

**CALDWELL PARISH SCHOOL BOARD
COLUMBIA, LOUISIANA**

ANNUAL FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

CALDWELL PARISH SCHOOL BOARD

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(Concluded)

INDEPENDENT AUDITORS' REPORT

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Caldwell Parish 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 a Matter

As described in Note 15 to the financial statements, the School Board adopted Government Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions, which resulted in a cumulative effect of change in accounting principal of (\$19,878,774) to the June 30, 2017 net position for governmental activities. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information (Part A and Part B)

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedules (Schedules 1 through 2), the Schedule of Changes in net OPEB Liability and Related Ratios (Schedule 3), the Schedule of Employer's Proportionate Share of Net Pension Liability (Schedule 4) and the Schedule of Employer's Contributions to Pension Plans (Schedule 5) as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Government 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

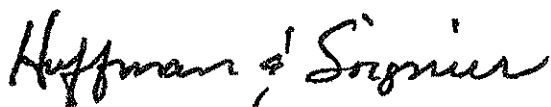
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Board's basic financial statements. The accompanying financial information listed as other information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *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), and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2019, on our consideration of the School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Board's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Hoffman & Sigmund". The signature is written in a cursive, flowing style.

(A Professional Accounting Corporation)
January 31, 2019

REQUIRED SUPPLEMENTARY INFORMATION

(Part A)

**Caldwell Parish School Board
Columbia, Louisiana**

**Management's Discussion and Analysis
For the Year Ended June 30, 2018**

(Unaudited)

The Management's Discussion and Analysis of the Caldwell 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). Please read this document with the School Board's financial statements, which follow the Management's Discussion and Analysis.

Caldwell Parish is located in the northeastern area of the state and has a population of approximately 10,000. The public school system includes 1 preschool, 3 elementary schools, 1 junior high school, and 1 high school. The system serves approximately 1,550 students. A majority of the students participate in the free or reduced lunch program. Advanced education is easily attained from nearby vocational-technical schools, colleges, and universities.

In fiscal year 2018, the School Board adopted a new statement of financial accounting standards issued by the Governmental Accounting Standards Board:

Statement No. 75-Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, issued by the Government Accounting Standards Board. This Statement addresses accounting and financial reporting of OPEB that is provided to the employees of state and local governmental employers and establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to the actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB.

The adoption of Statement 75 has no impact on the School Board's governmental fund financial statements, which continue to report OPEB on a pay-as-you-go basis. However, the adoption has resulted in the restatement of the School Board's government-wide financial statements to reflect the reporting of total OPEB liabilities at June 30, 2017 in accordance with provisions of Statement 75. Net position as of July 1, 2017 was decreased by \$19,878,774 reflecting the cumulative retrospective effect of adoption.

Statement No. 85-Omnibus 2017, issued by the Government Accounting Standards Board. This Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to fair value measurement, and application, and postemployment benefits for both pensions and other postemployment benefits (OPEB).

**Caldwell Parish School Board
Columbia, Louisiana**

**Management's Discussion and Analysis
For the Year Ended June 30, 2018**

(Unaudited)

Statement No. 86-Certain Debt Extinguishment Issues, issued by the Government Accounting Standards Board. This Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources, resources other than the proceeds of refunding debt, are placed in an irrevocable trust.

The adoption of Statements No. 85 and 86 had no impact on the government-wide or the governmental fund financial statements, but provide for additional guidance, clarification and/or additional disclosures in the notes to the financial statements.

FINANCIAL HIGHLIGHTS: The primary resources available to the School Board are local revenues which are primarily tax receipts, state revenues which are primarily Minimum Foundation funding and cost reimbursement grants, and federal revenues which are primarily cost reimbursements grants.

- The School Board's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at the close of fiscal year 2018 by approximately \$44.0 million.
- The School Board's revenues exceeded expenditures by an approximate \$618,000 for the year ended June 30, 2018.
- The School Board's general fund received \$14.1 million in funding, expended approximately \$13.6 million and recognized an increase in fund balance of approximately \$463,000 for the fiscal year ended 2018 which was primarily due to controlling expenditures.
- The Sales Tax Fund accounts for the collection and distribution of the sales and use taxes in accordance with the propositions approved by the voters of Caldwell Parish. The fund balance of the Sales Tax Fund decreased by an approximate \$8,000 during 2018

USING THIS ANNUAL REPORT

The School Board's annual report consists of a series of financial statements that show information for the School Board as a whole, its funds, and its fiduciary responsibilities. The statement of net position and the statement of activities provide information about the activities of the School Board as a whole and present a longer-term view of the School Board's finances. Our fund financial statements are included later in this report. For our governmental activities, these statements demonstrate how we financed our services in the short-term as well as what remains for future spending. Fund statements also may give the reader insight into the School Board's overall financial health. Fund financial statements also report the School Board's operations in more detail than the government-wide financial statements by providing information about the School Board's most significant funds, the general fund, sales tax fund, and debt service fund. The remaining statement, the statement of fiduciary assets and liabilities, presents financial information about activities for which the School Board acts solely as an agent for the benefit of students and parents.

**Caldwell Parish School Board
Columbia, Louisiana**

**Management's Discussion and Analysis
For the Year Ended June 30, 2018**

(Unaudited)

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The statement of activities presents information showing how the School Board'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 flow. Thus, revenues and expenditures reported in this statement for some items will only result in cash flows in future periods (e.g. uncollected taxes and earned but unused sick/vacation 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 instruction, plant services, transportation, and food services. Property taxes, sales taxes, Minimum Foundation Program funds, and state and federal grants finance most of these activities. The School Board contains no other units of government (component units) nor is it contained as a component unit of any other level of local or state government.

Fund Financial Statements

A fund is a grouping of related accounts that are used to maintain control over 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 statement focus

**Caldwell Parish School Board
Columbia, Louisiana**

**Management's Discussion and Analysis
For the Year Ended June 30, 2018**

(Unaudited)

on the 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 financing 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 sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School Board maintains many individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and the Sales Tax Fund, each of which are considered major funds. The remaining funds are combined into a single aggregated presentation under the label of Other Governmental Funds, which contains all non-major funds. Individual fund data for each of these non-major funds is provided in the form of combining statements elsewhere in this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of outside parties, such as students and employees. 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 two fiduciary funds of the School Board are the School Activity Funds (which contain monies belonging to the schools, their students, and clubs and other activities) and the 4-H Scholarship Fund (a scholarship agency fund which is funded by voluntary employee contributions whereas proceeds are used to provide an annual scholarship for an outstanding graduate).

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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The statement of net position and the statement of activities are designed to provide readers with a broad overview of the School Board's finances, in a manner similar to a private-sector business. The statement of net position presents financial information on all of the School Board's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. All of the year's revenues and expenses are taken into account regardless of when cash is received or paid.

**Caldwell Parish School Board
Columbia, Louisiana**

**Management's Discussion and Analysis
For the Year Ended June 30, 2018**

(Unaudited)

These two statements report the School Board's net position and changes in net position. Increases or decreases in the School Board's net position are one indicator of whether its financial health is improving or deteriorating. The net position of the School Board as of June 30, 2018 consisted of a deficit balance of \$44,028,218 which decreased by \$631,610, or 1.5%, compared to the prior year. The statement of net position and statement of activities reflect the School Board's governmental activities (e.g., its basic service), such as instruction, plant services, transportation, and food services. Property taxes, sales taxes, Minimum Foundation Program ("MFP") Funds, and state and federal grants finance most of these activities. Our analysis below focuses on the summary of net position (Table 1) and changes in net position (Table 2) of the School Board's governmental activities. Key fluctuations include the following:

**TABLE 1
SUMMARY OF NET POSITION
June 30, 2018 and 2017**

	2018	Restated 2017
Current and other assets	\$ 12,102,590	\$ 11,493,566
Capital assets, net of depreciation	15,541,385	16,191,073
Total assets	<u>27,643,975</u>	<u>27,684,639</u>
Deferred outflows of resources	<u>5,017,347</u>	<u>7,091,496</u>
Other liabilities	3,759,529	3,857,069
Long-term liabilities	68,850,114	73,670,480
Total liabilities	<u>72,609,643</u>	<u>77,527,549</u>
Deferred inflows of resources	<u>4,079,897</u>	<u>645,194</u>
Net position		
Net invested in capital assets,	6,478,454	6,403,548
Restricted	2,097,882	2,003,259
Unrestricted	(52,604,554)	(51,803,415)
Total net position	<u>\$ (44,028,218)</u>	<u>\$ (43,396,608)</u>

Statement of Net Position

Current and other assets are comprised primarily of cash and cash equivalents, and account for 39.5% of total assets. The remaining other assets, such as receivables, and inventory, comprise 4.3% of total assets.

**Caldwell Parish School Board
Columbia, Louisiana**

**Management's Discussion and Analysis
For the Year Ended June 30, 2018**

(Unaudited)

Capital assets, which are reported net of accumulated depreciation, account for 56.2% of total assets. Total capital assets decreased by approximately \$650,000 or 4.1% due to the excess of depreciation expense over additions.

Long-term liabilities decreased by \$4.9 million, or 6.3%, due primarily to a \$4,569,000 reduction in the net pension liability and a \$715,000 reduction in bonds which was partially offset by a \$307,000 addition to other post-employment (OPEB) benefits.

Deferred inflows and outflows fluctuated by amounts related to the calculations related to pensions and OPEB as well as an additional amount related to the refunding bonds.

Net investment in capital assets ended with a balance of \$5,763,454 as of June 30, 2018.

Unrestricted net position ended with a deficit balance of \$51,889,554. As of June 30, 2018, the School Board plans to eliminate this negative balance when it shows increases in revenues over expenses and is able to fund pension and post-employment benefits, reducing the total liability and increasing net position.

Changes in Net Position

As reported in the statement of activities, the cost of all governmental activities this year was \$22,220,502. The amount that taxpayers ultimately financed for these activities through School Board was \$18,788,944 because some of the cost was paid by those who benefited from the program \$68,493 or by other governments and organizations who subsidized certain programs with grants and contributions of \$3,363,065. Of the \$18,788,944 financed amount, MFP funds paid \$12,360,587, ad valorem and sales taxes paid \$5,627,976, and other general revenues paid \$168,788 which are mainly interest income, other unrestricted state and other local sources.

Total revenues decreased by approximately \$109,000 with no one area being a significant part of this decrease.

Expenses decreased \$1,022,616 which was mostly attributable to fluctuations in the pension and OPEB valuations in the current year.

**Caldwell Parish School Board
Columbia, Louisiana**

**Management's Discussion and Analysis
For the Year Ended June 30, 2018**

(Unaudited)

**TABLE 2
CHANGES IN NET POSITION
For the years ended June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Revenues		
Program revenues		
Charges for services	\$ 68,493	\$ 79,142
Operating grants & contributions	3,363,065	3,398,318
General revenues		
Ad valorem taxes	3,498,786	3,457,072
Sales taxes	2,129,190	2,114,075
State equalization	12,360,587	12,379,961
Other general revenues	168,771	269,417
Total revenues	<u>21,588,892</u>	<u>21,697,985</u>
Functions/Program Expenses		
Instructional services		
Regular programs	7,639,909	7,940,755
Special education programs	2,387,587	2,705,877
Other instructional programs	2,727,687	2,973,731
Support services		
Pupil support services	933,585	967,413
Instructional staff support services	1,296,499	1,511,762
General administration	717,741	683,710
School administration	1,135,587	1,107,450
Business services	455,649	431,467
Plant services	1,668,770	1,560,740
Student transportation services	1,418,386	1,467,360
Central services	101,243	100,446
Food services	1,433,810	1,467,103
Interest on long-term debt	304,049	325,304
Total expenses	<u>22,220,502</u>	<u>23,243,118</u>
Increase (decrease) in net position	(631,610)	(1,545,133)
Net position, beginning of year, as originally reported	(23,517,834)	(21,972,701)
Prior period adjustment	(19,878,774)	-
Net position, beginning of year, restated	<u>(43,396,608)</u>	<u>(21,972,701)</u>
Net position, end of year	\$ (44,028,218)	\$ (23,517,834)

**Caldwell Parish School Board
Columbia, Louisiana**

**Management's Discussion and Analysis
For the Year Ended June 30, 2018**

(Unaudited)

MAJOR FUND FINANCIAL ANALYSIS

The School Board's financial statements include two major funds. These funds are the General Fund and Sales Tax Fund.

The General Fund's fund balance increased by approximately \$463,000, or 6.7%, during the year ended June 30, 2018, which was primarily attributable to capital expenditures. Revenues decreased slightly by approximately \$136,000, or 1.0%. Expenditures increased by approximately \$119,000, or 0.9%, which was primarily due to the decrease in capital expenditures. Variances between budgeted and actual amounts include a 0.6% positive variance of total revenues over budgeted revenues and a 1.5% negative variance of total expenditures over budgeted expenditures.

The Sales Tax Fund's fund balance decreased by \$7,457, or 9.3%, in the current year. During fiscal year 2018, expenditures of \$2,136,664 exceeding revenues of \$2,129,207. This resulted in a decrease in fund balance of \$7,457 which is in line with the overall operation of such a fund where the intent is to substantially match expenditures with taxes collected. Variances between budgeted and actual amounts include a 0.9% positive variance of total revenues over budgeted revenues and an offsetting 1.0% negative variance of total expenditures over budgeted expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2018, the School Board had \$15,541,385 invested in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a current year net decrease (including additions, deductions, and depreciation) of \$649,688, or 4.1%, in comparison to the prior year. The decrease is due primarily to total current year depreciation of \$656,388 exceeding current year additions of \$6,700. See Note 4 in the notes to the financials for further information.

**TABLE 3
CAPITAL ASSETS
(Net of depreciation)
June 30, 2018 and 2017**

	2018	2017
Land	\$ 144,828	\$ 144,828
Land improvements	70,490	70,490
Buildings	14,842,187	15,341,059
Furniture and equipment	483,880	634,696
Totals	<u>\$ 15,541,385</u>	<u>\$ 16,191,073</u>

**Caldwell Parish School Board
Columbia, Louisiana**

**Management's Discussion and Analysis
For the Year Ended June 30, 2018**

(Unaudited)

Long-Term Debt

At the end of the current fiscal year, the School Board had \$8,990,000 in general obligation bonds at year end, mostly composed of the refunding bond's \$8,665,000 balance within an overall interest rate of 2.375%.

Under state statute, the School Board is legally restricted from incurring long-term bonded debt in excess of 35% of the assessed value of taxable property. At June 30, 2018, the School Board was within the legally restricted amount. See Note 7 in the notes to the financials for further information regarding debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The Caldwell Parish School Board does not anticipate any significant changes to the budgets for the upcoming fiscal year.

Contacting the School Board's Financial Management

Our financial report is designed to provide our citizens, taxpayers, parents and students with a general overview of the School Board's finances and to show the School Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Lauren Young, Business Manager, at Caldwell Parish School Board, P. O. Box 1019, Columbia, Louisiana 71418, telephone number (318) 649-2689.

BASIC FINANCIAL STATEMENTS

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

**Caldwell Parish School Board
Columbia, Louisiana
Statement of Net Position
Governmental Activities
June 30, 2018**

Assets:

Cash and cash equivalents	\$ 10,929,801
Receivables	1,117,968
Prepaid	43,382
Inventory	11,439
Capital assets, not being depreciated	
Land and construction in progress	215,318
Capital assets, net of depreciation	
Buildings, furniture and equipment	15,326,067
Total assets	<u>27,643,975</u>

Deferred outflows of resources:

Deferred charge on refunding	649,487
Deferred charges on pensions	4,013,294
Deferred charges on OPEB	354,566
Total deferred outflows of resources	<u>5,017,347</u>

Liabilities:

Accounts payable	1,089,584
Salaries payable	1,482,342
Interest payable	72,931
Unearned revenues	9,262
Other liabilities	13,000
Long-term liabilities:	
Due within one year	1,092,410
Due in more than one year	68,850,114
Total liabilities	<u>72,609,643</u>

Deferred inflows of resources:

Deferred inflows on pensions	2,199,795
Deferred inflows on OPEB	1,880,102
Total deferred inflows of resources	<u>4,079,897</u>

Net position:

Net investment in capital assets	6,478,454
Restricted for:	
Workers' compensation	100,000
Salary improvements	72,881
Maintenance	1,141,087
Grant funds	52,020
Debt service	731,894
Unrestricted	(52,604,554)
Total net position	<u>\$ (44,028,218)</u>

See accompanying notes to the basic financial statements.

Statement B

**Caldwell Parish School Board
Columbia, Louisiana**

**Statement of Activities
Governmental Activities**

	PROGRAM REVENUES		NET (EXPENSE)
	CHARGES FOR	OPERATING	REVENUE AND
EXPENSES	SERVICES	GRANTS AND	CHANGES IN
		CONTRIBUTIONS	NET POSITION
Functions/programs			
Instructional services			
Regular programs	\$ 7,639,909	\$ -	\$ 193,206
Special education programs	2,387,587	-	147,497
Vocational programs	682,597	-	85,311
Other instructional programs	389,774	-	14,499
Special programs	1,655,316	-	1,271,537
Support services			
Pupil support services	933,585	-	37,335
Instructional staff support services	1,296,499	-	455,806
General administration	717,741	-	182,609
School administration	1,135,587	-	-
Business services	455,649	-	3,011
Plant services	1,668,770	-	27,292
Student transportation services	1,418,386	-	12,533
Central services	101,243	-	45
Noninstructional services	-		
Food service operations	1,433,810	68,493	932,384
Long-term obligations			
Interest and other charges	304,049	-	-
Total Governmental Activities	\$ 22,220,502	\$ 68,493	\$ 3,363,065
			(18,788,944)

General revenues:

Taxes:

Ad valorem taxes levied for:

General purposes 2,390,039

Debt service purposes 1,108,747

Sales taxes levied for:

General purposes 2,129,190

Grants and contributions not restricted
to specific programs:

Minimum Foundation Program 12,360,587

State revenue sharing 75,608

Other unrestricted state 4,231

Interest and investment earnings 32,795

Other 56,137

Total general revenues 18,157,334

Change in net position (631,610)

Net position, at beginning of year, originally reported (23,517,834)

Restatement (19,878,774)

Net position, at beginning of year, restated (43,396,608)

Net position at end of year \$ (44,028,218)

See accompanying notes to the basic financial statements.

BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS (FFS)

**Caldwell Parish School Board
Columbia, Louisiana**

**GOVERNMENTAL FUNDS
BALANCE SHEET**

June 30, 2018

	Major Funds		Nonmajor Funds	
	GENERAL FUND	SALES TAX FUND	OTHER GOVERNMENTAL FUNDS	Total
Assets				
Cash and cash equivalents	\$ 8,979,191	\$ 23,186	\$ 1,927,424	\$ 10,929,801
Receivables	150,311	186,075	781,582	1,117,968
Interfund receivables	622,032	-	242,365	864,397
Prepaid	43,382	-	-	43,382
Inventory	-	-	11,439	11,439
Total assets	<u>\$ 9,794,916</u>	<u>\$ 209,261</u>	<u>\$ 2,962,810</u>	<u>\$ 12,966,987</u>
Liabilities and fund balances				
Liabilities				
Accounts payable	\$ 1,053,133	\$ -	\$ 36,451	\$ 1,089,584
Salaries payable	1,139,864	116,981	225,497	1,482,342
Interfund payables	238,339	19,399	606,659	864,397
Other liabilities	13,000	-	-	13,000
Unearned revenue	-	-	9,262	9,262
Total liabilities	<u>2,444,336</u>	<u>136,380</u>	<u>877,869</u>	<u>3,458,585</u>
Fund balances:				
Nonspendable	-	-	2,177	2,177
Restricted	100,000	72,881	1,925,001	2,097,882
Committed	2,000,000	-	-	2,000,000
Unassigned	5,250,580	-	157,763	5,408,343
Total fund balances	<u>7,350,580</u>	<u>72,881</u>	<u>2,084,941</u>	<u>9,508,402</u>
Total liabilities and fund balances	<u>\$ 9,794,916</u>	<u>\$ 209,261</u>	<u>\$ 2,962,810</u>	<u>\$ 12,966,987</u>

See accompanying notes to the basic financial statements.

**Caldwell Parish School Board
Columbia, Louisiana**

**Reconciliation of the Governmental Funds'
Balance Sheet to the Statement of Net Position
Fiscal Year Ended June 30, 2018**

Total fund balances – governmental funds \$ 9,508,402

The cost of capital assets (land, buildings, furniture and equipment) and intangible assets (software) purchased or constructed is reported as an expenditure in Governmental Funds. The Statement of Net Position includes those capital assets and intangible assets among the assets of the School Board as a whole. The cost of those capital and intangible assets is allocated over their estimated useful lives (as depreciation expense for capital assets and amortization expense for intangible assets) to the various programs reported as Governmental Activities in the Statement of Activities. Because neither depreciation nor amortization expenses affect financial resources, they are not reported in the Governmental Funds.

Cost of capital assets	\$ 27,926,008	
Accumulated depreciation	<u>(12,384,623)</u>	15,541,385

Deferred outflows for refundings and pension are not reported in the governmental funds but are reported in the government-wide financial statements.

Pensions	4,013,294	
Other post-employment benefits	354,566	
Refundings	<u>649,487</u>	5,017,347

Elimination of interfund assets and liabilities.

Long term liabilities applicable to the School Board's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities – both current and long term – are reported in the Statement of Net Position. Post-employment benefits in the Governmental Funds are recorded as expenditures when paid. The unfunded annual required contribution in the Statement of Net Position is recognized as a liability as it accrues. Balances at the end of the year are as follows:

Bonds payable	(8,990,000)	
Other post-employment benefits	(36,702,332)	
Net pension liability	(23,242,939)	
Capital lease	(193,521)	
Compensated absences payable	<u>(813,732)</u>	(69,942,524)

Interest on outstanding bonds in the Governmental Funds is recorded as an expenditure when paid. Bond interest in the Statement of Net Position is recognized as an expense as it accrues.

Accrued interest on outstanding bonds		(72,931)
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Deferred inflows on pensions are not reported in the governmental funds but are reported in the government-wide financial statements.

Pensions	(2,199,795)	
Other post-employment benefits	<u>(1,880,102)</u>	(4,079,897)
Net Position		<u><u>\$ (44,028,218)</u></u>

Statement E

**Caldwell Parish School Board
Columbia, Louisiana**

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES**

Fiscal Year Ended June 30, 2018

	Major Funds		Nonmajor Funds	
	GENERAL FUND	SALES TAX FUND	OTHER GOVERNMENTAL FUNDS	Total
REVENUES				
Local sources				
Taxes:				
Ad valorem taxes	\$ 1,800,515	\$ -	\$ 1,698,271	\$ 3,498,786
Sales and use taxes	-	2,129,190	-	2,129,190
Interest earnings	30,009	17	2,769	32,795
Food services	-	-	68,493	68,493
Other	48,423	-	7,714	56,137
State sources:				
Equalization	12,160,587	-	200,000	12,360,587
Other	43,114	-	310,189	353,303
Federal sources	21,279	-	3,068,322	3,089,601
Total revenues	14,103,927	2,129,207	5,355,758	21,588,892
EXPENDITURES				
Current				
Instructional services:				
Regular programs	5,658,635	820,642	188,142	6,667,419
Special education programs	1,748,113	382,226	147,497	2,277,836
Vocational programs	498,807	72,715	62,953	634,475
Other instructional programs	308,720	17,621	16,548	342,889
Special programs	170,715	99,743	1,271,814	1,542,272
Support services				
Student programs				
Pupil support services	733,091	102,619	37,335	873,045
Instructional staff support services	636,957	98,745	498,628	1,234,330
General administration	402,733	50,557	209,612	662,902
School administration	919,498	128,306	-	1,047,804
Business services	368,512	32,444	3,011	403,967
Plant services	924,587	80,453	640,084	1,645,124
Student transportation services	1,036,725	130,911	12,533	1,180,169
Central services	87,422	12,313	45	99,780
Noninstructional services:				
Food service operations	88,679	107,369	1,141,025	1,337,073
Capital Outlay	6,700	-	-	6,700
Debt service:				
Principal	45,618	-	715,000	760,618
Interest	5,656	-	248,943	254,599
Total expenditures	13,641,168	2,136,664	5,193,170	20,971,002
Excess (deficiency) of revenues over expenditures	462,759	(7,457)	162,588	617,890
Net change in fund balances	462,759	(7,457)	162,588	617,890
Fund balances at beginning of year	6,887,821	80,338	1,922,353	8,890,512
Fund balances at end of year	\$ 7,350,580	\$ 72,881	\$ 2,084,941	\$ 9,508,402

**Caldwell Parish School Board
Columbia, Louisiana**

**Reconciliation of the Governmental Funds'
Statement of Revenues, Expenditures, and Changes in
Fund Balances to the Statement of Activities**

Total net change in fund balances – Governmental Funds	\$	617,890
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays and intangible assets are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense for the capital assets and amortization expense for the intangible assets. This is the amount by which capital outlays exceed depreciation and amortization in the period:

Capital Outlays	6,700	
Depreciation	<u>(656,388)</u>	(649,688)

Repayment of debt is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Bonds	715,000	
Capital Lease	<u>45,618</u>	760,618

Interest on long-term debt in the Statement of Activities differs from the amount reported in the Governmental Funds because accrued interest received from bond sales is recognized as Other Financing Sources when received and interest on outstanding bonds is recognized as an expenditure in the Governmental Funds when it is due, which requires the use of current financial resources. In the Statement of Activities, however, interest expenses are recognized as the interest accrues, regardless of when it is due. Interest expense payable at year end decreased from the previous year as follows:

Interest expense payable at June 30, 2017	\$ 82,525	
Interest expense payable at June 30, 2018	<u>(72,931)</u>	9,594

The issuance of long-term debt provides financial resources of governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Receipt of capital lease proceeds		-
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The deferred amount on refunding of bonded debt is shown as a reduction of long-term debt; however, the amount is amortized over the lesser of the life of the original bonds or the life of the refunding bonds.

Current year amortization		(59,043)
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In the Statement of Activities, certain operating expenses (compensated absences for accrued vacation and sick leave, claims) are measured by the amounts earned during the year. However, in the Governmental Funds expenditures for these items are measured by the amount of financial resources used (what was actually paid during the year). This year, vacation and sick leave earned exceeded the amount used.

Compensated absences		(123,292)
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The recognition of pension expense in the Statement of Activities is based on projected benefit payments discounted to actuarial present value and attributed to periods of employee service. Pension expenditures in the fund financial statements are the amounts actually paid.

		644,724
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Other post-employment benefits are reported in the Governmental Funds as expenditures when paid. The unfunded annual contribution is reported in the Statement of Activities as it accrues.

		(1,832,413)
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Change in net position of governmental activities	\$	<u>(631,610)</u>
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**Caldwell Parish School Board
Columbia, Louisiana**

**Fiduciary Fund - Agency Funds
Combining Statement of Fiduciary Assets and Liabilities**

June 30, 2018

	<u>School Activity Funds</u>	<u>4-H Scholarship Fund</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	<u>\$ 289,731</u>	<u>\$ 331</u>	<u>\$ 290,062</u>
Liabilities:			
Deposits due student groups	<u>\$ 289,731</u>	<u>\$ 331</u>	<u>\$ 290,062</u>

See accompanying notes to the basic financial statements.

**Caldwell Parish School Board
Columbia, Louisiana**

**Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2018**

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**Caldwell Parish School Board
Columbia, Louisiana**

**Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2018**

1. Summary of Significant Accounting Policies

The accompanying financial statements of the Caldwell Parish School Board (School Board) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

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

The School Board operates five schools within the parish with a total enrollment of approximately 1,550 students, including Pre-K. In conjunction with the regular educational programs, some of these schools offer special and/or adult education programs. In addition, the School Board provides transportation and school food services for the students.

Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, establishes the criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Because the School Board has a separately elected governing body and is legally separate and fiscally independent, the School Board is a separate governmental reporting entity. For financial reporting purposes, the School Board's financial statements include all funds, schools, agencies and committees for which the School Board is financially accountable. The School Board is not aware of any other entities that should be included within the financial statements.

Certain units of local government, such as other independently elected officials, the parish police jury and municipalities, are excluded from the accompanying financial statements. These units have their own elected governing authorities and are not financially accountable to the School Board.

B. Basis of Accounting and Measurement Focus

Government-wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported only in the Statement of Fiduciary Assets and Liabilities at the fund financial statement level and are accounted for on an accrual basis. The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting.

Revenues, expenses, gains, losses, assets, deferred outflows, liabilities and deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Non-exchange transactions are recognized when the School Board has an enforceable legal claim to the revenues, expenses, gains, losses, assets, deferred outflows, liabilities, and deferred inflows.

**Caldwell Parish School Board
Columbia, Louisiana**

**Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2018**

General Revenues

General revenues included in the Statement of Activities derive directly from local property and sales taxes, interest and investment earning, unrestricted state and local grants, and other miscellaneous revenues. General revenues finance the remaining balance of a function not covered by program revenues.

Program Revenues

Amounts reported as *program revenues* include charges for services provided and grants and contributions. Charges for services are primarily derived from food sales and drivers education courses. Operating grants and contributions consist of the grants received from federal, state, or local government; private foundation; or restricted contributions or donations. Program revenues reduce the cost of the function to be financed from the School Board's general revenues. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Allocation of indirect expenses

The School Board reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Fund Financial Statements (FFS)

Governmental Funds

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

Governmental funds reported in the fund financial statements are accounted for on the modified accrual basis of accounting. Governmental fund revenues are recognized in the accounting period in which they become susceptible to accrual—that is, when they become both measurable and available to pay current period liabilities. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School Board considers all revenues available if they are collected within 60 days after the fiscal year end. Such revenue items are ad valorem, sales and use taxes, and federal and state entitlements. Ad valorem taxes are considered measurable and are recognized in the calendar year of the tax levy. Sales and use taxes are considered measurable and available when collected by the vendors. Revenue from state and federal grants are recorded when the reimbursable expenditures have been incurred. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the Debt Service Funds for payments to be made early in the following year. Other post-employment benefits (OPEB) are recorded in the Government-wide Financial Statements as expenditures and as a liability when incurred.

**Caldwell Parish School Board
Columbia, Louisiana**

**Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2018**

C. Fund Accounting

The financial transactions of the School Board are recorded in individual funds, and each is considered a separate accounting entity and reported in the Fund Financial Statements. The operations of each fund are accounted for with a separate set of self-balancing accounts that include its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues and expenditures, or expenses as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The School Board uses the following fund categories and fund types.

Governmental Funds - Governmental funds account for the School Board's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of capital assets, and the servicing of general long-term debt. Governmental funds are divided into major and nonmajor funds. Major funds are funds that meet certain dollar tests of their assets, liabilities, revenues, and expenditures/expenses. Major funds are larger, more significant funds. Nonmajor funds are the governmental funds that do not meet the dollar tests for major funds.

The major and nonmajor funds of the School Board are described below.

General Fund – The General Fund is the general operating fund of the School Board. It accounts for all financial resources except those required to be accounted for in another fund and is always a major fund.

Special Revenue Funds – Special Revenue Funds account for and report the proceeds of specific revenue sources (other than special assessments) that are legally restricted or committed to expenditures for specified purposes other than debt service or capital projects. The term “proceeds of specific revenue sources” establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. The School Board reports the following major special revenue funds.

Sales Tax Fund - accounts for the collection and distribution of the sales and use taxes in accordance with the propositions approved by the voters of Caldwell Parish.

The School Board has twelve nonmajor Special Revenue Funds.

Debt Service Fund - accounts for the servicing of debt payments including principal and interest.

The School Board has one nonmajor Debt Service Fund.

Fiduciary Funds – Fiduciary Funds are used to account for assets held by the School Board in a trustee capacity or as an agent for individuals, private organizations, other governmental entities or other funds.

**Caldwell Parish School Board
Columbia, Louisiana**

**Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2018**

Agency Funds – Agency Funds account for assets that the School Board holds on behalf of others as their agent. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School Board accounts for agency funds as follows:

School Activity Funds, which represents funds generated by schools in the district specifically for student activity uses and;

4-H Scholarship Fund which contains voluntary employee contributions from which the proceeds are used to provide an annual scholarship for an outstanding graduate.

D. Cash and Cash Equivalents

Cash and cash equivalents include amounts in interest-bearing and non-interest bearing demand deposits and bank certificates of deposit as well as short-term investments with a maturity date within three months of the date acquired. Bank certificates of deposit are considered cash equivalents regardless of time to maturity and are stated at cost, which approximates fair value. Short-term investments are stated at cost, which approximates fair value. Under state law, the School Board may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

E. Short-Term Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as *due from* other funds or *due to* other funds on the fund financial statements balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

F. Eliminations and Reclassifications

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the “grossing up” effect on assets and liabilities within the governmental activities column. Interfund services provided and used by the various Governmental Funds have not been eliminated in the process of aggregating data.

G. Inventory and Prepaid Items

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

**Caldwell Parish School Board
Columbia, Louisiana**

**Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2018**

Prepaid items are also accounted for using the consumption method where expenditures are recognized as the prepaid item expires with the passage of time. There are no prepaid items reported at year end.

H. Capital Assets

Capital assets, which include land, buildings and improvements, furniture and equipment, intangibles, and construction-in-progress are reported as governmental funds in the Government-wide Financial Statements. The School Board considers assets, other than intangibles, with an initial individual cost of more than \$5,000 and an estimated useful life of more than 1 year as a capital asset. Intangibles, such as software, with an initial individual cost of \$200,000 or more and an estimated useful life of 1 year or more are considered a capital asset.

Capital assets are recorded at historical cost and depreciated over their estimated useful lives. Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's best estimate of how long the asset is expected to meet service demands. Capital assets have not been assigned a salvage value because management feels that the salvage value is immaterial.

Straight-line depreciation is used based on the following estimated useful lives:

Buildings and improvements	10-40 years
Furniture and equipment	3-15 years
Intangibles	3 years

Public domain (infrastructure) capital assets (e.g. parking lots, sidewalks, and other assets that are immovable and of value only to the government) were capitalized as part of the construction cost of the buildings. Subsequent infrastructure improvements are capitalized as land improvements.

I. Unearned Revenue

The School Board reports unearned revenue on its Statement of Net Position and on the Fund Financial Statements' balance sheet. Unearned revenue will arise when the School Board receives resources before qualifying events have occurred to allow it to be recognized as revenue at the end of the current period, as when grant monies are received and available to spend in the current period but cannot be recognized as revenue until the qualifying expenditures are incurred in accordance with GAAP. In subsequent periods, when the qualifying expenditures are incurred, the liability for unearned revenue is removed from the Governmental Fund's Fund Financial Statements' balance sheet and the revenue is recognized as earned.

J. Interfund Transactions

Interfund activity is reported as loans, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation to the Government-wide Financial Statements. Reimbursements occur between funds when one fund incurs a cost that benefits another fund, and the benefiting fund reimburses the fund incurring the cost for the benefit received.

**Caldwell Parish School Board
Columbia, Louisiana**

**Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2018**

All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

K. Compensated Absences

Twelve-month full-time employees accumulate one day of vacation per month. For the purpose of calculating and apportioning annual leave, the "leave year" shall run from July 1st to June 30th. No more than 30 days of vacation leave may be accumulated as of June 30th. Upon termination, resignation, or retirement, any unused annual leave shall be paid at the employee's rate of pay. The maximum number of days the system shall pay an employee for is 30 days.

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

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

GASB Statement 16 provides that 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 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 payments at termination or retirement.

GASB Statement 16 provides that a 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 or 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 to accrue the liability for sick leave. The School Board makes the assumption that employees who have a minimum experience of 10 years will become eligible in the future to receive their accrued sick leave.

**Caldwell Parish School Board
Columbia, Louisiana**

**Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2018**

Sick and annual leave are reported in the Statement of Net Position as a long-term liability and expensed in the Statement of Activities. Sick and vacation leave accrued in the Statement of Net Position as of the end of the fiscal year are valued at employees' current rates of pay. Neither the School Board nor the employees are required to contribute to the retirement system for sick and annual leave payments. Accrued sick and vacation leave will be paid from future years' resources. No allowance is made for the immaterial amounts of sick leave forfeited when employees resign or retire. A current liability for sick and annual leave is reported in the Governmental Funds only if it is due and payable as of year-end as the result of an employee's retirement during the fiscal year.

L. Long-Term Liabilities

Bond premiums and discounts, as well as issuance costs, are recognized in the fund financial statements in the period the bonds are issued. Bond proceeds are reported as an Other Financing Source. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. Deferred gains on refunding are capitalized and amortized over the life of the refunding in the Government-Wide Financial Statements.

In the Government-wide Financial Statements bond premiums are reported on the balance sheet net of amortization and amortized over the life of the bonds. Bond proceeds have been reported in the Government-wide Financial Statements as a long-term liability.

The School Board provides certain continuing medical, dental, vision and life insurance benefits for its retired employees. The other post-employment (OPEB) benefits plan is a single-employer defined benefit "substantive plan" as understood by past practices of the School Board. The current cost of other post-employment benefits is recognized in the fund financial statements in the year earned.

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 the retirement systems and additions to/deductions from the retirements systems fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Deferred resources for investments are reported at their fair value.

M. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. *Deferred Outflows* represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense) until then. These have a positive effect on net position and are similar to assets. The School Board has three items that qualify for reporting in this category; the *deferred charge on refunding*, the *deferred charge on pensions* and the *deferred charge on OPEB* and are reported in the government-wide Statement of Net Position. The deferred charge on refunding is the result of the difference in the carrying value of refunded debt and its reacquisition price for bonds issues that were refunded in previous fiscal periods. This amount is deferred and amortized over the shorter of the life of the refunded or refunding bond issues.

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In addition to liabilities, a separate section for deferred inflows of resources is reported in the Statement of Net Position. *Deferred Inflows* represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. These have a negative effect on net position and fund balance, and are similar to liabilities.

The School Board has deferred inflows reported on the government-wide Statement of Net Position as *unavailable revenue* from the *deferred changes on pensions* and the *deferred charges on OPEB*. These amounts are reported as deferred and recognized as an inflow of resources in the period the amounts become available.

N. Equity Classifications

Government-wide Financial Statements

Equity is classified as “net position” in the Government-wide Financial Statements. Net position is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net position is shown in three classifications in the Statement of Net Position:

- Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced generally by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- Restricted Net Position – Consists of net position with constraints placed on the use whether by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

The following net positions are considered restricted:

- Debt service resources from sales and use taxes and ad valorem taxes levied specifically to meet the principal and interest payments of various general obligation and revenue bond issues via an approved public referendum in accordance with state law and bond covenants with investors.
- Available resources from sales taxes specifically dedicated by taxing propositions approved by voters for the payment of supplemental salaries and benefits to employees.
- Investments held by the Louisiana Workforce Commission as surety for payment of workers compensation claims of self-insured employers; as promulgated under Louisiana Revised Statute 23:1168.
- Unrestricted Net Position – All other net positions that do not meet the definition of “restricted” or “net investments in capital assets”.

Sometimes the School Board will make expenditures for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as *restricted* – net position and *unrestricted* – net position in the government-wide financial statements, a flow

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assumption must be made about the order in which the resources are considered to be applied. It is the School Board's practice to consider *restricted* – net position to have been depleted before *unrestricted* – net position is applied.

Fund Financial Statements

In the fund financial statements, equity is classified as “fund balance”. Fund balance is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Fund balance is classified according to its useful purpose or function of restriction at year-end in one or more of the following categories:

- Nonspendable fund balance represents resources that cannot be physically used to settle obligations of the school system, such as food inventory.
- Restricted fund balance represent resources restricted by enabling legislation, state or federal laws, tax ordinances or by local, state or Federal grant regulations for future use and are, therefore, not available for future appropriation or expenditure.
- Committed fund balance indicates the School Board's plans for the use of financial resources in a future period for specific purposes determined by the School Board, the highest level of the government's decision-making authority. Fund balance commitments are made by formal actions of the School Board in the form of a resolution, ordinance, or action approved by the majority vote of the School Board in an open meeting prior to the end of the fiscal year. Once adopted, the limitation imposed by the instrument remains in place until a similar action is taken to remove or revise the limitation.
- Assigned fund balances are those determined by the Board of the Finance Committee, under authority given under a resolution of the Board, as needed for the payment of future commitments.
- Unassigned fund balance is the remaining fund balance in the General Fund after all classifications have been made in the previously described fund balance categories. Unassigned fund balance is only reported in the General Fund. However, a negative unassigned fund balance may be reported in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

Sometimes the School Board will make expenditures for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as *restricted*, *committed*, *assigned*, and *unassigned* fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the School Board's practice to consider *restricted* fund balance to have been depleted before using any of the components of *unrestricted* fund balance. Further, when the components of *unrestricted* fund balance can be used for the same purpose, *committed* fund balance is depleted first, followed by *assigned* fund balance. *Unassigned* fund balance is applied last.

The School Board has not established through board resolution unassigned fund balance requirements.

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**Notes to the Basic Financial Statements
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O. Sales and Use Taxes

On April 7, 1979, the voters of Caldwell Parish approved a one percent sales and use tax to be levied by the Caldwell Parish School Board. The sales and use tax is collected by the Concordia Parish School Board and remitted to the Caldwell Parish School Board. The funds are then deposited in the sales tax special revenue fund.

On January 18, 1997, the voters of Caldwell Parish approved a one percent sales and use tax to be levied by the Caldwell Parish School Board. The sales and use tax is collected by the Concordia Parish School Board and remitted to the Caldwell Parish School Board. The funds are then deposited in the sales tax special revenue fund.

The proceeds of said taxes (after paying reasonable and necessary costs and expenses of collecting and administering the tax) are to be dedicated and used to supplement other revenues available for the payment of salaries and retirement benefits for certified and noncertified employees of the School Board.

P. Encumbrances

Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed. However, outstanding purchase orders are taken into consideration before expenditures are incurred in order to assure that applicable appropriations are not exceeded.

Q. Levied Taxes

The School Board levies taxes on real and business personal property located within Caldwell Parish. Property taxes are levied by the School Board on property values assessed by the Caldwell Parish Tax Assessor and approved by the State of Louisiana Tax Commission.

The Caldwell Parish Sheriff's Office bills and collects property taxes for the School Board. Collections are remitted to the School Board monthly.

Property Tax Calendar:

Millage rates adopted	June 29, 2017
Levy date	January 1, 2017
Tax bills mailed	November 1, 2017
Due date	December 31, 2017
Lien date	January 1, 2018
Tax Sale – 2017 delinquent property	June 27, 2018 (last Wednesday in June of each year)

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Assessed values are established by the Caldwell Parish Tax Assessor each year on a uniform basis at the following ratios of assessed value to fair market value:

10%	land	15%	industrial improvements
15%	machinery	15%	commercial improvements
10%	residential improvements	25%	public service properties, excluding land

A revaluation of all property is required after 1978 to be completed no less than every four years. The last revaluation was completed for the tax roll of January 1, 2016, and is done every four years. Total assessed value was \$75,820,883 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. The homestead exemption was \$114,499,822 of the assessed value in calendar year 2017.

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

All property taxes are recorded in the general, special revenue maintenance fund and the sinking fund. Revenues in such funds are recognized in the accounting period in which an enforceable legal claim arises. Estimated uncollectible taxes are those taxes based on past experience which will not be collected in the subsequent year are primarily due to the subsequent adjustments to the tax roll. The School Board uses the lien date to establish the enforceable legal claim date.

The tax roll is prepared by the parish tax assessor in November of each year. The collection of the property taxes occurs in December, and January and February of the following year. As a result, substantially no property taxes are reflected as receivable for 2018 on the accompanying balance sheet because most are not available within 60 days of the School Board's year-end.

Historically, virtually all ad valorem taxes receivable are collected since they are secured by property. Therefore, there is no allowance for uncollectible taxes. The following is a summary of authorized and levied (tax rate per \$1,000 Assessed Value) ad valorem taxes:

	Adjusted Maximum Millage	Levied Millage	Expiration Date
Parish-wide taxes:			
Constitutional	5.54	5.40	Statutory
Maintenance	7.41	7.22	2023
Operations, maintenance, and construction	5.56	5.39	2026
Operations and maintenance	8.90	8.90	2025
Operations	11.68	11.32	2026
Bond repayment	30.00	18.50	2027

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**Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2018**

R. Use of Estimates

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

S. New Accounting Pronouncements

Statement No. 75-Accounting and Financial Reporting for Postemployment Benefits other than Pensions issued by the Government Accounting Standards Board. GASB Statement No. 75 replaces the requirements of Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. GASB Statement No. 75 improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions. The provisions of GASB Statement No. 75 have been implemented by the School Board for the year ending June 30, 2018.

Statement No. 85- Omnibus 2017, issued by the Government Accounting Standards Board. This Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to fair value measurement, and application, and postemployment benefits for both pensions and other postemployment benefits (OPEB).

Statement No. 86- Certain Debt Extinguishment Issues, issued by the Government Accounting Standards Board. This Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources, resources other than the proceeds of refunding debt, are placed in an irrevocable trust.

The adoption of Statements No. 85 and 86 had no impact on the government-wide or the governmental fund financial statements, but provide for additional guidance, clarification and/or additional disclosures in the notes to the financial statements.

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**Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2018**

2. CASH AND CASH EQUIVALENTS

Custodial credit risk - deposits. The School Board's cash and cash equivalents consist of deposits with financial institutions. The following is a schedule of the School Board's cash and cash equivalents at June 30, 2018. Differences between School Board balances and the bank balances arise because of the net effect of deposits-in-transit and outstanding checks.

	<u>School Board Balance</u>	<u>Bank Balance</u>
Cash		
Governmental Funds		
Demand deposits-checking	\$ 10,094,836	\$ 10,519,424
Agency Funds		
Demand deposits-checking	<u>290,062</u>	<u>302,192</u>
Total cash	<u>10,384,898</u>	<u>10,821,616</u>
Cash Equivalents		
Governmental Funds		
Certificates of Deposit	<u>834,962</u>	<u>834,962</u>
Total cash equivalents	<u>834,962</u>	<u>834,962</u>
Total cash and cash equivalent	\$ <u><u>11,219,860</u></u>	\$ <u><u>11,656,578</u></u>

Louisiana Revised Statute 39:1225 requires the School Board to insure its bank balances from loss against custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the School Board's deposits may not be returned. The School Board had bank balances of \$11,656,578, of which \$1,387,500 were insured by federal depository insurance (FDIC) and \$10,231,132 was covered by securities held as collateral by the trust department of agents of custodial banks in the name of the School Board at year-end. The School Board had \$37,946 of deposits that were not covered by FDIC coverage nor by collateral of the pledging bank at June 30, 2018.

Credit risk. The School Board invests in certificates of deposit which do not have credit ratings. The School Board's policy does not address credit rate risk.

Concentration of credit risk. The School Board does not limit the amount that may be invested in securities of any one issuer. Applicable state statutes do not place limits on credit concentration.

Interest rate risk. The School Board manages its exposure to declines in fair values by limiting the maturity of its certificates of deposit to no longer than one year.

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**Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2018**

3. Receivables

The receivables of \$1,117,967 at June 30, 2018, as reported in the Fund Financial Statements are as follows:

	Ad-Valorem Taxes	Sales and Use Taxes	Grantor Agencies	Other	Total
Major Funds					
General Fund	\$ -	\$ -	\$ 10,784	\$ 139,527	\$150,311
Sales Tax Fund	-	186,075	-	-	186,075
Total major funds	-	186,075	10,784	139,527	336,386
Non-Major Funds					
Special Revenue Funds					
Maintenance	-	-	-	2,375	2,375
Food Service	-	-	1,767	-	1,767
Title I	-	-	231,851	-	231,851
Title II	-	-	15,127	-	15,127
Special Education	-	-	88,370	-	88,370
LA-4	-	-	128,337	-	128,337
Vocational / JAG	-	-	7,896	-	7,896
Head Start	-	-	148,316	-	148,316
Teacher Incentive Fund	-	-	53,879	-	53,879
Other Miscellaneous	-	-	99,199	-	99,199
Total special revenue funds	-	-	774,742	2,375	777,117
Debt Service Fund	4,465	-	-	-	4,465
Total non-major funds	4,465	-	774,742	2,375	781,582
Total governmental funds	\$ 4,465	\$ 186,075	\$ 785,526	\$ 141,902	\$ 1,117,968

All governmental receivables are expected to be collected within the next fiscal year and therefore, no allowance for doubtful accounts is recorded.

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**Notes to the Basic Financial Statements
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4. Capital Assets

The changes in capital assets during the fiscal year were as follows:

	<u>07/01/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>06/30/2018</u>
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 144,828	\$ -	\$ -	\$ 144,828
Land Improvements	70,490	-	-	70,490
Total capital assets, not being depreciated	215,318	-	-	215,318
Capital assets being depreciated				
Buildings	24,313,108			24,313,108
Furniture and equipment	3,588,631	6,700	197,749	3,397,582
Total capital assets being depreciated	27,901,739	6,700	197,749	27,710,690
Less accumulated depreciation				
Buildings	8,972,049	498,872	-	9,470,921
Furniture and equipment	2,953,935	157,516	197,749	2,913,702
Total accumulated depreciation	11,925,984	656,388	197,749	12,384,623
Total capital assets being depreciated, net	15,975,755	(649,688)	-	15,326,067
Capital assets, net	\$ 16,191,073	\$ (649,688)	\$ -	\$ 15,541,385

Depreciation expense was charged to governmental activities as follows:

	<u>Depreciation</u>
Instructional services:	
Regular programs	\$ 410,355
Vocational programs	670
Other instructional programs	46,468
Special programs	47,704
Support services:	
General Administration	9,215
Plant services	7,827
Student transportation services	125,009
Non-instructional services:	
Food service operations	9,140
Total depreciation expense	<u>\$ 656,388</u>

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**Notes to the Basic Financial Statements
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5. Retirement Systems

General Information about the Pension Plans

Plan Descriptions

Substantially all employees of the School Board are provided with pensions through cost-sharing multiple-employer defined benefit pension plans administered by the Teachers' Retirement System Louisiana ("TRSL") or the Louisiana School Employees' Retirement System ("LSERS"), both of which are administered on a statewide basis. The authority to establish and amend the benefit terms of TRSL and LSERS was granted to the respective Board of Trustees and the Louisiana Legislature by Title 11 of the Louisiana Revised Statutes. TRSL and LSERS each issue publicly available financial reports that can be obtained at www.trsl.org and www.lservers.net, respectively.

Benefits Provided

TRSL

TRSL provides retirement, deferred retirement option (DROP), disability, and survivor's benefits. Participants should refer to the appropriate statutes for more complete information. Regular Plan - Members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after January 1, 2011 may retire with a 2.5% accrual rate after attaining age sixty with at least 5 years of service credit and are eligible for an actuarially reduced benefit with 20 years of service at any age. All other members, if initially hired on or after July 1, 1999, are eligible for a 2.5% accrual rate at the earliest of age 60 with 5 years of service, age 55 with 25 years of service, or at any age with 30 years of service. Members may retire with an actuarially reduced benefit with 20 years of service at any age. If hired before July 1, 1999, members are eligible for a 2% accrual rate at the earliest of age 60 with 5 years of service, or at any age with 20 years of service and are eligible for a 2.5% accrual rate at the earliest of age 65 with 20 years of service, age 55 with 25 years of service, or at any age with 30 years of service. Plan A - Members may retire with a 3.0% annual accrual rate at age 55 with 25 years of service, age 60 with 5 years of service or 30 years of service, regardless of age. Plan A is closed to new entrants. Plan B - Members may retire with a 2.0% annual accrual rate at age 55 with 30 years of service, or age 60 with 5 years of service.

For all plans, retirement benefits are based on a formula which multiplies the final average compensation by the applicable accrual rate, and by the years of creditable service. For Regular Plan and Lunch Plan B members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after January 1, 2011, final average compensation is defined as the highest average 60-month period. For all other members, final average compensation is defined as the highest average 36-month period.

A retiring member is entitled to receive the maximum benefit payable until the member's death. In lieu of the maximum benefit, the member may elect to receive a reduced benefit payable in the form of a Joint and Survivor Option, or as a lump sum that can't exceed 36 months of the members' maximum monthly benefit amount.

Effective July 1, 2009, members may make an irrevocable election at retirement to receive an actuarially reduced benefit which increases 2.5% annually, beginning on the first retirement anniversary date, but not before age 55 or before the retiree would have attained age 55 in the case of a surviving spouse. This option can be chosen in combination with the above options.

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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 3 years. A member has a 60 day window from his first eligible date to participate in the program in order to participate for the maximum number of years. Delayed participation reduces the three year maximum 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 on the account balance.

Active members whose first employment makes them eligible for membership in a Louisiana state retirement system before January 1, 2011, and who have five or more years of service credit are eligible for disability retirement benefits if certified by the State Medical Disability Board (SMDB) to be disabled from performing their job. All other members must have at least 10 years of service to be eligible for a disability benefit. Calculation of the disability benefit as well as the availability of a minor child benefit is determined by the plan to which the member belongs and the date on which the member's first employment made them eligible for membership in a Louisiana state retirement system.

A surviving spouse with minor children of an active member with five years of creditable service (2 years immediately prior to death) or 20 years of creditable service is entitled to a benefit equal to the greater of (a) \$600 per month, or (b) 50% of the member's benefit calculated at the 2.5% accrual rate for all creditable service. When a minor child(ren) is no longer eligible to receive survivor benefits, the spouse's benefit reverts to a survivor benefit in accordance with the provisions for a surviving spouse with no minor child(ren). Benefits for the minor child(ren) cease when he/she is no longer eligible. Each minor child (maximum of 2) shall receive an amount equal to the greater of (a) 50% of the spouse's benefit or (b) \$300 (up to 2 eligible children). Benefits to minors cease at attainment of age 18, marriage, or age 23 if enrolled in an approved institution of higher education. A surviving spouse without minor children of an active member with 10 years of creditable service (2 years immediately prior to death) or 20 years of creditable service is entitled to a benefit equal to the greater of (a) \$600 per month, or (b) the option 2 equivalent of the benefit calculated at the 2.5% accrual rate for all creditable service.

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

The Optional Retirement Plan (ORP) was established for academic employees of public institutions of higher education who are eligible for membership in TRSL. This plan was designed to provide certain academic and unclassified employees of public institutions of higher education an optional method of funding for their retirement. The ORP is a defined contribution pension plan which provides for portability of assets and full and immediate vesting of all contributions submitted on behalf of the affected employees to the approved providers. These providers are selected by the TRSL Board of Trustees. Monthly employer and employee contributions are invested as directed by the employee to provide the employee with future retirement benefits. The amount of these benefits is entirely dependent upon the total contributions and investment returns accumulated during the employee's working lifetime. Employees in eligible positions of higher education can make an irrevocable

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election to participate in the ORP rather than TRSL and purchase annuity contracts—fixed, variable, or both—for benefits payable at retirement.

LSERS

LSERS provides retirement, deferred retirement option (DROP), disability, and survivor's benefits. Membership is mandatory for all persons employed by a Louisiana parish or city school board who work more than 20 hours per week as a school bus operator, school janitor, school custodian, school maintenance employee, school bus aide, a monitor or attendant, or any other regular school employee who actually works on a school bus helping with the transportation of schoolchildren. If a person is employed by and is eligible to be a member of more than one public agency within the state, he must be a member of each such retirement system. Members are vested after 10 years of service or five years if enrolled after June 30, 2010. All temporary, seasonal, and part-time employees as defined in Federal Regulations 26 CFR 31:3121(b)(7)-2 who have less than 10 years of creditable service are not eligible for membership in the System. Any employee whose employment falls below 4.1 hours per day or 20.1 hours per week and who is not vested will be eligible to receive a refund of their contributions.

Benefit provisions are authorized and amended under Louisiana Revised Statutes. Benefit provisions are dictated by LA R.S. 11:1141 - 11:1153. A member who joined the system on or before June 30, 2010 is eligible for normal retirement if he has at least 30 years of creditable service regardless of age, 25 years of creditable service and is at least age 55, 20 years of creditable service regardless of age with an actuarially reduced benefit, or 10 years of creditable service and is at least age 60. A member who joined the system on or after July 1, 2010 is eligible for normal retirement if he has at least 5 years of creditable service and is at least age 60, or 20 years of creditable service regardless of age with an actuarially reduced benefit. For members who joined the system prior to July 1, 2006, the maximum retirement benefit is an amount equal to 3 1/3% of the average compensation for the three highest consecutive years of membership service, subject to the 10% salary limitation, multiplied by the number of years of service limited to 100% of final average compensation plus a supplementary allowance of \$2.00 per month for each year of service. For members who joined the system on or after July 1, 2006 through June 30, 2010, 3 1/3% of the average compensation is used to calculate benefits; however, the calculation consists of the five highest consecutive years of membership service, subject to the 10% salary limitation. For members who join the system on or after July 1, 2010, 2 1/2% of the average compensation is used to calculate benefits and consists of the five highest consecutive years' average salary, subject to the 15% salary limitation. The supplemental allowance was eliminated for members entering the Plan on or after July 1, 1986. Effective January 1, 1992, the supplemental allowance was reinstated to all members whose service retirement became effective after July 1, 1971.

A member is eligible to retire and receive disability benefits if he has at least five years of creditable service, is not eligible for normal retirement and has become totally and permanently disabled and is certified as disabled by the Medical Board. A member who joins the system on or after July 1, 2006, must have at least ten years of service to qualify for disability benefits. Upon the death of a member with five or more years of creditable service, the Plan provides benefits for surviving spouses and minor children. Under certain conditions outlined in the statutes, a spouse is entitled to 75% of the member's benefit.

Members of the Plan 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

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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 Plan. 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 Plan maintains subaccounts within this account reflecting the credits attributed to each participant in the Plan. Interest credited and payments from the DROP account are made in accordance with LA R.S. 11:1152(F)(3). Upon termination of participation in both the Plan and employment, a participant may receive his DROP monies either in a lump sum payment from the account or systematic disbursements. The Plan 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.

Effective January 1, 1996, the state legislature authorized the Plan to establish an Initial Benefit Retirement Plan (IBRP) program. IBRP is available to members who have not participated in DROP and who select the maximum benefit, Option 2 benefit, Option 3 benefit or Option 4 benefit. Thereafter, these members are ineligible to participate in the DROP. The IBRP program provides both a one-time single sum payment of up to 36 months of a regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest credited and payments from IBRP account are made in accordance with LA R.S. 11:1152(F)(3).

Contributions

TRSL

The employer contribution rate is established annually under LA R.S. 11:101 - 11:104 by the Public Retirement Systems Actuarial Committee (PRSAC) taking into consideration the recommendation of the System's actuary. Each sub plan pays a separate actuarially determined employer contribution rate. However, all assets of TRSL are used for the payment of benefits for all classes of members, regardless of their plan. The rates in effect during the fiscal year ended June 30, 2018 are as follows:

TRSL Sub Plan	Contribution Rates	
	School Board	Employees
K-12 Regular Plan	26.6%	8.0%
Lunch Plan A	26.6%	9.1%
Lunch Plan B	26.6%	5.0%

The School Board's contractually required composite contribution rate for the year ended June 30, 2018 was 26.4% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the School Board were \$2,504,353 for the year ended June 30, 2018.

LSERS

Contributions for members are established by state statute at 7.5% of their annual covered salary for members employed prior to July 1, 2010 and 8.0% for members employed subsequent to July 1, 2010. Contributions for all participating school boards are actuarially determined as required by Act 81 of 1988 but cannot be less than the rate required by the Constitution. The actuarial required contribution rate for June 30, 2018 was 27.6%. The

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actual employer rate for the year ended June 30, 2018 was 27.6%. A difference may exist due to the State Statute that requires the rate to be calculated in advance. Contributions to the pension plan from the School Board were \$224,186 for the year ended June 30, 2018.

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

The net pension liabilities were measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School Board's proportion of the net pension liability for TRSL was based on a projection of the School Board's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Schools Board's proportion of the net pension liability of LSERS was based on the School Board's historical contributions.

The following table reflects the School Board's proportionate share of the Net Pension Liability for each of the pension plans, the proportion at June 30, 2017 and the change compared to the June 30, 2016 proportion.

	Net Pension Liability at June 30, 2018	Proportion at June 30, 2017	Decrease to June 30, 2016 Proportion
TRSL	\$ 21,325,647	0.208017%	(0.008275)%
LSERS	1,917,292	0.299611%	(0.021961)%
	<u>\$ 23,242,939</u>		

The following table reflects the School Board's recognized pension expense plus the School Board's amortization of change in proportionate share and difference between employer contributions and proportionate share of contributions for each of the pension plans for the year ended June 30, 2018.

	Pension Expense	Amortization	Total
TRSL	\$ 1,648,144	\$ 380,197	\$ 2,028,341
LSERS	119,619	16,490	136,109
	<u>\$ 1,767,763</u>	<u>\$ 396,687</u>	<u>\$ 2,164,450</u>

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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>TRSL</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (701,008)
Changes in assumptions	224,879	-
Net difference between projected and actual earnings on pension plan investments	-	(550,803)
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,002,132	(735,766)
Employer contributions subsequent to the measurement date	2,504,353	-
Total TRSL	\$ 3,731,364	\$ (1,987,577)

<u>LSERS</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (44,709)
Changes in assumptions	40,202	(29,868)
Net difference between projected and actual earnings on pension plan investments	-	(29,980)
Changes in proportion and differences between employer contributions and proportionate share of contributions	17,543	(107,661)
Employer contributions subsequent to the measurement date	224,186	-
Total LSERS	\$ 281,931	\$ (212,218)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
TRSL	\$ 3,731,364	\$ (1,987,577)
LSERS	281,931	(212,218)
	\$ 4,013,295	\$ (2,199,795)

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Deferred outflows of resources related to pensions resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ending June 30, 2019. The following table lists the pension contributions made subsequent to the measurement period for each pension plan:

	<u>Subsequent Contributions</u>
TRSL	\$ 2,504,353
LSERS	224,186
	<u>\$ 2,728,539</u>

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

Year ending June 30:	TRSL	LSERS	Total
2019	\$ (139,022)	\$ (104,102)	\$ (234,424)
2020	399,879	7,049	406,928
2021	(276,655)	12,637	(264,018)
2022	(744,768)	(69,757)	(814,525)
	<u>\$ (760,768)</u>	<u>\$ (154,473)</u>	<u>\$ (915,039)</u>

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Actuarial Assumptions

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

	TRSL	LSERS
Valuation Date	June 30, 2017	June 30, 2017
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Approach	Closed	
Actuarial Assumptions:		
Expected Remaining Service Lives	5 years	3 years
Investment Rate of Return	7.70% net of investment expenses	7.125% net of investment expenses
Inflation Rate	2.50% per annum.	2.625%
Salary Increases	3.5% - 10.0% varies depending on duration of service.	3.075% - 5.375%
Cost of Living Adjustments	None	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.
Mortality	Mortality rates 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.
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 (2008-2012) experience study of the System's members.

* The investment rate of return used in the actuarial valuation for funding purposes was 8.20%, recognizing an additional 40 basis points for gain sharing and 15 basis points to offset administrative expenses.

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The following table lists the methods used by each of the pension plans in determining the long term rate of return on pension plan investments:

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

The following table provides a summary of the best estimates of arithmetic real rates of return for each major asset class included in each of the pension plans' target asset allocation as of June 30, 2017:

Asset Class	Target Allocation		Long-Term Expected Portfolio Real Rate of Return	
	TRSL	LSERS	TRSL	LSERS
Cash	-	-	-	-
Domestic equity	27.0%	51.0%	4.28%	7.26%
International equity	19.0%	-	4.96%	-
Domestic fixed income	13.0%	30.0%	1.98%	3.14%
International fixed income	5.5%	-	2.75%	-
Alternative investments	35.5%	13.0%	8.47%	6.41%
Global asset allocation	-	-	-	-
Real assets	-	6.0%	-	7.50%
Total	100.0%	100.0%	n/a	6.10%
Expected inflation				2.00%
Expected Arithmetic Nominal Return				8.10%

Discount Rate

The discount rates used to measure the total pension liability for TRSL and LSERS were 7.70% and 7.125%, respectively, for the year ended June 30, 2017.

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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 member rate. Based on those assumptions, each of the pension plans' fiduciary net positions were 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.

Sensitivity of the School Board'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 pension plan as well as what the School Board's proportionate share of the Net Pension Liability 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:

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
TRSL			
Discount rate	6.70%	7.70%	8.70%
Share of NPL	\$ 27,478,583	\$ 21,325,647	\$ 16,091,493
LSERS			
Discount rate	6.125%	7.125%	8.125%
Share of NPL	\$ 2,628,382	\$ 1,917,292	\$ 1,306,632

Support of Non-employer Contributing Entities

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The School Board recognizes revenue in an amount equal to their proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended June 30, 2018, the School Board recognized revenue as a result of support received from non-employer contributing entities of \$80,634 for its participation in TRSL. LSERS does not receive support from non-employer contributing entities and, as a result, no revenue was recorded for LSERS for the year ended June 30, 2018.

Pension Plans Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position is available in the separately issued financial reports for TRSL and LSERS and can be obtained on the pension plans' respective websites or on the Louisiana Legislative Auditor's website: www.la.la.gov.

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Payables to the Pension Plan

As of June 30, 2018, the School Board had payables due to the pension plans, which consist of the School Board's legally required contributions to the pension plans. Outstanding balances will be applied the School Board's required monthly contributions. The balance due to each of the pension plans is as follows:

	<u>Payables</u>
TRSL	\$ 538,782
LSERS	33,574
Total	<u>\$ 572,356</u>

6. Other Post-Employment Benefits

General Information about the OPEB Plan

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

Benefits Provided – Medical and life insurance benefits are provided to employees upon actual retirement. The Plan provides medical benefits through the OGB, which involves several statewide networks and one HMO with a premium structure by region. The plan provisions are contained in the official plan documents of the OGB, available at www.groupbenefits.org - "Quick Links" - "Health Plans". The OGB plan is a fully insured, multiple-employer arrangement. Medical benefits are provided to employees upon actual retirement. The retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age; age 55 and 25 years of service; or, age 60 and 5 years of service. Employees who became members of the system on or after January 1, 2011 must be at least age 60 to be eligible for retirement (D.R.O.P. entry) with an unreduced benefit.

Life insurance coverage under the OGB program is available to retirees by election and the employer pays 50% of the cost of the retiree life insurance based on the blended active/retired OGB rates.

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Employees covered by benefit terms – At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	210
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>226</u>
Total	<u>436</u>

Total OPEB Liability

The School Board's total OPEB liability of \$36,702,332 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 in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation rate	2.30%
Salary increase	3.0%, 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	Ranging from 4.4% to 8.7%.

The discount rate was based on the Bond Buyers' 20 Year General Obligation municipal bond index.

Mortality rates were based on the following: Adjusted Sex Distinct RP 2006 Healthy Mortality Table for annuitants with Generational Mortality Scale MP2017 for Pre-retirement and the Adjusted Sex Distinct RP 2006 Healthy Mortality Table for annuitants with Generational Mortality Scale MP2017 for Post-retirement.

The plan has not had a formal actuarial experience study performed.

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at June 30, 2017	\$ <u>36,395,455</u>
Changes for the year:	
Service cost	1,844,592
Interest	1,351,401
Effect of economic/demographic gains and losses	441,045
Effect of assumption changes or inputs	(2,338,664)
Benefit payments	<u>(991,497)</u>
Net changes	<u>805,145</u>
Balance at June 30, 2018	\$ <u>36,702,332</u>

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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 one percentage point lower (2.87%) and one percentage point higher (4.87%) than the current discount rate (4.87%).

	<u>1% Decrease</u> <u>2.87%</u>	<u>Discount Rate</u> <u>3.87%</u>	<u>1% Increase</u> <u>4.87%</u>
Total OPEB liability	\$ 43,110,840	\$ 36,702,332	\$ 31,655,338

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 one percentage point lower and one percentage point higher than the current healthcare cost trend rates.

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 30,814,869	\$ 36,702,332	\$ 44,393,429

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 \$2,823,910. At June 30, 2018, the School Board reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$354,566	\$ -
Changes of assumptions	-	1,880,102
Total	\$354,566	\$1,880,102

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

<u>Year Ended June 30,</u>	<u>Amount</u>
2019	\$ (372,083)
2020	(372,083)
2021	(372,083)
2022	(372,083)
2023	(37,204)

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7. General Long-Term Obligations

The following table presents a summary of bonded indebtedness during the fiscal year:

Original Issue	Issue Date	Original Borrowing	Interest Rates to Maturity	Interest to Maturity	Final Maturity	Outstanding June 30, 2018
General obligation bonds:						
Series 2009	09/01/2009	7,000,000	3.375%-6.000%	13,000	2019	325,000
Series 2016 - Refunding	06/01/2016	8,665,000	2.375%	1,485,325	2029	8,665,000
Total general obligation bonds				\$1,498,325		\$8,990,000

Bond principal and interest are due in total, to maturity, as follows:

Year Ended June 30,	Principal Payments	Interest Payments	Total
2019	730,000	218,794	948,794
2020	765,000	196,175	961,175
2021	785,000	178,006	963,006
2022	805,000	159,363	964,363
2023	835,000	140,243	975,243
2024-2028	4,625,000	389,381	5,014,381
2029	445,000	11,649	456,649
Total	\$8,990,000	\$1,293,611	\$10,283,611

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

Long-term Obligations	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018	Amounts Due Within One Year
G. O. Bonds	\$ 9,705,000	\$ -	\$ 715,000	\$ 8,990,000	\$ 725,000
Net pension liability	27,811,934	-	4,568,995	23,242,939	-
Capital leases	239,139	-	45,618	193,521	46,697
OPEB liability, restated	36,395,455	306,877	-	36,702,332	-
Compensated absences	690,440	431,005	307,713	813,732	307,713
Workers comp claims	-	33,186	20,186	13,000	13,000
Total	\$74,841,968	\$ 771,068	\$ 5,657,512	\$ 69,955,524	\$1,092,410

All principal and interest requirements are funded in accordance with Louisiana law by the annual ad valorem tax levy on taxable property within the parish. At June 30, 2018, the School Board has accumulated \$731,894 in the Debt Service Fund for future debt service requirements.

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The general obligation bonds are obligations of Caldwell Bond District, with maturities from 2018 to 2029 and an interest rate of 2.375%. General obligation bonds' principal and interest requirements are funded in accordance with Louisiana law by the annual ad valorem tax levy on taxable property within the respective taxing districts. In accordance with Louisiana Revised Statute 39:562, the School Board is legally restricted from incurring long-term general obligation bonded debt in excess of 35% of the total assessed value of all property in the taxing district. At June 30, 2018, the statutory limit was \$26,537,309 (35% of the assessed value of \$75,820,883). The School Board's outstanding debt at June 30, 2018 is \$8,990,000 which results in a debt margin of \$17,547,309.

Compensated absences, capital lease, workers' compensation claims, OPEB and net pension liabilities attributable to the governmental activities will be liquidated mainly by the General Fund.

8. Capital Leases

During the 2017 fiscal year, the School Board purchased an additional four school buses for \$329,139 with \$90,000 paid in cash at the time of the purchase and the remaining balance under a capital lease agreement for \$239,139. Depreciation expense in fiscal year 2018 totaled and accumulated depreciation totals \$70,094. The following is a schedule of future minimum lease payments under capital lease, together with the present value of the net minimum lease payments, as of June 30, 2018:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2019	51,274
2020	51,274
2021	51,274
2022	51,274
Net minimum lease payments	205,098
Less: amounts representing interest	11,577
Total	<u>\$193,521</u>

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9. Interfund Assets/Liabilities (FFS level only)

Individual balances due to/from other funds at June 30, 2018 were as follows:

	<u>Due To Other Funds</u>	<u>Due From Other Funds</u>
<i>Major Funds</i>		
General Fund		
Deficit cash balances/indirect costs	\$ -	\$ 622,032
Temporary transfer	238,339	-
Total General Fund	238,339	622,032
Sales Tax Fund-Temporary transfer	19,399	-
<i>Nonmajor Funds</i>		
Special Revenue Funds		
Maintenance-Temporary transfer	\$ -	\$ 137,392
School Food Service-Temporary transfer	-	104,973
Title I Programs		
Deficit cash balance/indirect costs	179,867	-
Title II Programs		
Deficit cash balance/indirect costs	9,124	-
Special Education IDEA B		
Deficit cash balance/indirect costs	71,751	-
LA-4-Deficit cash balance/indirect costs		
Deficit cash balances/indirect costs	108,023	-
Head Start		
Deficit cash balances/indirect costs	89,486	-
Teacher Incentive Fund		
Deficit cash balance/indirect costs	122,040	-
Other Miscellaneous		
Deficit cash balance/indirect costs	19,868	-
Total Nonmajor Special Revenue Funds	600,159	242,365
Debt Service Fund		
QZAB Fund-Close out	6,500	-
Total Nonmajor Funds	606,659	242,365
Total interfund transactions	<u>\$864,397</u>	<u>\$864,397</u>

The balances due for cash deficits are due to timing differences in receiving reimbursements from grantors for expenditure reimbursement grants after the fiscal year ended and a limited number of temporary transfers during the year. The General Fund pays the obligations of expenditure reimbursement grants until a claim is filed and payment is received. Indirect cost balances represent the outstanding indirect cost payments due to the General Fund for the expenditures on outstanding grant reimbursement claims filed

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but not yet received from grantors by year end. Other amounts relate to temporary transfers between funds. All interfund transactions will be completed during the 2018-19 fiscal year.

10. Nonspendable, Restricted, Committed, and Assigned Fund Balances (FFS level only)

The following Governmental Funds' fund balances are nonspendable, legally restricted, committed, or assigned for the following purposes:

NONSPENDABLE	PURPOSE	JUNE 30, 2018
Nonmajor Funds:		
Special Revenue Funds:		
School Food Service	Food inventory	\$ 2,177
Total Nonspendable Fund Balance		\$ 2,177
RESTRICTED	PURPOSE	JUNE 30, 2018
Major Funds:		
General Fund	Workers compensation	\$ 100,000
Sales Tax Fund	Salaries and related benefits	72,881
Total Major Funds		172,881
Nonmajor Funds:		
Special Revenue Funds:		
Maintenance	Maintenance & operations	1,141,087
Education Excellence	Educational purposes	29,848
Other Miscellaneous Funds	Various	22,072
Total Nonmajor Special Revenue		1,193,107
Debt Service Fund	Bonded debt principle/interest	731,894
Total Nonmajor Funds		1,925,001
Total Restricted Fund Balance		\$2,097,882
COMMITTED	PURPOSE	JUNE 30, 2018
Major Funds:		
General Fund	Instruction repairs construction	\$ 2,000,000
Total General Fund		2,000,000
Total Committed Fund Balance		\$ 2,000,000

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11. Agency Fund Deposits Due Others (FFS level only)

The following is a summary of changes in agency fund deposits due others:

	<u>07/01/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>06/30/2018</u>
Agency Funds:				
School Activity Funds	\$ 280,057	\$651,737	\$ 642,063	\$289,731
4-H Scholarship	331	-	-	331
State Equalization Local Funding				
Transfers to Other Educational				
Providers	-	29,275	29,275	-
Total	<u>\$280,388</u>	<u>\$681,012</u>	<u>\$ 671,338</u>	<u>\$290,062</u>

12. Litigation and Contingencies

The School Board is a defendant in certain litigation. It is the opinion of legal counsel for the School Board that ultimate resolution of these lawsuits would not materially affect the financial statements.

As with the majority of all other school boards within the state, the Caldwell Parish School Board is substantially dependent upon federal, state and local funding. The loss or reduction of these funding sources would have a significant impact on its operations.

Under the Tax Reform Act of 1986, interest earned on debt proceeds in excess of interest expense prior to the disbursement of the proceeds must be rebate to the Internal Revenue Service. Management believes that there is no tax arbitrage rebate liability at year end.

13. Risk Management

The School Board initiated a risk management program for workers' compensation in 1991. It joined a pool of certain school boards in Northeast Louisiana in order to share workers' compensation cost. The School Board's share of risk is determined by calculating its percentage of the total manual premium of the group. The risk allocated to the School Board for the year ended June 30, 2018, was 19.00%. Premiums and claims are paid by the General Fund.

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Changes in the claims amount in previous fiscal years were as follows:

<u>Years Ended June 30,</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Benefit Payment and Claims</u>	<u>Ending of Fiscal Year Liability</u>
2016	\$10,261	\$46,025	\$54,667	\$ 1,619
2017	\$ 1,619	\$19,024	\$20,643	\$ 0
2018	\$ 0	\$33,186	\$20,186	\$13,000

An excess coverage insurance policy covers individual claims in excess of \$350,000. Maximum retention exposure for aggregate claims amounts to \$1,271,042. The School Board is reporting \$13,000 claims payable as of June 30, 2018. The \$13,000 balance at June 30, 2018 was provided by the third-party administrator. The liability does not include incremental costs.

The School Board continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The School Board also participates in an entity risk pool for insurance coverage, including property and casualty insurance and the reinsurance of such coverage, in order to provide a more efficient and effective way to acquire insurance coverage. The entity risk pool is known as Property Casualty Alliance of Louisiana (PCAL), which is established only for School Boards and is overseen by a board made up of School Board Members. The responsibilities of the School Board is to pay contributions based upon a risk-funding plan developed by the Program as well as to have a loss prevention plan to make all reasonable efforts to eliminate and minimize hazards that would contribute to property/casualty losses. The pool is responsible for handling any and all claims after notice of loss has been received.

On-behalf payments for fringe benefits and salaries are direct payments by an entity (the paying agent) to a third-party recipient for the employees of another, legally separate entity (the employer entity). GASB Statement No. 24 requires that employer governments recognize revenue and expenditures or expenses for these on-behalf payments.

14. Economic Dependency

Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 280-10-50-42 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenues. The Minimum Foundation Funding provided by the state to all public school systems in Louisiana is primarily based on October 1 student count. The state provided \$12,359,109 to the school board, which represents approximately 57.3% of the School Board's total revenue for the year. Federal revenues also accounts for \$3,089,601 (14.3%) of total revenues.

**Caldwell Parish School Board
Columbia, Louisiana**

**Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2018**

15. Prior Period Adjustment

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

	Governmental Activities
Total net position, June 30, 2017, as previously reported	\$ <u>(23,517,834)</u>
Reverse other post-employment benefit obligation, June 30, 2017	16,516,681
Record other post-employment benefit liability, June 30, 2017	<u>(36,395,455)</u>
Net effect	<u>(19,878,774)</u>
Total net position, June 30, 2017, restated	\$ <u><u>(43,396,608)</u></u>

16. Subsequent Events

The School Board has evaluated subsequent events through January 29, 2019, the date which the financial statements were available for issue and noted no events occurring subsequent to the reporting period requiring disclosure except as previously disclosed.

17. Current Accounting Standards Scheduled to be Implemented

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

GASB Statement 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 statement. 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 statement. The effect of this standard or its applicability to the School Board are unknown at this time.

**Caldwell Parish School Board
Columbia, Louisiana**

**Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2018**

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 leased 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. This standard is effective for annual reporting periods beginning ruler 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.

REQUIRED SUPPLEMENTARY INFORMATION

(Part B)

**Caldwell Parish School Board
Columbia, Louisiana**

**GENERAL FUND
Budgetary Comparison Schedule (GAAP Basis)**

Fiscal Year Ended June 30, 2018

(Unaudited)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Budgetary fund balance at beginning of year	<u>\$ 6,884,334</u>	<u>\$ 6,884,334</u>	<u>\$ 6,887,821</u>	<u>\$ 3,487</u>
Resources (inflows)				
Local sources:				
Ad valorem taxes	1,733,000	1,733,000	1,800,515	67,515
Interest earnings	17,000	17,000	30,009	13,009
Other	87,330	87,330	48,423	(38,907)
State sources:				
Equalization	12,061,164	12,061,164	12,160,587	99,423
Other	85,480	85,480	43,114	(42,366)
Federal sources			21,279	21,279
Amounts available for appropriations	<u>20,868,308</u>	<u>20,868,308</u>	<u>20,991,748</u>	<u>123,440</u>
Charges to appropriations (outflows)				
Instruction:				
Regular programs	5,627,000	5,627,000	5,658,635	(31,635)
Special programs	1,764,833	1,764,833	1,748,113	16,720
Vocational programs	381,487	381,487	498,807	(117,320)
Other instructional programs	308,478	308,478	308,720	(242)
Student services	159,102	159,102	170,715	(11,613)
Support services:				
Pupil support services	652,451	652,451	733,091	(80,640)
Instructional staff support services	711,314	711,314	636,957	74,357
General administration	379,057	379,057	402,733	(23,676)
School administration	906,787	906,787	919,498	(12,711)
Business services	346,075	346,075	368,512	(22,437)
Plant services	902,248	902,248	924,587	(22,339)
Student transportation services	1,146,139	1,146,139	1,036,725	109,414
Central services	102,708	102,708	87,422	15,286
Noninstructional services:				
Food service operations	50,324	50,324	88,679	(38,355)
Capital Outlay	-	-	6,700	(6,700)
Debt service:				
Principal retirement	-	-	45,618	(45,618)
Interest	-	-	5,656	(5,656)
Total charges to appropriations	<u>13,438,003</u>	<u>13,438,003</u>	<u>13,641,168</u>	<u>(203,165)</u>
Budgetary fund balance at end of year	<u>\$ 7,430,305</u>	<u>\$ 7,430,305</u>	<u>\$ 7,350,580</u>	<u>\$ (79,725)</u>

See accompanying notes to the budgetary comparison schedules.

**Caldwell Parish School Board
Columbia, Louisiana**

**SALES TAX FUND
Budgetary Comparison Schedule (GAAP Basis)**

Fiscal Year Ended June 30, 2018

(Unaudited)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance at beginning of year	<u>\$ 69,818</u>	<u>\$ 69,818</u>	<u>\$ 80,338</u>	<u>\$ 10,520</u>
Resources (inflows)				
Local sources:				
Sales taxes	2,120,000	2,120,000	2,129,190	9,190
Interest earnings	<u>20</u>	<u>20</u>	<u>17</u>	<u>(3)</u>
Amounts available for appropriations	<u>2,189,838</u>	<u>2,189,838</u>	<u>2,209,545</u>	<u>19,707</u>
Charges to appropriations (outflows)				
Instruction:				
Regular programs	864,576	864,576	820,642	43,934
Special education programs	327,025	327,025	382,226	(55,201)
Vocational programs	51,055	51,055	72,715	(21,660)
Other instructional programs	18,024	18,024	17,621	403
Special programs	96,053	96,053	99,743	(3,690)
Support services:				
Pupil support services	104,280	104,280	102,619	1,661
Instructional staff support services	110,870	110,870	98,745	12,125
General administration	54,796	54,796	50,557	4,239
School administration	112,888	112,888	128,306	(15,418)
Business services	33,352	33,352	32,444	908
Plant services	80,232	80,232	80,453	(221)
Student transportation services	136,790	136,790	130,911	5,879
Central services	12,566	12,566	12,313	253
Noninstructional services:				
Food service operations	113,090	113,090	107,369	5,721
Total charges to appropriations	<u>2,115,597</u>	<u>2,115,597</u>	<u>2,136,664</u>	<u>(21,067)</u>
Budgetary fund balance at end of year	<u>\$ 74,241</u>	<u>\$ 74,241</u>	<u>\$ 72,881</u>	<u>\$ (1,360)</u>

See accompanying notes to the budgetary comparison schedules.

CALDWELL PARISH SCHOOL BOARD
NOTES TO BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2018

A. BUDGETS

General Budget Practices

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

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

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

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

Formal budget integration (within the accounting records) is employed as a management control device. All budgets are controlled at the function level. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments. These revisions were considered significant by the Board.

Encumbrances

Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed. However, outstanding purchase orders are taken into consideration before expenditures are incurred in order to assure that applicable appropriations are not exceeded.

Budget Basis of Accounting

All governmental funds budgets are prepared on the modified accrual basis of accounting, a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Budgeted amounts are originally adopted or amended by the Board. Legally, the Board must adopt a balanced budget; that is, total budgeted revenues and other financing sources including fund balance must equal or exceed total budgeted expenditures and other financing uses. State statutes require the Board to amend its 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 function level and management can transfer amounts between line items within a function.

**Caldwell Parish School Board
Columbia, Louisiana**

**Schedule of Changes in Total OPEB Liability and Related Ratios
Cost Sharing Plans Only**

Fiscal Year Ended June 30, 2018

(Unaudited)

Total OPEB Liability	
Service cost	\$ 1,844,592
Interest	1,351,401
Changes of benefit terms	-
Differences between expected and actual experience	441,045
Changes of assumptions or other inputs	(2,338,664)
Benefit payments	(991,497)
Net change in total OPEB liability	<u>306,877</u>
Total OPEB liability - beginning	<u>36,395,455</u>
Total OPEB liability - ending (a)	<u><u>\$ 36,702,332</u></u>
Covered-employee payroll	\$ 10,367,147
Total OPEB liability as a percentage of covered-employee payroll	354.03%

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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

Changes of assumptions. For the year ended June 30, 2018, the discount rate was increased from 3.58% to 3.87% and the mortality tables and claims and trend rates were updated.

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

**Caldwell Parish School Board
Columbia, Louisiana**

**Schedule of Employer's Proportionate Share of Net Pension Liability
Cost Sharing Plans Only**

Fiscal Year Ended June 30, 2018

(Unaudited)

<u>Fiscal Year*</u>	<u>Agency's proportion of the net pension liability (asset)</u>	<u>Agency's proportionate share of the net pension liability (asset)</u>	<u>Agency's covered-employee payroll</u>	<u>Agency's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
Teachers' Retirement System of Louisiana					
2018	0.20802%	\$ 21,325,647	\$ 9,301,532	229%	65.6%
2017	0.216292%	\$ 25,386,164	\$ 9,620,333	264%	59.90%
2016	0.214320%	\$ 23,044,173	\$ 9,449,430	244%	62.50%
2015	0.201840%	\$ 20,630,432	\$ 9,528,791	217%	63.70%
Louisiana School Employees' Retirement System					
2018	0.00299611	1,917,292	857,539	224%	75.03%
2017	0.321572%	\$ 2,425,770	\$ 818,104	297%	70.09%
2016	0.324522%	\$ 2,057,882	\$ 901,855	228%	74.49%
2015	0.325000%	\$ 1,884,005	\$ 890,550	212%	76.18%

*Amounts presented were determined as of the measurement date (previous fiscal year end).

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

**Caldwell Parish School Board
Columbia, Louisiana**

**Schedule of Employer's Contributions to Pension Plans
Cost Sharing Plans Only**

Fiscal Year Ended June 30, 2018

(Unaudited)

Fiscal Year*	(a) Statutorily Required Contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution Deficiency (Excess)	Agency's covered-employee payroll	Contributions as a percentage of covered-employee payroll
Teachers' Retirement System of Louisiana					
2018	\$ 2,504,353	\$ 2,504,353	\$ -	\$ 9,414,859	26.6%
2017	\$ 2,371,891	\$ 2,371,891	\$ -	\$ 9,301,532	25.5%
2016	\$ 2,531,080	\$ 2,531,080	\$ -	\$ 9,620,333	26.3%
2015	\$ 2,744,269	\$ 2,744,269	\$ -	\$ 9,449,430	29.0%
2014	\$ 2,591,831	\$ 2,591,831	\$ -	\$ 9,528,791	27.2%
Louisiana School Employees' Retirement System					
2018	\$ 224,186	\$ 224,186	\$ -	\$ 812,269	27.6%
2017	\$ 234,108	\$ 234,108	\$ -	\$ 857,539	27.3%
2016	\$ 330,514	\$ 330,514	\$ -	\$ 818,104	40.4%
2015	\$ 298,477	\$ 298,477	\$ -	\$ 901,855	33.1%
2014	\$ 287,648	\$ 287,648	\$ -	\$ 890,550	32.3%

*Amounts presented were determined as of the end of the fiscal year.

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

**Caldwell Parish School Board
Columbia, Louisiana**

Notes to the Required Supplemental Information for Pensions

Fiscal Year Ended June 30, 2018

(Unaudited)

(1) Change in Benefit Terms

Teachers Retirement System of Louisiana

For the year ended June 30, 2016, members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after 07-01-2015 may retire with a 2.5% benefit factor after attaining age 62 with least five years of service credit and are eligible for an actually reduced benefit with 20 years of service at any age.

Louisiana School Employees' Retirement System

Members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after July 1, 2015 may retire with a 2.5% benefit factor after attaining the age of 62 with at least 5 years of service credit and are eligible for an actuarially reduced benefit with 20 years of service at any age. This benefit change raised the age requirement from 60 years of age for members hired after June 30, 2010.

(2) Change in Assumptions

Louisiana School Employees' Retirement System

For the actuarial valuation for the year ended June 30, 2016, the discount rate was increased from 7.000% to 7.125%, inflation was decreased from 2.75% to 2.625% and salary increases were decreased from a range of 3.2% to 5.5% to a range of 3.075% to 5.375%.

(3) Change in Discount Rate

Louisiana School Employees' Retirement System

For LSERS, the discount rate used in the June 30, 2016 net pension liability valuation was increased from the 7.0% used in the June 30, 2015 valuation to 7.125%. For the June 30, 2015 year, the discount rate assumed 0.25% of investment return would offset administrative expenses. Based on Act 94 of the 2016 regular session of the legislature, beginning with the June 30, 2016 actuarial evaluation, the explicit cost of projected noninvestment related administrative expenses will be included in the calculation of the actuarially required contributions for the System. Prior to this valuation, no explicit provision was made to fund or offset administrative expenses. With this change, the valuation of plan liabilities based on a valuation interest rate set for .25% below the assumed long-term rate of return is no longer necessary. Instead, for the June 30, 2016 actuarial valuation, the assumed long-term rate of return was reduced from 7.25% to 7.125%, and the valuation interest rate was set equal to the long-term rate of return.

Teachers Retirement System of Louisiana

For the actuarial valuation for the year ended June 30, 2017, the investment rate of return decreased from 7.75% to 7.70%.

OTHER INFORMATION

**Caldwell Parish School Board
Columbia, Louisiana**

**NONMAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet - By Fund Type
Governmental Activities**

June 30, 2018

	<u>Schedule 8</u>		<u>Statement C</u>
	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	TOTAL
Assets			
Cash and cash equivalents	\$ 1,193,495	\$ 733,929	\$ 1,927,424
Receivables	777,117	4,465	781,582
Interfund receivables	242,365	-	242,365
Inventory	11,439	-	11,439
Total assets	<u>2,224,416</u>	<u>738,394</u>	<u>2,962,810</u>
Liabilities and fund balances			
Liabilities			
Accounts payable	36,451	-	36,451
Salaries payable	225,497	-	225,497
Interfund payables	600,159	6,500	606,659
Unearned revenues	9,262	-	9,262
Total liabilities	<u>871,369</u>	<u>6,500</u>	<u>877,869</u>
Fund balances			
Nonspendable	2,177	-	2,177
Restricted	1,193,107	731,894	1,925,001
Unassigned	157,763	-	157,763
Total fund balances	<u>1,353,047</u>	<u>731,894</u>	<u>2,084,941</u>
Total liabilities and fund balances	<u>\$ 2,224,416</u>	<u>\$ 738,394</u>	<u>\$ 2,962,810</u>

**Caldwell Parish School Board
Columbia, Louisiana**

**NONMAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances - By Fund Type
Governmental Activities**

Fiscal Year Ended June 30, 2018

	Schedule 9		Statement E
	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	TOTAL
REVENUES			
Local sources			
Taxes			
Ad valorem taxes	\$ 589,524	\$ 1,108,747	\$ 1,698,271
Interest earnings	1,245	1,524	2,769
Food services	68,493	-	68,493
Other	7,714	-	7,714
State sources:			
Equalization	200,000	-	200,000
Other	310,189	-	310,189
Federal sources	3,068,322	-	3,068,322
Total revenues	<u>4,245,487</u>	<u>1,110,271</u>	<u>5,355,758</u>
EXPENDITURES			
Current			
Instructional services			
Regular programs	188,142	-	188,142
Special education programs	147,497	-	147,497
Vocational programs	62,953	-	62,953
Other instructional programs	16,548	-	16,548
Special programs	1,271,814	-	1,271,814
Support services			
Pupil support services	37,335	-	37,335
Instructional staff support services	498,628	-	498,628
General administration	169,707	39,905	209,612
School administration	-	-	-
Business services	3,011	-	3,011
Plant services	640,084	-	640,084
Student transportation services	12,533	-	12,533
Central Services	-	-	-
Noninstructional services			
Food service operations	1,141,025	-	1,141,025
Capital outlay	-	-	-
Debt service:			
Principal	-	715,000	715,000
Interest	-	248,943	248,943
Total expenditures	<u>4,189,322</u>	<u>1,003,848</u>	<u>5,193,170</u>
Excess (deficiency) of revenues over expenditures	<u>56,165</u>	<u>106,423</u>	<u>162,588</u>
Net change in fund balances	56,165	106,423	162,588
Fund balances at beginning of year	1,296,882	625,471	1,922,353
Fund balances at end of year	<u>\$ 1,353,047</u>	<u>\$ 731,894</u>	<u>\$ 2,084,941</u>

Caldwell Parish School Board
Columbia, Louisiana
NONMAJOR SPECIAL REVENUE FUNDS
Combining Balance Sheet

June 30, 2018

													Schedule 6
		Food			Special		Early	Vocational	Education	Head	Teacher	Other	
	Maintenance	Service	Title I	Title II	Education	LA-4	Childhood	/ Jag	Excellence	Start	Incentive Fund	Miscellaneous	Total
Assets													
Cash and cash equivalents	\$ 1,021,151	\$ 105,237	\$ -	\$ -	\$ -	\$ -	\$ 10,060	\$ 5,028	\$ 29,948	\$ -	\$ -	\$ 22,071	\$ 1,193,495
Receivables	2,375	1,767	231,851	15,127	88,370	128,337	-	7,896	-	148,316	53,879	99,199	777,117
Interfund Receivables	137,392	104,973	-	-	-	-	-	-	-	-	-	-	242,365
Inventory	-	11,439	-	-	-	-	-	-	-	-	-	-	11,439
Total assets	1,160,918	223,416	231,851	15,127	88,370	128,337	10,060	12,924	29,948	148,316	53,879	121,270	2,224,416
Liabilities and fund balances													
Liabilities													
Accounts payable	19,831	2,002	6,700	1,714	2,619	242	-	567	-	-	1,563	1,213	36,451
Salaries payable	-	52,212	45,284	4,289	14,000	20,072	10,060	12,357	-	58,830	4,226	4,167	225,497
Interfund payables	-	-	179,867	9,124	71,751	108,023	-	-	-	89,486	48,090	93,818	600,159
Unearned revenue	-	9,262	-	-	-	-	-	-	-	-	-	-	9,262
Total liabilities	19,831	63,476	231,851	15,127	88,370	128,337	10,060	12,924	-	148,316	53,879	99,198	871,369
Fund balances													
Nonspendable	-	2,177	-	-	-	-	-	-	-	-	-	-	2,177
Restricted	1,141,087	-	-	-	-	-	-	-	29,948	-	-	22,072	1,193,107
Unassigned	-	157,763	-	-	-	-	-	-	-	-	-	-	157,763
Total fund balances	1,141,087	159,940	-	-	-	-	-	-	29,948	-	-	22,072	1,353,047
Total liabilities and fund balances	\$ 1,160,918	\$ 223,416	\$ 231,851	\$ 15,127	\$ 88,370	\$ 128,337	\$ 10,060	\$ 12,924	\$ 29,948	\$ 148,316	\$ 53,879	\$ 121,270	\$ 2,224,416

Caldwell Parish School Board
Columbia, Louisiana

NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances

Fiscal Year Ended June 30, 2018

	Maintenance	Food Service	Title I	Title II	Special Education	LA-4	Early Childhood	Vocational / Jag	Education Excellence	Head Start	Teacher Incentive Fund	Other Miscellaneous	Total
REVENUES													
Local sources													
Taxes													
Ad valorem	\$ 589,524	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 589,524
Interest earnings	1,053	192	-	-	-	-	-	-	-	-	-	-	1,245
Food services	-	68,493	-	-	-	-	-	-	-	-	-	-	68,493
Other	-	464	-	-	-	-	-	-	-	-	1,500	5,750	7,714
State sources													
Equalization	-	200,000	-	-	-	-	-	-	-	-	-	-	200,000
Other	37,804	-	-	-	-	112,965	69,912	-	82,944	-	-	6,564	310,189
Federal sources	-	907,028	573,466	86,906	288,374	160,864	-	73,870	-	753,474	115,162	109,178	3,068,322
Total revenues	628,381	1,176,177	573,466	86,906	288,374	273,829	69,912	73,870	82,944	753,474	116,662	121,492	4,245,487
EXPENDITURES													
Current													
Instructional services													
Regular programs	-	-	-	-	-	25,934	-	2,474	74,248	-	52,310	33,176	188,142
Special education programs	-	-	-	-	147,497	-	-	-	-	-	-	-	147,497
Vocational programs	-	-	-	-	-	-	-	62,953	-	-	-	-	62,953
Other instructional programs	-	-	539	-	4,863	-	-	-	9,097	-	-	2,049	16,548
Special programs	-	-	305,161	62,056	11,823	235,549	69,912	-	-	553,034	-	34,279	1,271,814
Support services													
Pupil support services	-	-	-	-	37,335	-	-	-	-	-	-	-	37,335
Instructional staff support services	-	-	226,081	18,533	66,001	-	-	3,073	421	80,017	62,502	42,000	498,628
General administration	21,225	-	41,685	6,317	20,855	11,607	-	5,370	-	52,925	1,850	7,873	169,707
School administration	-	-	-	-	-	-	-	-	-	-	-	-	-
Business services	-	-	-	-	-	-	-	-	-	3,011	-	-	3,011
Plant services	612,792	-	-	-	-	-	-	-	-	27,292	-	-	640,084
Student transportation services	-	-	-	-	-	739	-	-	-	11,794	-	-	12,533
Central services	-	-	-	-	-	-	-	-	-	45	-	-	45
Noninstructional services													
Food service operations	-	1,115,669	-	-	-	-	-	-	-	25,356	-	-	1,141,025
Capital Outlay	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	634,017	1,115,669	573,466	86,906	288,374	273,829	69,912	73,870	83,766	753,474	116,662	119,377	4,189,322
Excess (deficiency) of revenues over expenditures	(5,636)	60,508	-	-	-	-	-	-	(822)	-	-	2,115	56,165
Net change in fund balances	(5,636)	60,508	-	-	-	-	-	-	(822)	-	-	2,115	56,165
Fund balances at beginning of year	1,146,723	99,432	-	-	-	-	-	-	30,770	-	-	19,957	1,296,882
Fund balances at end of year	\$ 1,141,087	\$ 159,940	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,948	\$ -	\$ -	\$ 22,072	\$ 1,353,047

Caldwell Parish School Board

Columbia, Louisiana

Fiduciary Fund - Agency Funds

Combining Schedule of Changes in Fiduciary Assets and Liabilities

For the Year Ended June 30, 2018

	Beginning			Ending
	Balance	Additions	Deductions	Balance
Assets:				
Cash and cash equivalents:				
School Activity Funds	\$ 280,057	\$ 651,737	\$ 642,063	\$ 289,731
4-H Scholarship Fund	331	-	-	331
Total	<u>\$ 280,388</u>	<u>\$ 651,737</u>	<u>\$ 642,063</u>	<u>\$ 290,062</u>
Liabilities:				
Deposits due student groups:				
School Activity Funds	\$ 280,057	\$ 651,737	\$ 642,063	\$ 289,731
4-H Scholarship Fund	331	-	-	331
Total	<u>\$ 280,388</u>	<u>\$ 651,737</u>	<u>\$ 642,063</u>	<u>\$ 290,062</u>

Schedule 11

**Caldwell Parish School Board
School Activities Agency Fund
Schedule of Changes in Deposits Due Others
For the Year Ended June 30, 2018**

	Beginning			Ending
	Balance	Additions	Deductions	Balance
Caldwell Parish High School	\$ 108,150	\$ 304,761	\$ 294,396	\$ 118,515
Caldwell Parish Junior School	63,594	159,624	181,445	41,773
Union Central Elementary School	3,798	50,161	51,658	2,301
Columbia Elementary School	55,643	60,392	47,091	68,944
Grayson Elementary School	44,495	61,053	53,713	51,835
Pre-K	4,377	15,746	13,760	6,363
4-H Scholarship Account	331	-	-	331
	<u>\$ 280,388</u>	<u>\$ 651,737</u>	<u>\$ 642,063</u>	<u>\$ 290,062</u>

Caldwell Parish School Board

Columbia, Louisiana

Schedule of Compensation Paid Board Members

For the year ended June 30, 2018

<u>Board Member</u>		<u>Amount</u>
David Wayne Mae	Ward 1	\$ 5,100
Jodi Kenney	Ward 2	5,100
John Frank Robinson, President	Ward 3	5,700
Baron Glass	Ward 4	5,100
C R Martin, Vice President	Ward 5	5,100
James Earl King, Sr.	Ward 6	5,100
Gary Cassels	Ward 7	<u>5,100</u>
Total Compensation		<u><u>\$ 36,300</u></u>

Caldwell Parish School Board

Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer

For the year ended June 30, 2018

Chief Executive Officer, John Gullatt, Superintendent

Purpose	Amount
Salary	\$ 117,654
Benefits-insurance	6,081
Benefits-retirement	34,861
Travel-included in contract	13,404
Travel-outside of parish	4,290
Dues	665
Total Compensation	<u>\$ 176,955</u>

**REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS
AND BY 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 *GOVERNMENT AUDITING STANDARDS***

School Board
Caldwell Parish School Board
Columbia, 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, the business-type activities, each major fund, and the aggregate remaining fund information of Caldwell 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 January 31, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School Board's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 to those in charge of 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. We did identify a certain deficiency in internal

**School Board
Caldwell Parish School Board
Columbia, Louisiana**

control, described in the accompanying schedule of findings and questioned costs that we consider to be a material weakness (Finding 2018-001).

Compliance and Other Matters

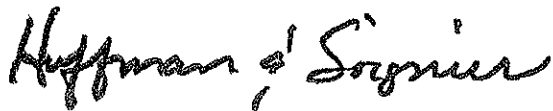
As part of obtaining reasonable assurance about whether the School Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standard* and which are described in the accompanying schedule of findings and responses as item 2018-002 and 2018-003.

The School Board's Response to Findings

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

Purpose of this Report

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



(A Professional Accounting Corporation)

January 31, 2019

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

School Board
Caldwell Parish School Board
Columbia, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Caldwell 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the School Board's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and 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.

**School Board
Caldwell Parish School Board
Columbia, Louisiana**

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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Board's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2018-004, that we consider to be material weaknesses.

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


(A Professional Accounting Corporation)

January 31, 2019

Schedule 14

Caldwell Parish School Board
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME	CFDA Number	Pass-Through Grantor No.	2018 Expenditures
United States Department of Agriculture			
Passed through Louisiana Department of Education:			
Child Nutrition Cluster:			
Non Cash Assistance (Commodities):			
National School Lunch Program	10.555	N/A	\$ 74,192
Cash Assistance:			
School Breakfast Program	10.553	N/A	215,252
National School Lunch Program	10.555	N/A	551,255
Total Child Nutrition Cluster			840,699
Fresh Fruit & Vegetables Grant	10.582	N/A	66,329
Total United States Department of Agriculture			907,028
United States Department of Education			
Passed Through Louisiana Department of Education:			
TANF -Jobs for America's Graduates	84.126	28/18/JSPT-11	28,768
Title I	84.010A	28-17-T1-11	573,466
Special Education Cluster:			
IDEA Part B 611	84.027A	28-18-B1-11	275,624
Preschool Grants	84.173A	28-18-P1-11	12,750
EC Network Lead Agency Consolidated-IDEA 619	84.173A	28-18-CY-11	768
Total Special Education Clusters:			289,142
Vocational Education:			
Carl Perkins - Secondary	84.048A	28-18-02-11	21,279
Teacher Incentive Funds	84.374A	28-18-TP-11	89,521
PBCS Teacher Incentive Funds	84.374A	28-18-PBCS-11	25,641
Title IIA	84.367A	28-18-50-11	86,906
Title V-B RLIS	84.358B	28-18-RE-11	33,307
SRCL2 Grades 6 - 8	84.371C	28-18-SR03-11	67,471
Title IV SSAE	84.424A	28-18-71-11	7,632
Total United States Department of Education			1,223,133
United States Department of Health & Human Services			
Direct Programs:			
Head Start	93.600	06CH715603	490,054
Head Start	93.600	06CH715604	263,420
Passed through Louisiana Department of Education:			
Jobs for America's Graduates	93.558	28-18-JS-11	45,102
LA4 TANF	93.558	28-18-36-11	160,864
Total United States Department of Health & Human Services			959,440
TOTAL FEDERAL AWARDS			\$ 3,089,601

CALDWELL PARISH SCHOOL BOARD
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2018

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes all Federal grant activity of the Caldwell Parish School Board (the School Board) for the year ended June 30, 2018. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because of the Schedule presents only a selected portion of the operations of the School Board, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School Board.

Note 2 - Basis of Presentation

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

Note 3 - Relationship to the Financial Statements

Federal revenues are reported in the School Board's financial statements as follows:

	<u>Federal Programs</u>
General Fund	\$ 21,279
Nonmajor Funds	
School Food Service	907,028
Title I	573,466
Title II	86,906
Special Education	288,374
LA-4	160,864
Vocational / JAG	73,870
Head Start	753,474
Teacher Incentive Fund	115,162
Other Miscellaneous	109,178
Total Nonmajor Funds	<u>3,068,322</u>
Total Governmental Funds Revenues	<u><u>\$ 3,089,601</u></u>

Note 4 - Basis of Presentation

Amounts reported in the Schedule agree with the amounts reported in the related federal financial reports, except for the amounts in report submitted as of a date subsequent to June 30, 2018.

Note 5 - Indirect Cost Rate

The School Board did not elect to use the 10% de minimis indirect cost rate.

**CALDWELL PARISH SCHOOL DISTRICT
COLUMBIA, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

We have audited the financial statements of the governmental activities and each major fund of the Caldwell Parish School Board, as of and for the year ended June 30, 2018, and the related notes to the financial statement, which collectively comprise the basic financial statements and have issued our report thereon dated January 31, 2019. 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. Our audit of the financial statements as of June 30, 2018 resulted in an unmodified opinion.

Section I - Summary of Auditor's Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal Control over financial reporting

Material Weaknesses ☒ yes ☐ no

Significant Deficiency ☐ yes ☒ none reported

Noncompliance material to financial statements ☐ yes ☒ no

Federal Awards

Internal Control

Material Weaknesses ☐ yes ☒ no

Significant Deficiency ☒ yes ☐ none reported

Type of Opinion on Compliance Unmodified ☒ Modified ☐
For Major Programs Disclaimer ☐ Adverse ☐

Are there findings required to be reported in accordance with the Uniform Guidance? Yes

Identification of Major Programs:

CFDA #10.553, 10.555 Child Nutrition Cluster

CFDA #93.600 Head Start

Dollar threshold used to distinguish between Type A and Type B Programs \$750,000.

Is the auditee a "low-risk" auditee ☐ yes ☒ no

CALDWELL PARISH SCHOOL DISTRICT
COLUMBIA, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

Section II – Findings related to the financial statements that are required to be reported under Government Auditing Standards.

2018-001 Internal Controls over Payroll and Accounts Payable (First Reported-2015)

Entity-wide or Program / Department Specific

This finding is entity-wide.

Criteria or Specific Requirement

Management of Caldwell Parish School Board (School Board) is responsible for establishing and maintaining internal controls and assessing those controls for effectiveness in design and operation. Internal controls include such practices as ensuring proper segregation of duties, authorizing, approving and reviewing transactions, and performing reconciliations. Implementing controls and maintaining adequate documentation of such controls are characteristics of a sound internal control environment.

Conditions Found

There is inadequate segregation of duties regarding the payroll function. The business manager is responsible for the payroll function and performs all aspects of payroll with the exception of the superintendent's review of batch totals prior to submission for direct deposit transfer. There is no review of individual transactions or analysis of any changes in payroll from month-to-month.

During our test of payroll transactions, we noted that the sign in and sign out sheets were not approved by the principal/supervisor and principals do not sign in or sign out and that leave slips are not always signed by an employee's supervisor. We also noted that the monthly Office of Group Benefits billings were not reconciled to the monthly deductions.

The individual responsible for disbursements had the ability to add vendors to the system and print checks with signatures printed onto them with no intermediate control to identify and stop illegitimate or erroneous disbursements prior to payment. However, all transactions are reviewed monthly by the finance committee and any such payments would be identified subsequent to the event. Controls need to be strengthened to ensure that disbursements are correct prior to payment.

Finally, while certain elements of the components of internal control exist, the School Board does not possess comprehensive written documentation of the design, implementation, and maintenance of its internal control environment.

Possible Asserted Effect (Cause and Effect)

Cause: The lack of a payroll accountant appears to be the principle contributing factor to the lack of segregation of duties. As for the sign in and sign out log, the School Board has not required principals / supervisors to sign off on this log sheet. Additionally, bus drivers and principals have not been required

**CALDWELL PARISH SCHOOL DISTRICT
COLUMBIA, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

to sign in / out. As for the Office of Group Benefits billings not being reconciled, we are unaware of the specific cause.

Effect: The School Board's internal control environment is weakened which increases the risk of a material misstatement in the financial statements, as well as the susceptibility to potential fraud. An employee could be absent from work and not have that absence charged to his leave balance, especially if a supervisor is not approving time and attendance records. The School Board could be paying an incorrect amount for health insurance premiums or it could have an employee with coverage being deducted but for which the Office of Group Benefits is unaware of this expected coverage and therefore the employee would not be covered.

Recommendation

Segregation of duties should be addressed, and steps should be taken to establish procedures for the review of payroll and accounts payable transactions. All employees should be required to document their time on site to ensure accurate reporting of time and that this time is approved by the supervisor. The billings from the Office of State Group should be reconciled with the deductions to ensure an accurate reflection of deductions with coverage.

Management's Response

The School Board strives to maintain accurate records. We will continue to work on improving these areas to ensure accurate reporting throughout the year which will negate these issues in the future. We will begin requiring employees to document their time, including the approval by a supervisor. We will consider the possibility of employing a payroll accountant to address the inadequate segregation of duties and the reconciliation of the Office of Group Benefits billings.

2018-002 Insufficient Pledged Securities (First Reported-2017)

Entity-wide or Program / Department Specific

This finding is entity-wide.

Criteria or Specific Requirement

Louisiana Revised Statute (LRS) 39:1225 requires the amount of security at all times be one hundred percent of the amount of collected funds on deposit to the credit of each depositing authority except that portion of the deposits insured by any governmental agency insuring bank deposits which is organized under the laws of the United States.

**CALDWELL PARISH SCHOOL DISTRICT
COLUMBIA, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

Condition Found

For the year ended June 30, 2018, the School Boards deposits were under insured at one bank by approximately \$37,950.

Possible Asserted Effect (Cause and Effect)

Cause: The School Board did not monitor the securities pledged closely enough to recognize when the bank had inadequate securities pledged.

Effect: The School Board was in non-compliance with LRS 39:1225 at June 30, 2018.

Recommendation to Prevent Future Occurrences

The School Board should closely monitor the securities pledged by the banks to ensure that adequate securities are pledged at all times.

Management's Response

We will work with the banks to ensure compliance with LRS 39:1225 throughout the year.

2018-003 Late Filing (First reported-2018)

Entity-wide or Program / Department Specific

This finding is entity-wide.

Criteria or Specific Requirement

Louisiana Revised Statute 24:513 requires that the School Board prepare and submit its audited financial statements to the Louisiana Legislative Auditor no later than six months after the end of the most recent fiscal year.

Condition Found

The School Board's audited financial statements for the year ending June 30, 2018 were not completed within the six month deadline as per Revised Statute 24:513.

Cause

The School Board's auditor did not receive the Other Postemployment Benefits (OPEB) actuarial valuation report until December 27, 2018. Additionally, due to the current year implementation of GASB 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, the School Board's auditor required additional time to evaluate the reasonableness of actuarial assumptions and other factors associated with the valuation of the School Board's Other Post-Employment benefits.

Effect

The auditor was unable to submit the School Board's report within the six month deadline as required by RS 24:513.

**CALDWELL PARISH SCHOOL DISTRICT
COLUMBIA, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

Recommendations to Prevent Future Occurrences

For the June 30, 2019 audit, we recommend the School Board request that the actuary complete the actuarial valuation report well in advance of the six month audit report submission deadline to allow the auditor sufficient time to review the valuation.

View of Responsible Official

We concur with this finding and will implement the recommendation.

Section III - Findings and questioned costs for federal awards which are required to be reported under the Uniform Guidance.

2018-004 Noncompliance with Federal Regulations (First Reported-2018)

Federal Program

10.553, 10.555 Child Nutrition Cluster

United States Department of Agriculture

Passed through from Louisiana Department of Education, grantor identification number LEA No. 054

93.600 Head Start

United States Department of Health & Human Services

Federal award identification number-06CH715603 and 06CH715604; 2017/18 award and 2018/19 award

Criteria or Specific Requirement

2 CFR section 200.303 requires that the non-federal entity establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Conditions Found

During the course of our testing of internal controls over compliance, we identified that all checks are electronically printed with both signatures printed on them. Also, the employee that processes payments can add vendors to the system. These items were also identified during the course of the financial statement audit. Because federal programs are primarily reimbursement based and cash balances are small, we do not consider this to be material to the single audit but we do feel that management should correct these issues.

There are inadequate segregation of duties regarding the payroll function. The business manager is responsible for the payroll function and performs all aspects of payroll with the exception of the superintendent's review of batch totals prior to submission for direct

**CALDWELL PARISH SCHOOL DISTRICT
COLUMBIA, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

deposit transfer. Documentation issues identified included 14 of the 16 Head Start disbursements reviewed not having the correct approvals and 6 of the 24 personnel reviewed not having a timesheet approved by a supervisor and denoting who recorded the work performed into the computer for payment. We consider these to be significant deficiencies that management should be aware rather than material weaknesses because Federal programs are monitored sufficiently to prevent or detect and correct material misstatements in a timely manner.

Cause

Processes should be modified to better protect school board assets.

Effect

Possible effects include noncompliances with federal regulations.

Questioned Costs

There are no questioned costs related to this finding.

Perspective Information

These items are systematic issues prevalent to all disbursements.

Identification of Repeat Findings

This finding is not a repeat of a finding in the immediately prior audit.

Recommendations to Prevent Future Occurrences

We recommend that the School Board redesign processes to correct the items cited.

Views of Responsible Officials

We concur with this finding and will implement the recommendation.

**CALDWELL PARISH SCHOOL DISTRICT
COLUMBIA, LOUISIANA
CORRECTIVE ACTION PLAN FOR CURRENT YEAR ADUIT FINDINGS AND
QUESTIONED COSTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

2018-001 Internal Controls over Payroll

Entity-wide or Program / Department Specific

This finding is entity-wide.

Conditions Found

There is inadequate segregation of duties regarding the payroll function. The business manager is responsible for the payroll function and performs all aspects of payroll with the exception of the superintendent's review of batch totals prior to submission for direct deposit transfer. There is no review of individual transactions or analysis of any changes in payroll from month-to-month.

During our test of payroll transactions, we noted that the sign in and sign out sheets were not approved by the principal/supervisor and principals do not sign in or sign out and that leave slips are not always signed by an employee's supervisor. We also noted that the monthly Office of Group Benefits billings were not reconciled to the monthly deductions.

The individual responsible for disbursements had the ability to add vendors to the system and print checks with signatures printed onto them with no intermediate control to identify and stop illegitimate or erroneous disbursements prior to payment. However, all transactions are reviewed monthly by the finance committee and any such payments would be identified subsequent to the event. Controls need to be strengthened to ensure that disbursements are correct prior to payment.

Finally, while certain elements of the components of internal control exist, the School Board does not possess comprehensive written documentation of the design, implementation, and maintenance of its internal control environment.

Corrective Action Planned

The School Board strives to maintain accurate records. We will continue to work on improving these areas to ensure accurate reporting throughout the year which will negate these issues in the future. We will begin requiring employees to document their time, including the approval by a supervisor. We will consider the possibility of employing a payroll accountant to address the inadequate segregation of duties and the reconciliation of the Office of Group Benefits billings.

Contact Person Responsible for Corrective Action

Lauren Young	Telephone:	318-649-2689
Caldwell Parish School Board	Fax:	318-649-0636
7112 Highway 165		
Columbia, LA 71418		

Anticipated Completion Date

June 30, 2019

**CALDWELL PARISH SCHOOL DISTRICT
COLUMBIA, LOUISIANA
CORRECTIVE ACTION PLAN FOR CURRENT YEAR ADUIT FINDINGS AND
QUESTIONED COSTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

2018-002 Insufficient Pledged Securities

Entity-wide or Program / Department Specific

This finding is entity-wide.

Condition Found

For the year ended June 30, 2018, the School Boards deposits were under insured at one bank by approximately \$37,950.

Corrective Action Planned

We will work with the banks to ensure compliance with LRS 39:1225 throughout the year.

Contact Person Responsible for Corrective Action

Lauren Young	Telephone:	318-649-2689
Caldwell Parish School Board	Fax:	318-649-0636
7112 Highway 165		
Columbia, LA 71418		

Anticipated Completion Date

Already completed.

2018-003 Late Filing

Entity-wide or Program / Department Specific

This finding is entity-wide.

Condition Found

The School Board's audited financial statements for the year ending June 30, 2018 were not completed within the six month deadline as per Revised Statute 24:513.

Corrective Action Planned

We concur with this finding and will implement the recommendation.

Contact Person Responsible for Corrective Action

Lauren Young	Telephone:	318-649-2689
Caldwell Parish School Board	Fax:	318-649-0636
7112 Highway 165		
Columbia, LA 71418		

Anticipated Completion Date

Completed with this filing.

**CALDWELL PARISH SCHOOL DISTRICT
COLUMBIA, LOUISIANA
CORRECTIVE ACTION PLAN FOR CURRENT YEAR ADUIT FINDINGS AND
QUESTIONED COSTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

2018-004 Noncompliance with Federal Regulations

Federal Program

10.553, 10.555 Child Nutrition Cluster

United States Department of Agriculture

Passed through from La Department of Education, grantor identification number LEA No. 054

93.600 Head Start

Department of Health & Human Services

Federal award identification number-06CH715603 and 06CH715604; 2017/18 award and 2018/19 award

Conditions Found

During the course of our testing of internal controls over compliance, we identified that all checks are electronically printed with both signatures printed on them. Also, the employee that processes payments can add vendors to the system. These items were also identified during the course of the financial statement audit. Because federal programs are primarily reimbursement based and cash balances are small, we do not consider this to be material to the single audit but we do feel that management should correct these issues.

There are inadequate segregation of duties regarding the payroll function. The business manager is responsible for the payroll function and performs all aspects of payroll with the exception of the superintendent's review of batch totals prior to submission for direct deposit transfer. Documentation issues identified included 14 of the 16 Head Start disbursements reviewed not having the correct approvals and 6 of the 24 personnel reviewed not having a timesheet approved by a supervisor and denoting who recorded the work performed into the computer for payment. We consider these to be significant deficiencies that management should be aware rather than material weaknesses because Federal programs are monitored sufficiently to prevent or detect and correct material misstatements in a timely manner.

Corrective Action Planned

We concur with this finding and we will redesign processes to correct the items cited.

Contact Person Responsible for Corrective Action

Lauren Young	Telephone: 318-649-2689
Caldwell Parish School Board	Fax: 318-649-0636
7112 Highway 165	
Columbia, LA 71418	

Anticipated Completion Date

June 30, 2019

**Caldwell Parish School Board
Summary Status of Prior Year Findings
For the Year Ended June 30, 2018**

The following is a summary of the status of the prior year findings included in Huffman and Soignier (APAC)'s audit report dated December 29, 2017, covering the audit of the financial statements of Caldwell Parish School Board (School Board) as of and for the year ended June 30, 2017.

2017-001 Internal Controls over Payroll (First Reported 2015)

Conditions Found

There is inadequate segregation of duties regarding the payroll function. The business manager is responsible for the payroll function and performs all aspects of payroll with the exception of the superintendent's review of batch totals prior to submission for direct deposit transfer. There is no review of individual transactions or analysis of any changes in payroll from month-to-month.

During our test of payroll transactions, we noted that the sign in and sign out sheets were not approved by the principal/supervisor and principals do not sign in or sign out and that leave slips are not always signed by an employee's supervisor. We also noted that the monthly Office of Group Benefits billings were not reconciled to the monthly deductions.

Additionally, while certain elements of the components of internal control exist, the School Board does not possess comprehensive written documentation of the design, implementation, and maintenance of its internal control environment.

Status

This finding is substantially being repeated as 2018-001.

2017-002 Maintenance of General Ledger Accounting (First Reported 2016)

Conditions Found

The School Board did not record a receivable and revenue for approximately \$65,000 at June 30, 2017. As a result the receivables and revenues of one Special Revenue Fund were understated by that amount.

The School Board was unable to produce timely a listing of all contracts in effect during the fiscal year 2017.

Status

Resolved.

**Caldwell Parish School Board
Summary Status of Prior Year Findings
For the Year Ended June 30, 2018**

2017-003 Capital Assets (First Reported in 2017)

Conditions Found

The School Board was unable to produce an accurate and complete listing of capital assets in a timely manner. Specifically, current year additions of \$441,622, including four buses costing \$329,139, were not initially included on the capital asset listing. Additionally, due to the School Board's proactive review of its listing for obsolete / abandoned capital assets, the School Board deleted approximately \$430,000 of obsolete / abandoned assets that had substantially no remaining value. However, the School Board did not provide an adequate audit trail due to deleting these items which eliminated these assets from the listing in the current year instead of showing these assets being disposed which would show them in the listing as being removed as would be expected.

Status

Resolved

2017-004 Insufficient Pledged Securities

Conditions Found

For the year ended June 30, 2018, the School Boards deposits were under insured at one bank by approximately \$146,600.

Status

See Finding 2018-002

OTHER REPORTS

AGREED-UPON PROCEDURES REPORT

SCHEDULES REQUIRED BY STATE LAW

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING BESE AGREED-UPON PROCEDURES FOR THE YEAR ENDED JUNE 30, 2018

Caldwell Parish School Board
Columbia, Louisiana

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

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

Comment: No exceptions were noted as a result of applying the agreed-upon procedures.

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.

Comment: One class had a student listed on the LDOE Report that was not on the roll book.

Management's Response: The CPSB has addressed this issue this year.

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

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

Comment: One employee was included as having an associate's degree, but according to the personnel file the employee had a bachelor's degree.

Management's Response: The CPSB will start looking at this issue closely.

Public School Staff Data: Average Salaries (NO SCHEDULE)

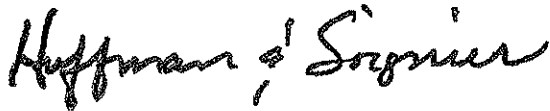
4. We obtained June 30th PEP data submitted to the Department of Education (or equivalent listing provided by management) of all classroom teachers, including base salary, extra compensation, and ROTC or rehired retiree status, as well as full-time equivalents, and obtained management's representation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

Comment: One employee's salary was \$500 less than what was reported, while another employee's salary was \$90 less than what was reported.

Management's Response: The CPSB will start looking at this issue closely.

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

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

A handwritten signature in black ink, reading "Huffman & Soigner". The signature is written in a cursive, flowing style.

(A Professional Accounting Corporation)
Monroe, Louisiana

January 31, 2019

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

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

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

Schedule 2 (Formerly Schedule 6) Class Size Characteristics

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

CALDWELL PARISH SCHOOL BOARD
COLUMBIA, Louisiana

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

	Column A	Column B
<u>General Fund Instructional and Equipment Expenditures</u>		
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$4,526,651	
Other Instructional Staff Activities	645,813	
Instructional Staff Employee Benefits	2,829,750	
Purchased Professional and Technical Services	26,203	
Instructional Materials and Supplies	217,112	
Instructional Equipment	17,048	
Total Teacher and Student Interaction Activities		\$ 8,262,577
Other Instructional Activities		104,647
Pupil Support Activities	729,675	
Less: Equipment for Pupil Support Activities	-	
Net Pupil Support Activities		729,675
Instructional Staff Services	631,102	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		631,102
School Administration	958,801	
Less: Equipment for School Administration	-	
Net School Administration		958,801
Total General Fund Instructional Expenditures (Total of Column B)		\$ 10,686,802
Total General Fund Equipment Expenditures (Object 730; Function Series 1000-4000)		\$ 17,048
<u>Certain Local Revenue Sources</u>		
Local Taxation Revenue:		
Constitutional Ad Valorem Taxes		\$ 323,634
Renewable Ad Valorem Tax		1,980,166
Debt Service Ad Valorem Tax		1,108,747
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes		86,240
Sales and Use Taxes		2,129,190
Total Local Taxation Revenue		\$ 5,627,977
Local Earnings on Investment in Real Property:		
Earnings from 16th Section Property		\$ 13,953
Earnings from Other Real Property		-
Total Local Earnings on Investment in Real Property		\$ 13,953
State Revenue in Lieu of Taxes:		
Revenue Sharing - Constitutional Tax		\$ 37,804
Revenue Sharing - Other Taxes		44,304
Revenue Sharing - Excess Portion		-
Other Revenue in Lieu of Taxes		-
Total State Revenue in Lieu of Taxes		\$ 82,108
Nonpublic Textbook Revenue		\$ 2,290
Nonpublic Transportation Revenue		\$ -

CALDWELL PARISH SCHOOL BOARD
COLUMBIA, Louisiana

Class Size Characteristics
As of October 1, 2017

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	75.56%	170	18.67%	42	1.33%	3	4.44%	10
Elementary Activity Classes	62.50%	20	12.50%	4	0.00%	0	25.00%	8
Middle/Jr. High	72.29%	120	23.49%	39	1.20%	2	3.01%	5
Middle/Jr. High Activity Classes	59.26%	16	11.11%	3	11.11%	3	18.52%	5
High	0.00%	0	0.00%	0	0.00%	0	0.00%	0
High Activity Classes	0.00%	0	0.00%	0	0.00%	0	0.00%	0
Combination	77.49%	179	18.61%	43	1.30%	3	2.60%	6
Combination Activity Classes	95.52%	64	4.48%	3	0.00%	0	0.00%	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.

OTHER REPORTS

LOUISIANA LEGISLATIVE AUDITOR'S STATEWIDE AGREED-UPON PROCEDURES

(A PROFESSIONAL ACCOUNTING CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

Francis I. Huffman, CPA
John Herman, CPA
Lynn Andries, CPA, CGMA
Esther Atteberry, CPA
Katie Jacola, CPA

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Caldwell Parish School Board
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Caldwell Parish School Board (the School Board) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 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 below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) *Budgeting*, including preparing, adopting, monitoring, and amending the budget
 - 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.
 - c) *Disbursements*, including processing, reviewing, and approving
 - d) *Receipts/Collections*, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - e) *Payroll/Personnel*, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

- f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- 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).
- h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- 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.
- j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results: The following exceptions were noted during the review of policies and procedures:

- Budgeting-The budgeting policy does not address how often the budgets are monitored.
- Purchasing-The purchasing policy does not address how purchases are initiated, how vendors are added to the vendor list, and the preparation and approval process of purchase orders.
- Disbursements-The disbursements policy does not detail the processing, reviewing, and approving of disbursements.
- Receipts-The receipts policy does not detail receiving, recording, preparing deposits, and management's actions to determine the completeness of all collections.
- Payroll/Personnel-The payroll/personnel policy does not address reviewing and approving time and attendance records, including leave and overtime worked.
- Contracting-There was not a policy addressing the items listed above in procedure 1.f).
- Credit Cards-There was not a policy detailing the items listed above in procedure 1.g).
- Travel and Expense Reimbursement-The travel policy does not address all allowable expenses, the dollar thresholds by category of expense, and required approvers.
- Ethics-The ethics policy does not address all prohibitions as defined in the statute listed above in procedure 1.i), does not detail a system to monitor possible ethics violations, and does not contain a requirement that all employees annually attest through signature verification that they have read the School Board's ethics policy.

Management's Response: The CPSB policy committee will be meeting to address the above policies and procedures.

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.
 - 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.
 - 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.

Results: No exceptions were noted as a result of applying agreed-upon procedures.

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 each selected 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);
 - 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
 - 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.

Results: There was one exception noted with respect to procedure 3.a) which involved the August 2017 operating account bank reconciliation being completed 3 months after the statement closing date instead of within the prescribed 2 months.

Management's Response: The CPSB has been addressed and have been taken care of in the current school year.

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).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - 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.
 - 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.
 - 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.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- 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).
- e) Trace the actual deposit per the bank statement to the general ledger.

Results: There were 4 exceptions noted with respect to procedure 5.b) as the school office secretary collects cash and also prepares the deposit. With respect to procedure 7.c), there were 2 exceptions noted involving deposits not being made within 1 business day of receipt as follows: One (1) deposit was made 2 days after the date of receipt, while the other was made 5 days after the date of receipt.

Management's Response: The CPSB has been trying to address the issues with collections. It is extremely hard with a small district to not touch more than one thing.

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).
- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's

representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

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

Results: Disbursements are exempt from the Statewide Agreed-Upon Procedures due to being covered under federal program testing as part of the entity's Single Audit for the year ended June 30, 2018.

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.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Results: No exceptions were noted as a result of applying agreed-upon procedures.

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:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: No exceptions were noted as a result of applying agreed-upon procedures.

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:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: No exceptions were noted as result of applying agreed-upon procedures.

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

Results: Payroll/Personnel procedures are exempt from the Statewide Agreed-Upon Procedures due to being covered under federal program testing as part of the entity's Single Audit for the year ended June 30, 2018.

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.

- 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.

Results: With respect to procedure 20.b), there were 3 exceptions noted whereas the employee/official did not attest through signature verification that he or she read the ethics policy during the year.

Management's Response: This issue has been resolved in the current year.

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.
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.

Results: No exceptions were noted as a result of applying agreed-upon procedures.

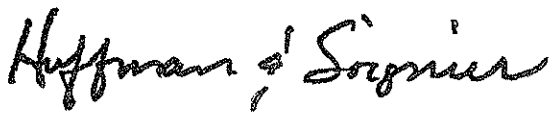
Other

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.
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.

Results: This section is exempt in the current year due to no exceptions in the prior year.

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.

A handwritten signature in cursive script that reads "Huffman & Signier".

(A Professional Accounting Corporation)
Monroe, Louisiana

January 31, 2019