pass-through program from Louisiana Department of Education:				
School Lunch Program	17-18	05-SFS-084	10.555	1,570,582
School Breakfast Program	17-18	05-SFS-084	10.553	563,364
Summer Feeding	17-18	05-SFS-084	10.559	66,163
Child Nutrition Cluster Total				\$ 2,370,572
Dinner Feeding	17-18	05-SFS-084	10.558	200,313
Total United States Department of Agriculture				<u>2,570,885</u>
<u>UNITED STATES DEPARTMENT OF EDUCATION</u>				
Passed through Louisiana Department of Education:				
Title I Grants to Local Educational Agencies-Part A Basic	17-18	28-18-T1-61-396	84.010A	1,164,285
Special Education Regular Project-Part	17-18	28-18-B1-61-396	84.027A	784,594
High Cost Services	17-18	28-18-RH-61-396	84.027A	103,706
Believe and Prepare - IDEA	17-18	28-18-BPT6-61-396	84.027A	21,000
Positive Behavioral Support	17-18	28-18-PA-61-396	84.027A	27,125
Special Education Preschool	17-18	28-18-P1-61-396	84.173A	13,045
Early Childhood Community Network Pilots - IDEA	17-18	28-18-CY-61-396	84.173A	1,774
Special Education Cluster (IDEA) Total				951,244
State Personnel Development Grant	17-18	28-18-P718-61-396	84.323A	16,272
Title IVA SSAE	17-18	28-18-71-61-396	84.424A	17,067
Carl Perkins Grant	17-18	28-18-02-61-396	84.048A	47,643
Title II Regular Project	17-18	28-18-50-61-396	84.367A	134,263
Title III - Immigrant	17-18	28-18-S3-61-396	84.365A	5,181
Striving Readers Comprehensive Literacy Program	17-18	28-18-SR(01-04)-61-396	84.371C	139,443
Jobs For America's Graduates	17-18	28-18-JSPT-61	84.126A	1,206
Total United States Department of Education				<u>2,476,604</u>
<u>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Pass-through program from Louisiana Department of Education:				
Jobs For America's Graduates	17-18	28-18-JS-61-396	93.558	35,466
The Cecil J. Picard LA 4 Early Childhood Program TANF	17-18	28-18-36-61-396	93.558	426,871
Temporary Assistance for Needy Families Cluster Total				462,337
Early Childhood Community Network Pilots - Block Grant Lead Agencies	17-18	28-17-CO-61-396	93.575	12,196
CCDF (Child Care and Development Fund) Cluster Total				12,196
Direct grant:				
Administration for Children, Youth, and Families - Head Start	17-18	06CH7180-03-00	93.600	580,823
Administration for Children, Youth, and Families - Head Start	17-18	06CH7180-04-00	93.600	349,848
Head Start Total				930,671
Total United States Department of Health and Human Services				<u>1,405,204</u>
Total Expenditures of Federal Awards				<u>\$ 6,452,693</u>

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

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of West Baton Rouge 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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements 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

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. During the year ended June 30, 2018, the School Board received commodities valued at \$170,463. At June 30, 2018, the organization had food commodities totaling \$13,478 in inventory.

NOTE C – DE MINIMUS COST RATE

During the year ended June 30, 2018, the West Baton Rouge Parish School Board did not elect to use the 10% de minimus cost rate as covered in §200.414 of the Uniform Guidance.

NOTE D – AMOUNTS PASSED THROUGH TO SUBRECIPIENTS

During the year ended June 30, 2018, the West Baton Rouge Parish School Board did not pass through any federal funding to subrecipient.

NOTE E – RECONCILIATION TO THE BASIC FINANCIAL STATEMENTS

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

Total Federal Revenues	<u>\$ 6,452,693</u>
Total Federal Expenditures – SEFA	<u>\$ 6,452,693</u>

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018

A. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

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

Noncompliance material to financial statements noted? x yes _____ no

Federal Awards

Internal control over major programs:

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

Type of auditors' 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)? _____ yes x no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.027, 84.173	Special Education Cluster (IDEA)
10.553, 10.555, 10.559	Child Nutrition Cluster

- The threshold for distinguishing types A & B programs was program expenditures exceeding \$750,000.
- The West Baton Rouge Parish School Board did not qualify as a low-risk auditee.

WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018

B. Findings – Financial Statement Audit

2018-001

Public Bid Law

Criteria: Louisiana Revised Statute RS 38.2212 requires if there is an extreme emergency and such emergency has been certified by the public entity, the Public Bid Law may be waived provided that notice was given to the public by publishing in the official journal within 10 days of declaring such public emergency or as soon as practicable thereafter.

Condition: The School Board made an emergency purchase of a school bus for special education students. However, management did not publish the declaration in the office journal when practicable, thus, violating the public bid law.

Cause: The School Board was not aware that the purchase was subject to the emergency provision of the public bid law.

Effect: The School Board is non-compliant with state public bid law.

Recommendation: The School Board should develop written policies and procedures to include public bid law compliance during an emergency declaration.

Repeat Finding: No.

View of Responsible Official and Planned Corrective Action:

School Board management will update its public bid law procedures to ensure compliance during and emergency declaration.

2018-002

Continuing Disclosure Agreement

Criteria: The School Board has ordinances authorizing the issuance of bonds and require that certain continuing disclosure agreements be followed.

Condition: The School Board did not comply with continuing disclosures related to the Series 2017 General Obligation Bonds which, as defined in the Continuing Disclosure Agreement, the School Board must submit its annual report to the Municipal Securities Rulemaking Board's Electronic Municipal Markets Access Center (EMMA) no later than 8 months after the end of the issuer's fiscal year end.

Cause: The School Board was not fully aware of the requirements of the ordinances.

Effect: The School Board is non-compliant with continuing disclosure requirements as specified in the bond ordinances.

Recommendation: The School Board should fully comply with all continuing disclosure agreements set forth in the bond ordinances.

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

To the Members of the
West Baton Rouge Parish School Board,
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the West Baton Rouge 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 West Baton Rouge Parish School Board for the fiscal year ended June 30, 2018; and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin, in compliance with Louisiana Revised Statute 24:514 I. Management of the West Baton Rouge 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 noted.

Class Size Characteristics (Schedule 2)

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

No exceptions noted.

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. We traced a sample of 25 teachers to the individual's personnel file and determined if the individual's education level was properly classified on the PEP data (or equivalent listing prepared by management).

No exceptions noted.

Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers (NO SCHEDULE)

4. We obtained October 1st PEP data submitted to the Department of Education (or equivalent listing prepared by management), of full-time teachers, principals, and assistant principals by classification. We traced the same sample used in procedure 3 to the individual's personnel file and determined if the individual's experience was properly classified on the PEP data (or equivalent listing prepared by management).

No exceptions noted.

Public School Staff Data: Average Salaries (NO SCHEDULE)

5. 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 noted.

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

The purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of the West Baton Rouge 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, 2018

WEST BATON ROUGE PARISH SCHOOL BOARD

PORT ALLEN, LOUISIANA

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

As of and for the Year Ended June 30, 2018

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.

**WEST BATON ROUGE PARISH SCHOOL BOARD
PORT ALLEN, LOUISIANA**

**Schedule 1
General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2018**

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$	17,020,066	
Other Instructional Staff Activities		2,612,285	
Instructional Staff Employee Benefits		9,048,622	
Purchased Professional and Technical Services		287,961	
Instructional Materials and Supplies		1,209,099	
Instructional Equipment		<u>1,418</u>	
Total Teacher and Student Interaction Activities	\$		30,179,451

Other Instructional Activities \$ 382,453

Pupil Support Activities	\$	3,082,045	
Less: Equipment for Pupil Support Activities		<u>-</u>	
Net Pupil Support Activities	\$		3,082,045

Instructional Staff Services	\$	2,138,188	
Less: Equipment for Instructional Staff Services		<u>-</u>	
Net Instructional Staff Services	\$		2,138,188

School Administration	\$	3,254,621	
Less: Equipment for Instructional Staff Services		<u>(10,374)</u>	
Net School Administration	\$		3,244,247

Total General Fund Instructional Expenditures \$ 39,026,384

Total General Fund Equipment Expenditures \$ 105,888

Certain Local Revenue Sources

Local Taxation Revenue:

Constitutional Ad Valorem Taxes	\$	1,760,334	
Renewable Ad Valorem Tax		15,638,505	
Debt Service Ad Valorem Tax		3,207,898	
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes		429,583	
Sales and Use Taxes		<u>16,244,187</u>	
Total Local Taxation Revenue	\$		<u>37,280,507</u>

Local Earnings on Investment in Real Property:

Earnings from 16th Section Property	\$	102,155	
Earnings from Other Real Property		<u>-</u>	
Total Local Earnings on Investment in Real Property	\$		<u>102,155</u>

State Revenue in Lieu of Taxes:

Revenue Sharing - Constitutional Tax	\$	52,685	
Revenue Sharing - Other Taxes		73,567	
Revenue Sharing - Excess Portion		-	
Other Revenue in Lieu of Taxes		<u>-</u>	
Total State Revenue in Lieu of Taxes	\$		<u>126,252</u>

Nonpublic Textbook Revenue	\$	9,988	
Nonpublic Transportation Revenue		<u>-</u>	
Total State Revenue for Non-public Education	\$		<u>9,988</u>

Class Size Characteristics
As of October 1, 2017

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number		Number	Percent	Number	Percent	Number
Elementary	69%	335	30%	147	1%	4	0%	-
Elementary Activity Classes	60%	37	39%	24	1%	1	0%	-
Middle/Jr. High	64%	227	30%	106	6%	20	0%	1
Middle/Jr. High Activity Classes	96%	86	4%	4	0%	-	0%	-
High	74%	349	23%	108	3%	17	0%	-
High Activity Classes	94%	141	3%	4	2%	3	1%	2
Combination	0%	-	0%	-	0%	-	0%	-
Combination Activity Classes	0%	-	0%	-	0%	-	0%	-

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

WEST BATON ROUGE PARISH SCHOOL BOARD

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

FOR THE YEAR ENDED JUNE 30, 2018



A Professional Accounting Corporation

www.pncpa.com

TABLE OF CONTENTS

	<u>Page</u>
Independent Accountants' Report on Applying Agreed-Upon Procedures	1
Schedule A: Agreed-Upon Procedures and Observations and Associated Results	2 - 13
Schedule B: Management's Response and Corrective Action Plan	14

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Members of the
West Baton Rouge Parish School Board and the
Louisiana Legislative Auditor:

We have performed the procedures enumerated in Schedule A, which were agreed to by West Baton Rouge Parish School Board (the School Board) and the Louisiana Legislative Auditor (LLA) (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, 2017 through June 30, 2018. The School Board's management is responsible for those C/C areas identified in the SAUPs.

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

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

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

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



Baton Rouge, Louisiana
December 31, 2018

WEST BATON ROUGE PARISH SCHOOL BOARD
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2018

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, "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" is indicated.

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 exception noted.

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

The Entity has written policies for Purchasing; however, the policies do not contain attribute (4) regarding controls to ensure compliance with the public bid law or attribute (5) regarding documentation required to be maintained for all bids and price quotes.

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

No exception 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 exception noted.

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

No exception noted.

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

The Entity does not have a written policy for Contracting.

WEST BATON ROUGE PARISH SCHOOL BOARD
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2018

Schedule A

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

No exception noted.

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

No exception 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.

The Entity has written policies for Ethics; however, the policy does not specifically address attribute (4) regarding the requirement that all employees, including elected officials, annual attest through signature verification that they have read the entity's ethics policy.

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

The Entity has written policies for Debt Service; however, the policy does not specifically address attribute (2) EMMA reporting requirements, attribute (3) debt reserve requirements, or attribute (4) debt service requirements.

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 exception noted.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

No exception noted.

WEST BATON ROUGE PARISH SCHOOL BOARD
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2018

Schedule A

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

The general fund did not have a negative ending unrestricted fund balance in the prior year audit report.

Bank Reconciliations

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

A listing of bank accounts was provided and included a total of 48 bank accounts. Management identified the entity's main operating account. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected 5 bank accounts (1 main operating and 4 randomly) and obtained the bank reconciliations, resulting in 5 bank reconciliations obtained and subjected to the below procedures.

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

Of the 5 bank reconciliations obtained, 3 did not have a preparers' initials or a date evidencing the date prepared.

- 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

Of the 5 bank reconciliations obtained, 2 did not have a reviewers' initials or any other documentation evidencing the review.

- 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.

Of the 5 bank accounts selected, 1 bank reconciliation had reconciling items that have been outstanding for more than 12 months. There was documentation evidencing that these reconciling items were researched for proper disposition. No exception noted.

WEST BATON ROUGE PARISH SCHOOL BOARD
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2018

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).

A listing of deposit sites was provided and included a total of 21 deposit sites. No exceptions were noted as a result of performing this procedure.

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

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

A listing of collection locations for each deposit site selected in procedure #4 was provided and included a total of 21 collection locations. No exceptions were noted as a result of performing this procedure.

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

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

No exception noted.

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

For 2 of the 5 locations selected for our procedures, the employee responsible for collecting cash prepares/makes the bank deposit and reconciles collection documentation to the deposit.

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

For 2 of the 5 locations selected for our procedures, the employee responsible for collecting cash posts collection entries to the general ledger and reconciles ledger postings to each other and the deposit.

WEST BATON ROUGE PARISH SCHOOL BOARD
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2018

Schedule A

- 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.

No exception noted.

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

The Entity stated that all employees who have access to cash are bonded and/or covered under the Entity's insurance policy.

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

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

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

The Entity does not maintain sequentially pre-numbered receipts.

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

The Entity does not maintain sequentially pre-numbered receipts, system reports, or other related collection documentation. As such, we were unable to perform the procedure.

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

No exceptions noted.

- 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).

For 4 of the 10 transactions tested, no documentation could be obtained as to when the cash was collected.

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

For 4 of the 10 transactions tested, the general ledger could not be obtained.

WEST BATON ROUGE PARISH SCHOOL BOARD
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2018

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).

The listing of locations that process payments for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

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

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

The listing of employees involved with non-payroll purchasing and payment functions for each payment processing location selected in procedure #8 was provided. No exceptions were noted as a result of performing this procedure.

Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

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

No exceptions noted.

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

No exceptions noted.

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

For all 5 locations selected for our procedures, the person processing payments was not prohibited from adding / modifying vendor files. However, another employee is responsible for periodic review of vendor files.

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

For all 5 locations selected for our procedures, the person signing the checks is responsible for mailing the checks. No exceptions noted.

WEST BATON ROUGE PARISH SCHOOL BOARD
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2018

Schedule A

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

A listing of non-payroll disbursements for each payment processing location selected in procedure #8 was provided related to the reporting period. No exceptions were noted as a result of performing this procedure.

From each of the listings provided, we randomly selected 5 disbursements and performed the procedures below.

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

No exceptions noted.

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

For 18 of the 25 disbursements selected for our procedures, no requisition, purchase order, or similar documentation could be obtained; therefore, there was no indication of who processed or approved the payment.

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

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

A listing of cards was provided. No exceptions were noted as a result of performing this procedure.

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

From the one active credit card provided, we randomly selected one monthly statement and performed the procedures noted below.

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

No exceptions noted.

WEST BATON ROUGE PARISH SCHOOL BOARD
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2018

Schedule A

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

There was a finance charge included on the credit card statement tested.

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

For 6 of the 10 transactions tested, the expense was not supported by documentation of a business or public purpose.

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 School Board.

- 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 School Board.

- 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 School Board.

- 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 School Board.

WEST BATON ROUGE PARISH SCHOOL BOARD
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2018

Schedule A

- 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 School Board.

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 School Board.

- 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 School Board.

- 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 School Board.

- 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 School Board.

- 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 School Board.

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.

WEST BATON ROUGE PARISH SCHOOL BOARD
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2018

Schedule A

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 School Board.

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 School Board.

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

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 School Board.

- 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 School Board.

- 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 School Board.

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 School Board.

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 School Board.

WEST BATON ROUGE PARISH SCHOOL BOARD
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2018

Schedule A

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 School Board.

- 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 School Board.

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.

A listing of bonds/notes issued during the fiscal period was provided and approval from the State Bond Commission was obtained. No exceptions were noted as a result of performing this procedure.

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.

A listing of bonds/notes outstanding at the end of the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

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

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 School Board.

WEST BATON ROUGE PARISH SCHOOL BOARD
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2018

Schedule A

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.

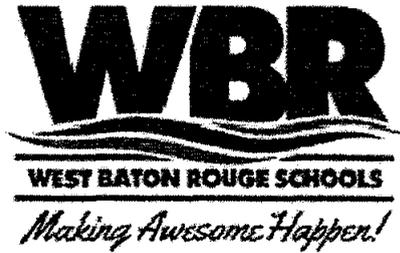
Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the School Board.

**WEST BATON ROUGE PARISH SCHOOL BOARD
AGREED-UPON PROCEDURES AND ASSOCIATED RESULTS
JUNE 30, 2018**

Schedule B

Corrective Action

See Attached Corrective Action Plan



West Baton Rouge Parish Schools

CORRECTIVE ACTION PLAN STATE LEGISLATIVE AUDITOR AGREED UPON PROCEDURES December 31, 2018

West Baton Rouge Parish School Board respectfully submits the following corrective action plan for the year ended June 30, 2018 correct actions implemented.

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

Period: July 1, 2017 to June 30, 2018

Written Policies and Procedures

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

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

The Entity does not have a written policy for Contracting.

Planned Corrective Action: The School Board will develop written policies for Contracting.

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

The Entity has written policies for Ethics; however, the policy does not specifically address attribute (4) regarding the requirement that all employees, including elected officials, annual attest through signature verification that they have read the entity's ethics policy.

Planned Corrective Action: The School Boards will develop written policies for Ethics to be compliant with Louisiana Law.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Of the 5 bank reconciliations obtained, 3 did not have a preparers' initials or a date evidencing the date prepared.

Planned Corrective Action: The School Board's Policies will be modified to ensure evidence of review is properly documented.

- 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

Of the 5 bank reconciliations obtained, 2 did not have a reviewers' initials or any other documentation evidencing the review.

Planned Corrective Action: The School Board's Policies will be modified to ensure evidence of review is properly documented.

Collections

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

For 2 of the 5 locations selected for our procedures, the employee responsible for collecting cash prepares/makes the bank deposit and reconciles collection documentation to the deposit.

Planned Corrective Action: The School Board will reiterate to employees that cash should not be collected by the same person who is responsible for reconciling collection documentation. Exceptions may be made for school closures where only one or two staff may be present at the time of collection.

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

For 2 of the 5 locations selected for our procedures, the employee responsible for collecting cash posts collection entries to the general ledger and reconciles ledger postings to each other and the deposit.

Planned Corrective Action: The School Board will reiterate to employees that cash should not be collected by the same person who is responsible for recording the truncation and depositing the cash. Exceptions may be made for school closures where only one or two staff may be present at the time of collection.

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

a) Observe that receipts are sequentially pre-numbered.

The Entity does not maintain sequentially pre-numbered receipts.

Planned Corrective Action: The School Board will examine the practice of establishing receipts that are sequentially pre-numbered.

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

The Entity does not maintain sequentially pre-numbered receipts, system reports, or other related collection documentation. As such, we were unable to perform the procedure.

Planned Corrective Action: The School Board will examine the practice of establishing receipts that are sequentially pre-numbered.

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).

For 4 of the 10 transactions tested, no documentation could be obtained as to when the cash was collected.

Planned Corrective Action: The School Board will update its policies and procedures to ensure documentation is maintained as to when cash was collected.

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

For 4 of the 10 transactions tested, the general ledger could not be obtained.

Planned Corrective Action: The School Board will update its policies and procedures to ensure that general ledger documentation is maintained.

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

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:

- 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.

For all 5 locations selected for our procedures, the person processing payments was not prohibited from adding / modifying vendor files. However, another employee is responsible for periodic review of vendor files.

Planned Corrective Action: The School Board will maintain this policy as another employee is responsible for periodic review of vendor files.

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:

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

For 18 of the 25 disbursements selected for our procedures, no requisition, purchase order, or similar documentation could be obtained; therefore, there was no indication of who processed or approved the payment.

Planned Corrective Action: As requisitions are not final approval to purchase, the School Board will continue to allow requisitions to be approved by the same person who initiates the requisition. Final purchasing approval will continue to be the Purchase order approval.

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

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:

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

There was a finance charge included on the credit card statement tested.

Planned Corrective Action: The School Board will establish procedures to ensure that credit card payments are paid timely and in full to avoid finance charges.

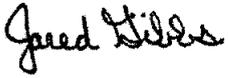
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject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

For 6 of the 10 transactions tested, the expense was not supported by documentation of a business or public purpose.

Planned Corrective Action: The School Board will communicate the requirement of documentation of business/public purpose on all transactions.

If there are questions regarding this plan, please call Jared Gibbs at (225) 343-8309.

Sincerely,

A handwritten signature in black ink that reads "Jared Gibbs". The signature is written in a cursive style with a large initial "J".

Jared Gibbs,
Supervisor of Business Services

WEST BATON ROUGE PARISH SCHOOL BOARD

REPORT TO MANAGEMENT

JUNE 30, 2018



Postlethwaite & Netterville

A Professional Accounting Corporation

www.pncpa.com

WEST BATON ROUGE PARISH SCHOOL BOARD

REPORT TO MANAGEMENT

JUNE 30, 2018

December 31, 2018

Members of the Board and Management
West Baton Rouge Parish School Board
Port Allen, Louisiana

In planning and performing our audit of the financial statements of the West Baton Rouge Parish School Board (School Board) for the year ended June 30, 2018, we considered the School Board's internal controls and compliance with laws and regulations having a material effect on financial reporting in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure or on compliance.

However, during our audit, we became aware of the following matters that are opportunities for improving financial reporting, refining policies and procedures and enhancing compliance with laws and regulations. The following paragraphs summarize our comments and suggestions regarding those matters. This letter does not affect our report dated December 31, 2018, on the financial statements of the School Board.

2018-1

Enhancement of Policies and Procedures

Condition: During the performance of our statewide agreed-upon procedures engagement, we reviewed several control and compliance areas including those pertaining to maintenance of written policies and procedures. Certain of these areas were identified as having opportunities for improvement.

Recommendation: While the School Board maintains written policies and procedures over most transactions and significant areas, it was noted that these written policies and procedures could be strengthened to reflect certain best practices as recommended by the legislative auditor, particularly those regarding purchasing, contracting, ethics, and debt service.

*Management's
Response:*

The School Board's policies will be modified to address the recommendation above.

2018-2

Documentation of Process Reviews

Condition: School Board Management has communicated to us that there are controls in place for the review of certain federal program reports and journal entries. We corroborated that the controls were in place during our audit procedures. However, we noted that these reviews are not evidenced by the signing or initialing the documents or utilizing any form of documentation of review.

Recommendation: We recommend that the review of federal program reports and journal entries be evidenced on the documents themselves or the use of an end of month/quarter checklist indicating the date of the review and the person that performed the review.

Management's

Response:

We concur with the recommendation above.

We have already discussed these comments and suggestions with management, and we will be pleased to discuss them in further detail at your convenience. We would also welcome any opportunity 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 cooperation with us during the performance of the audit.

This letter is intended solely for the information and use of the West Baton Rouge Parish School Board, management of the West Baton Rouge Parish School Board, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Postlethwaite & Netterville

STATUS OF PRIOR YEAR REPORT TO MANAGEMENT

2017-1

Enhancement of Policies and Procedures

Condition: During the performance of our statewide agreed-upon procedures engagement, we reviewed several control and compliance areas including those pertaining to maintenance of written policies and procedures. Certain of these areas were identified as having opportunities for improvement.

Recommendation: While the School Board maintains written policies and procedures over most transactions and significant areas, it was noted that these written policies and procedures could be strengthened to reflect certain best practices as recommended by the legislative auditor, particularly those regarding purchasing, contracting, ethics, and debt service.

*Management's
Response:*

The School Board's policies will be modified to address the recommendation above.

Current status:

This matter was noted during the current year audit. Therefore, the matter is included in the current year management letter as 2018-1.

2017-2

Documentation of Process Reviews

Condition: School Board Management has communicated to us that there are controls in place for the review of certain federal program reports and journal entries. We corroborated that the controls were in place during our audit procedures. However, we noted that these reviews are not evidenced by the signing or initialing the documents or utilizing any form of documentation of review.

Recommendation: We recommend that the review of federal program reports and journal entries be evidenced on the documents themselves or the use of an end of month/quarter checklist indicating the date of the review and the person that performed the review.

*Management's
Response:*

We concur with the recommendation above.

Current status:

This matter was noted during the current year audit. Therefore, the matter is included in the current year management letter as 2018-2.