
FRANKLIN PARISH SCHOOL BOARD

WINNSBORO, LOUISIANA

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2015



A Professional Accounting Corporation

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FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

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INDEPENDENT AUDITORS' REPORT

The Members of the
Franklin Parish School Board
Winnsboro, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Franklin Parish School Board (School Board) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

We believe that our audit provides a reasonable basis for our opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board, as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of funding progress for other post-employment benefit plans, the schedule of proportionate share of the net pension liability, and the schedule of contributions, on pages 4 through 10, pages 49 through 54, page 55, page 56 and page 57, respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Board's basic financial statements. The combining non-major fund financial statements, the schedule of board members' compensation, and the schedule of compensation, benefits and other payments to agency head or chief executive officer on pages 58 through 62, page 63 and page 64, respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards on pages 69 through 70 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2015 on our consideration of the School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants, agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Board's internal control over compliance and financial reporting.

Poehlmann + Netterville

Baton Rouge, Louisiana
December 18, 2015

Franklin Parish School Board

Winnsboro, Louisiana

REQUIRED SUPPLEMENTAL INFORMATION

MANAGEMENT'S DISCUSSION
AND ANALYSIS (MD&A)

FRANKLIN PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2015

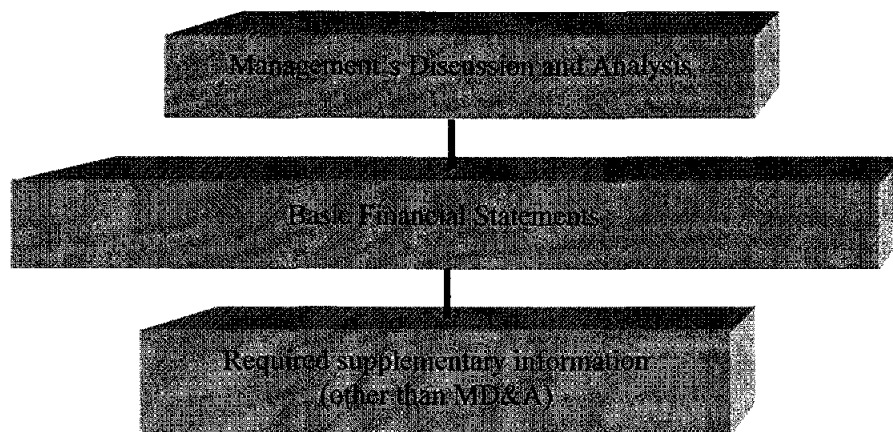
The Management's Discussion and Analysis of the Franklin Parish School Board's (the School Board) financial performance presents a narrative overview and analysis of Franklin Parish School Board's financial activities as of and for the year ended June 30, 2015. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information (where available).

FINANCIAL HIGHLIGHTS

- ★ The Franklin Parish School Board's liabilities exceeded its assets at the close of fiscal year 2015 by \$27,373,675.
- ★ Revenues exceeded expenses by \$1,516,548 for the 2015 fiscal year.
- ★ Operating grants and contributions revenue (derived from such federal programs as Title I, Headstart and Child Nutrition and others) remained relatively consistent with those of prior year due to no significant changes to funding sources.
- ★ The Renovation Fund ended the fiscal year with a fund balance of \$3,553,850 that is available for future debt service payments, facility renovations and other uses.
- ★ The General Fund ended the fiscal year with a fund balance of \$4,579,224; approximately 18% of annual expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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



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

FRANKLIN PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2015

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

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

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

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

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

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

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

FRANKLIN PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2015

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

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

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Position
as of June 30, 2015 and 2014

	<u>2015</u>	<u>2014 (Restated)</u>
Assets		
Cash and cash equivalents	\$ 7,895,638	\$ 7,860,480
Investments	1,120,171	1,120,171
Receivables	1,579,566	-
Inventory	45,862	44,567
Capital assets	<u>16,131,001</u>	<u>16,756,630</u>
Total assets	<u>26,772,238</u>	<u>27,413,097</u>
Deferred Outflow of Resources		
Deferred pension contributions	4,379,564	4,194,539
Deferred amounts related to net pension liability	<u>826,073</u>	<u>-</u>
Total Deferred Outflow of Resources	<u>5,205,637</u>	<u>-</u>
Liabilities		
Accounts, salaries and other payables	2,117,991	2,082,613
Accrued interest payable	17,674	21,711
Net post employment benefit obligation (OPEB)	12,915,942	12,145,951
Bonds payable and other long-term liabilities	5,300,712	6,759,461
Net pension liability	<u>33,977,240</u>	<u>39,229,210</u>
Total liabilities	<u>54,329,559</u>	<u>21,009,736</u>
Deferred Inflow of Resources		
Deferred amounts related to net pension liability	<u>5,021,991</u>	<u>-</u>
Total Deferred Inflow of Resources	<u>5,021,991</u>	<u>-</u>
Net Position		
Net investment in capital assets	11,517,475	10,699,161
Restricted	3,609,292	3,350,257
Unrestricted	<u>(42,500,442)</u>	<u>(42,939,641)</u>
Total net position	<u>\$ (27,373,676)</u>	<u>\$ 28,890,223</u>

FRANKLIN PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2015

FINANCIAL ANALYSIS OF THE ENTITY (continued)

- Cash and investments have increased \$35,158 from prior year. The increase can be attributed to taxes collected in excess of current operating needs.
- Capital assets, which are reported net of accumulated depreciation, account for 60% of the total assets of the School Board. These assets decreased by \$625,629 from the prior year. This decrease is attributable primarily to depreciation during 2015.
- Receivables decreased only slightly by \$51,683 as a result of differences in the timing in collection of federal and state grants.
- Net post employment benefits obligation liability (OPEB) increased by \$1,071,574 to reflect the current year cost for retiree benefits other than pensions that have not been funded.
- Net position at June 30, 2015 shows a deficit of \$27,373,675 primarily due to the adoption of the Governmental Accounting Standards Board (GASB) Statement Numbers 68 and 71 which required the School Board to report a proportionate share of unfunded pension liabilities of the Teachers Retirement System of Louisiana and the Louisiana School Employees' Retirement System. The adoption of GASBs 68 and 71 resulted in a restated beginning net position deficit of \$28,631,310; a decrease of \$35,034,671 from the originally reported net position of \$6,403,361 presented in the prior year financial statements.

FRANKLIN PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2015

FINANCIAL ANALYSIS OF THE ENTITY (continued)

Statements of Activities
For the years ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Revenues		
Program Revenues		
Charges for services	\$ 106,532	\$ 143,275
Operating grants	6,795,757	6,759,244
General revenues		
Property taxes	2,335,161	2,130,956
Sales taxes	5,042,691	5,127,146
Earnings on Investments	44,976	44,664
Minimum Foundation Program	19,048,171	18,358,520
Other	<u>402,771</u>	<u>286,815</u>
	<u>33,776,059</u>	<u>32,850,620</u>
Expenses		
Regular education	10,269,609	10,215,698
Special and other education	7,365,223	6,870,407
Pupil support	1,529,389	1,619,055
Instructional staff support	2,485,197	2,489,011
General administrative	597,715	582,328
School administrative	1,670,051	1,686,125
Business and central services	552,320	627,885
Plant operation and maintenance	2,807,699	2,854,715
Transportation	2,690,859	2,721,355
Food service	2,105,224	2,074,524
Central services	53,502	-
Community service and other	7,636	-
State appropriations	54,885	-
Interest expense	<u>70,202</u>	<u>95,506</u>
	<u>32,259,511</u>	<u>31,836,879</u>
Excess of revenues over expenses and changes in net position	<u>\$ 1,516,548</u>	<u>\$ 1,013,741</u>

Revenues

- Minimum Foundation Program revenue, which accounts for approximately 56% of total revenues, remained relatively consistent with the prior year with an increase of approximately \$689,651 or 4%.
- Local tax revenues consisting of sales and property taxes remained consistent with 2014 revenues reflecting little economic growth.
- Operating grant revenues remained consistent with 2014 revenues, as the scope and breadth of federal grant programs stayed constant.

FRANKLIN PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2015

FINANCIAL ANALYSIS OF THE ENTITY (continued)

Expenses

- Expenses across most functional areas experienced only a slight increase from the prior year. Salary costs were controlled through attrition to the number of filled positions; however, retirement costs caused expenses to increase.

Overall, while the School Board's change in net position improved as revenues once again exceeded expenses in 2015, the total net position decreased significantly from the amount reported in the 2014 financial statements as a result of the adoption of GASB Statement Numbers 68 and 71.

FUND ANALYSIS

- The General Fund operated at a deficit of \$172,673, but ended the fiscal year with a fund balance of \$4,579,224.
- The Renovation Fund has accumulated \$3,553,850 for the payment of principal and interest on outstanding bonds, funding facility renovations, and other uses.
- Most other non-major governmental funds account for expenditure driven grants for which the school system receives reimbursements for allowable costs. Accordingly, these funds report relatively minimal, if any, operating surplus or fund balance.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2015, the Franklin Parish School Board had \$16,131,001 invested in a broad range of capital assets, including land, building, and equipment.

Capital Assets at Year-end
(Net of Depreciation)

	<u>2015</u>	<u>2014</u>
Land	\$ 54,850	\$ 54,850
Buildings	15,685,122	16,234,021
Machinery and equipment	<u>391,029</u>	<u>467,759</u>
Totals	<u>\$ 16,131,001</u>	<u>\$ 16,756,630</u>

There were no major additions during 2015.

FRANKLIN PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2015

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Long-term debt

The School Board's long-term debt consists of sales tax revenue bonds, certificates of indebtedness and Qualified School Construction Bonds totaling approximately \$4.6 million; a liability for compensated absences of \$.7 million, an obligation for future health benefits of \$12.9 million, and a net pension liability of \$33.9 million. The bonds and certificates of indebtedness were issued in 2007 and 2009 to fund major school improvements. The obligation for future health benefits will continue to grow unless plan changes are enacted. The net pension liability is being repaid through the monthly contributions to the plan.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Amendments were adopted during the year ended June 30, 2015 for the General and Title I Funds. Title I's budget was amended during the year to reflect changes in the level of grant funding awarded, while the General Fund budgets were amended to more accurately reflect actual revenues and expenditures experienced throughout the year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The financial condition of the System continues to stabilize after overcoming many challenges that existed in previous years. The general fund has accumulated a fund balance equal to 18% of its annual expenditures which provides for an operating reserve for periods of decreased revenue. Taxes that were approved by the parish for major renovation projects continue to be levied in order to retire the debt used to fund those renovations and to fund other improvements.

As in recent years, the 2015-2016 budgets meet the challenges of changes in Teacher's Retirement and School Employees Retirement System contributions rates along with minimal growth in the Minimum Foundation Program revenue from the State. Health insurance costs will also increase for the school system. Local sales tax and property tax revenue are expected to remain constant.

The School Board has adopted a 2015-2016 General Fund budget that results in break-even operations for the year. Close attention will be paid to the State's direction in the upcoming months to insure that the School Board makes the best decisions possible to keep the system operating to the fullest.

CONTACTING THE FRANKLIN PARISH SCHOOL BOARD'S MANAGEMENT

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2015

ASSETS and DEFERRED OUTFLOWS

ASSETS

Cash and cash equivalents	\$ 7,895,638
Receivables	
Accounts	11,619
Sales and use taxes	558,802
Investments in certificates of deposit	1,120,171
Due from other governments	1,009,145
Inventory	45,862
Capital assets	
Land	54,850
Buildings and equipment, net of accumulated depreciation	16,076,151
TOTAL ASSETS	<u>26,772,238</u>

DEFERRED OUTFLOW OF RESOURCES

Deferred pension contributions	4,379,564
Deferred amounts related to net pension liability	826,073
TOTAL DEFERRED OUTFLOW OF RESOURCES	<u>5,205,637</u>

LIABILITIES and DEFERRED INFLOWS

LIABILITIES

Accounts, salaries and other payables	2,106,752
Accrued interest payable	17,674
Unearned revenues	11,239
Long-term liabilities	
Due within one year	1,454,440
Due in more than one year	3,846,272
Net post employment benefit obligation	12,915,942
Net pension liability	33,977,240
TOTAL LIABILITIES	<u>54,329,559</u>

DEFERRED INFLOWS OF RESOURCES

Deferred amounts related to net pension liability	5,021,991
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>5,021,991</u>

NET POSITION

Net Investment in capital assets	11,517,475
Restricted for:	
Debt service	1,142,737
Sales tax dedicated to salaries	431,167
Capital projects and maintenance	1,578,339
Workman's compensation loss reserve	100,000
Federal and State Grant Programs	357,049
Unrestricted	(42,500,442)
TOTAL NET POSITION	<u>\$ (27,373,675)</u>

The accompanying notes are an integral part of this statement.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

		Program Revenues		Net (Expense)
				Revenue and
			Operating	Changes in Net
	Expenses	Charges for	Grants and	Assets
		Services	Contributions	Governmental
				Unit
<u>Functions/Programs</u>				
Instruction:				
Regular education programs	\$ 10,269,609	\$ -	\$ 299,330	\$ (9,970,279)
Special education programs	2,759,637	-	184,012	(2,575,625)
Other education programs	4,605,586	-	2,717,550	(1,888,036)
Support Services:				
Pupil support services	1,529,389	-	253,646	(1,275,743)
Instructional staff services	2,485,197	-	1,139,309	(1,345,888)
General administration services	597,715	-	27,286	(570,429)
School administration services	1,670,051	-	15,976	(1,654,075)
Business and central services	552,320	-	63,370	(488,950)
Plant operation and maintenance	2,807,699	-	271,779	(2,535,920)
Transportation	2,690,859	-	99,851	(2,591,008)
Food service	2,105,224	106,532	1,719,247	(279,445)
Central Services	53,502	-	480	(53,022)
Community Service Programs	7,636	-	3,921	(3,715)
State Appropriations	54,885	-	-	(54,885)
Interest Expense	70,202	-	-	(70,202)
Total Governmental Activities	\$ 32,259,511	\$ 106,532	\$ 6,795,757	(25,357,222)
General Revenues				
Taxes:				
Ad Valorem taxes				2,335,161
Sales and use taxes				5,042,691
Grants and contributions not restricted:				
Minimum Foundation Program				19,048,171
Interest and investment earnings				44,976
Other				402,771
Total general revenues				26,873,770
Change in Net Position				1,516,548
Net Position - June 30, 2014, as restated				(28,890,223)
Net Position - June 30, 2015				\$ (27,373,675)

The accompanying notes are an integral part of this statement.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2015

	General	Title I	Renovation Fund	Other Non-major Governmental	Total
<u>ASSETS</u>					
Cash and cash equivalents	\$ 4,076,998	\$ -	\$ 3,478,816	\$ 339,824	\$ 7,895,638
Receivables:					
Accounts	2,522	-	-	9,097	11,619
Sales tax	441,440	-	117,362	-	558,802
Investments in certificates of deposit	1,120,171	-	-	-	1,120,171
Prepaid expenses	-	-	-	-	-
Due from other funds	680,489	-	-	-	680,489
Due from other governments	-	536,538	-	472,607	1,009,145
Inventory	-	-	-	45,862	45,862
TOTAL ASSETS	\$ 6,321,620	\$ 536,538	\$ 3,596,178	\$ 867,390	\$ 11,321,726
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$ 79,438	\$ -	\$ 42,328	\$ 11,639	\$ 133,405
Salaries and benefits payable	1,652,619	130,630	-	190,098	1,973,347
Due to other funds	10,339	405,908	-	264,242	680,489
Unearned revenues	-	-	-	11,239	11,239
TOTAL LIABILITIES	1,742,396	536,538	42,328	477,218	2,798,480
Fund balances:					
Nonspendable	-	-	-	45,862	45,862
Spendable:					
Restricted	531,167	-	2,687,953	344,310	3,563,430
Committed	1,000,000	-	-	-	1,000,000
Assigned	-	-	865,897	-	865,897
Unassigned	3,048,057	-	-	-	3,048,057
TOTAL FUND BALANCES	4,579,224	-	3,553,850	390,172	8,523,246
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,321,620	\$ 536,538	\$ 3,596,178	\$ 867,390	\$ 11,321,726

The accompanying notes are an integral part of this statement.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS - BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

Total Fund Balances at June 30, 2015- Governmental Funds		\$ 8,523,246
Cost of capital assets at June 30, 2015	28,230,658	
Less: Accumulated Depreciation as of June 30, 2015		
Buildings	(10,458,963)	
Movable property	<u>(1,640,694)</u>	16,131,001
Accrued interest payable on long-term debt		(17,674)
Long-term liabilities at June 30, 2014		
Compensated absences payable	(687,186)	
Notes and bonds payable	<u>(4,613,526)</u>	(5,300,712)
Net post-employment benefits obligation recorded in accordance with GASB 45		(12,915,942)
Net pension obligation balances in accordance with GASB 68		
Deferred outflow of resources - deferred pension contributions	4,379,564	
Deferred outflow of resources - related to net pension liability	826,073	
Net pension liability	(33,977,240)	
Deferred inflow of resources - related to net pension liability	<u>(5,021,991)</u>	<u>(33,793,594)</u>
Total net position at June 30, 2015 - Governmental Activities		<u>\$ (27,373,675)</u>

The accompanying notes are an integral part of this statement.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

	General	Title I	Renovation Fund	Other Non-major Governmental	Total
<u>REVENUES</u>					
Local sources:					
Ad valorem taxes	\$ 1,382,151	\$ -	\$ 953,010	\$ -	\$ 2,335,161
Sales and use taxes	3,782,461	-	1,260,230	-	5,042,691
Earnings on investments	32,087	-	12,270	619	44,976
Food services	-	-	-	106,532	106,532
Other	228,494	-	-	174,277	402,771
State sources:					
Minimum Foundation Program	19,019,001	-	-	29,170	19,048,171
Restricted grants-in-aid	167,128	-	-	97,099	264,227
Federal grants	56,934	2,442,664	-	4,031,932	6,531,530
TOTAL REVENUES	24,668,256	2,442,664	2,225,510	4,439,629	33,776,059
<u>EXPENDITURES</u>					
Current:					
Instruction:					
Regular education programs	10,153,235	-	1,280	235,582	10,390,097
Special education programs	2,609,901	-	-	182,393	2,792,294
Other education programs	2,059,688	1,838,652	11,196	754,825	4,664,361
Support:					
Pupil support services	1,268,863	155	-	274,807	1,543,825
Instructional staff services	1,316,084	376,124	17,354	792,353	2,501,915
General administration services	574,709	-	17,041	8,271	600,021
School administration services	1,692,494	-	989	-	1,693,483
Business and central services	495,550	-	5,120	61,777	562,447
Plant operation and maintenance	2,045,170	-	257,249	30,390	2,332,809
Transportation	2,655,588	3,856	-	81,603	2,741,047
Food services	189,602	-	-	1,916,872	2,106,474
Central services	53,821	-	-	-	53,821
Community services	7,644	-	-	-	7,644
Other Operations	-	-	-	-	-
Facility acquisition and construction	-	-	4,450	-	4,450
State appropriations	54,885	-	-	-	54,885
Debt Service					
Principal	-	-	1,443,942	-	1,443,942
Interest	-	-	74,239	-	74,239
TOTAL EXPENDITURES	25,177,234	2,218,787	1,832,860	4,338,873	33,567,754
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (508,978)	\$ 223,877	\$ 392,650	\$ 100,756	\$ 208,305

(continued)

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

	General	Title I	Renovation Fund	Other Non-major Governmental	Total
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in	\$ 336,305	\$ -	\$ -	\$ -	\$ 336,305
Transfers out	-	(223,877)	-	(112,428)	(336,305)
TOTAL OTHER FINANCING SOURCES (USES)	336,305	(223,877)	-	(112,428)	-
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</u>	(172,673)	-	392,650	(11,672)	208,305
Fund balances, June 30, 2014	4,751,897	-	3,161,200	401,844	8,314,941
FUND BALANCES, JUNE 30, 2015	<u>\$ 4,579,224</u>	<u>\$ -</u>	<u>\$ 3,553,850</u>	<u>\$ 390,172</u>	<u>\$ 8,523,246</u> (concluded)

The accompanying notes are an integral part of this statement.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS -
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE TO STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2015

Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Uses - Total Governmental Funds		\$	208,305
Capital Assets:			
Capital outlay and other expenditures capitalized	\$	86,212	
Loss on disposal of assets for the year ended June 30, 2015		(1,333)	
Depreciation expense for year ended June 30, 2015		<u>(710,508)</u>	(625,629)
Long Term Debt:			
Principal portion of debt service		1,443,942	
Change in compensated absences payable		<u>14,807</u>	1,458,749
Change in accrued interest payable			4,037
Net post employment benefits expense recorded in accordance with GASB 45			(769,991)
Change in net pension liability and deferred inflows and outflows in accordance with GASB 68			<u>1,241,077</u>
Change in Net Position - Governmental Activities			<u><u>\$ 1,516,548</u></u>

The accompanying notes are an integral part of this statement.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2015

	Agency Funds
	<hr/>
<u>ASSETS</u>	
Cash and cash equivalents	<u>\$ 713,199</u>
<u>LIABILITIES</u>	
Amounts held for school activities	370,282
Due to others	<u>342,917</u>
 TOTAL LIABILITIES	 <u>\$ 713,199</u>

The accompanying notes are an integral part of this statement.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

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

B. BASIS OF PRESENTATION AND ACCOUNTING

Government-Wide Financial Statements (GWFS)

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

Government-Wide Financial Statements (GWFS) (continued)

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

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

Fund Financial Statements (FFS)

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

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

Governmental Fund Type

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

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

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

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

Governmental Fund Type (continued)

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

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

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

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

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

- General Fund – primary fund used to account for the operations of the School System.
- Title One Fund – accounts for the proceeds of the Title One federal grant which is restricted to supplementing educational resources for disadvantaged and underperforming students.
- Renovation Fund – used to account for the proceeds of a half-cent sales tax and a portion of a 15.64 mil ad-valorem tax, both of which are restricted to repayment of long-term debt and to funding capital improvements and major repairs.

Revenues

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

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

Governmental Fund Type (continued)

Revenues (continued)

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

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

Expenditures

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

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

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

Fiduciary Fund Type

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

C. **CASH AND INVESTMENTS**

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

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

E. **ELIMINATION AND RECLASSIFICATIONS**

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

F. **INVENTORY**

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

G. **CAPITAL ASSETS**

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

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

H. **COMPENSATED ABSENCES**

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

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. COMPENSATED ABSENCES (continued)

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

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

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

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

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

I. RESTRICTED NET POSITION

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

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

Imposed by law through constitutional provisions or enabling legislation.

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

J. FUND EQUITY OF FUND FINANCIAL STATEMENTS

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

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

Spendable

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

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

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

Unassigned - represent balances for which there are no constraints.

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

K. **INTERFUND ACTIVITY**

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

L. **SALES AND USE TAXES**

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

- 1% tax was authorized on April 29, 1968 and does not expire.
- ½% tax was authorized April 29, 2006 and expires on June 30, 2020.
- ½% tax was authorized May 5, 2007 and expires on December 31, 2017.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. SALES AND USE TAXES (continued)

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

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

M. USE OF ESTIMATES

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

N. DEFERRED OUTFLOWS AND DEFERRED INFLOWS

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

O. NET POSITION

As mentioned in the above paragraph, the School Board has implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Inflows are, by definition, neither assets nor liabilities, the statement of net assets title is now referred to as the statement of net position. The statement of net position reports net position as the difference between all other elements in a statement of net position and should be displayed in three components—net investment in capital assets, restricted net position (distinguishing between major categories of restrictions), and unrestricted net position.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

O. **NET POSITION** (continued)

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

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

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

P. **PENSION PLANS**

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Q. **CURRENT YEAR ADOPTION OF NEW ACCOUNTING STANDARD AND RESTATEMENT OF NET POSITION**

The Franklin Parish School Board adopted Government Accounting Standards Board (GASB) Statement Number 68 - *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and Statement Number 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. The net effect to the entity-wide Statement of Net Position for the prior year that resulted from the adoption of GASBs 68 and 71 is as follows:

	<u>Governmental Activities</u>
Net Pension Liability at June 30, 2013	\$ (39,229,210)
Deferred Outflow of Resources	<u>4,194,539</u>
Total Effect to Net Position, June 30, 2014	<u>\$ (35,034,671)</u>

The effects to net position of implementation of GASB's 68 and 71 are included in note 15, restatements of prior year amounts.

2. **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Excess of Expenditures Over Appropriations in Individual Funds. The following individual funds had actual expenditures over budgeted expenditures for the year ended June 30, 2015:

	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund	\$ 24,146,641	\$ 25,177,234	\$ 1,030,593

3. **AD VALOREM TAXES**

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

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

	<u>Property Tax Calendar</u>
Millage rates adopted	September, 2014
Levy date	September, 2014
Tax bills mailed	November, 2014
Due date	December 31, 2014
Lien date	February, 2015
Collection date	May, 2015

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Total assessed value was approximately \$118,770,768 in calendar year 2014. Louisiana state law exempts the first \$75,000 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption was approximately \$28,581,812 of the assessed value in calendar year 2014, leaving a taxable value of approximately \$90,188,956.

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

All property taxes are recorded in the sales tax fund on the basis explained in Note 1. 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 and are primarily due to subsequent adjustments to the tax roll. The School Board uses the lien date to establish the enforceable legal claim date.

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

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
<u>Parish-wide taxes:</u>			
Constitutional School Tax	4.60	4.60	N/A
Aid-To-Education	4.52	4.52	2018
Renovate, Improve, and Operate	15.64	15.64	2016

4. **DEPOSITS AND INVESTMENTS**

Deposits and investments include demand deposits and certificates of deposit at local financial institutions, classified in the financial statements as cash and cash equivalents and investments, respectively. The carrying amount of the School Board's deposits with the financial institutions (including certificates of deposit) was \$9,729,008. Deposits in financial institutions can be exposed to custodial credit risk. Custodial credit risk for deposits is the risk that in the event of financial institution failure, the School Board's deposits may not be returned. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. The School Board's bank balances of these deposits totaling \$12,750,102 were fully collateralized or FDIC insured and therefore were not exposed to custodial credit risk as of June 30, 2015.

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

5. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2015 are as follows:

	<u>Adjusted Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 54,850	\$ -	\$ -	\$ 54,850
Total capital assets not being depreciated	<u>54,850</u>	<u>-</u>	<u>-</u>	<u>54,850</u>
Capital assets being depreciated:				
Building and improvements	26,093,317	50,768	-	26,144,085
Machinery and equipment	<u>2,074,195</u>	<u>35,444</u>	<u>(77,916)</u>	<u>2,031,723</u>
Total assets being depreciated	<u>28,167,512</u>	<u>86,212</u>	<u>(77,916)</u>	<u>28,175,808</u>
Total capital assets at cost	<u>28,222,362</u>	<u>86,212</u>	<u>(77,916)</u>	<u>28,230,658</u>
Less accumulated depreciation for:				
Building and improvements	9,867,885	599,667	-	10,458,963
Machinery and equipment	<u>1,609,328</u>	<u>110,841</u>	<u>(76,583)</u>	<u>1,640,694</u>
		710,508		
Total accumulated depreciation	<u>11,477,213</u>	<u>710,508</u>	<u>(76,583)</u>	<u>12,099,657</u>
Total capital assets being depreciated (net)	<u>16,690,299</u>	<u>(624,296)</u>	<u>(1,333)</u>	<u>16,076,151</u>
Total capital assets (net)	<u>\$16,745,149</u>	<u>\$ (624,296)</u>	<u>\$ (1,333)</u>	<u>\$ 16,131,001</u>

Depreciation expense of \$710,508 for the year ended June 30, 2015 was charged to the following governmental functions:

Regular Education	\$ 34,225
Special Education	9,198
Other Educational Programs	15,364
Pupil Support Services	5,085
Instructional Staff Services	8,242
General Administrative Services	1,922
School Administrative Services	5,578
Business and Central Services	1,853
Plant Operation and Maintenance	607,351
Transportation	9,030
Food Service	12,485
Central Services	175
	<u>\$ 710,508</u>

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLANS

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

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

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

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

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

Plan Descriptions:

Teachers' Retirement System of Louisiana (TRSL)

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

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

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

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

Louisiana School Employees' Retirement System (LSERS)

The Louisiana School Employees' Retirement System (LSERS) is the administrator of a cost-sharing multiple employer defined benefit pension plan. The plan provides retirement, disability, and survivor benefits to school employees as defined in LRS 11:1002. Eligibility for retirement benefits and the calculation of retirement benefits are provided for in LRS 11:1141. Members who joined the system on or before June 30, 2010 are eligible for regular retirement benefits upon attaining 30 years of service at any age, 25 years of service and aged 55 years, 20 years of service regardless of age with an actuarially reduced benefit, or 10 years of service and aged 60 years. Members who joined the system after June 30, 2010 are eligible for regular retirement upon attaining at least 5 years of service and aged 60 years or 20 years of service regardless of age with an actuarially reduced benefit. For members employed prior to July 1, 2010, the maximum retirement benefit is equal to 3⅓% of the average compensation for the three highest consecutive years of service (five highest consecutive years for members employed between July 1, 2006 and June 30, 2010), subject to a 10% salary limitation, multiplied by the number of years of service limited to 100% of final average compensation plus a supplementary allowance of \$2 per month for each year of service. For members employed on or after July 1, 2010, the maximum retirement benefit is equal to 2½% of the average compensation for the five highest consecutive years of service, subject to a 15% salary limitation, multiplied by the number of years of service limited to 100% of final average compensation plus a supplementary allowance of \$2 per month for each year of service.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLANS (continued)

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

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

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

Funding Policy

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee (PRSAC). Contributions to the plans are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended June 30, 2015, for the School Board and covered employees were as follows:

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLANS (continued)

Funding Policy (continued)

	<u>School Board</u>	<u>Employees</u>
Teachers' Retirement System:		
Regular Plan	28.00%	8.00%
Plan A	33.10%	9.10%
School Employees' Retirement System	33.00%	7.50%- 8.00%

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Teachers' Retirement System:			
Regular Plan	\$ 3,940,665	\$ 3,773,496	\$ 3,340,780
School Employees' Retirement System	438,899	421,043	399,684

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

The following schedule lists the School Board's proportionate share of the Net Pension Liability allocated by each of the pension plans based on the June 30, 2014 measurement date. The School Board uses this measurement to record its Net Pension Liability and associated amounts as of June 30, 2015 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2014 along with the change compared to the June 30, 2013 rate. The School Board's proportion of the Net Pension Liability was based on a projection of the School Board's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

	<u>Net Pension Liability at June 30, 2014</u>	<u>Rate at June 30, 2014</u>	<u>Increase (Decrease) to June 30, 2013 Rate</u>
Teachers' Retirement System	\$ 31,259,190	0.3058%	0.0070%
School Employees' Retirement System	<u>2,718,050</u>	0.4689%	0.0024%
	<u><u>\$ 33,977,240</u></u>		

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLANS (continued)

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

The following schedule list each pension plan's recognized pension expense plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions by the School Board for the year ended June 30, 2015:

	<u>Total</u>
Teachers' Retirement System	\$ 2,924,405
School Employees' Retirement System	<u>214,082</u>
	<u>\$ 3,138,487</u>

At June 30, 2015, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (448,032)
Changes of assumptions	92,565	-
Net difference between projected and actual earnings on pension plan investments	-	(4,565,462)
Changes in proportion and differences between Employer contributions and proportionate share of contributions	733,508	(8,497)
Employer contributions subsequent to the measurement date	4,379,564	-
Total	<u>\$ 5,205,637</u>	<u>\$ (5,021,991)</u>

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Teachers' Retirement System	\$ 4,662,256	\$ (4,288,023)
School Employees' Retirement System	543,381	(733,968)
	<u>\$ 5,205,637</u>	<u>\$ (5,021,991)</u>

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLANS (continued)

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

The School Board reported a total of \$4,379,564 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2014 which will be recognized as a reduction in Net Pension Liability in the year ended June 30, 2016. The following schedule list the pension contributions made subsequent to the measurement period for each pension plan:

	<u>Subsequent Contributions</u>
Teachers' Retirement System	\$ 3,940,665
School Employees' Retirement System	<u>438,899</u>
	<u>\$ 4,379,564</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	TRSL	LSERS	Total
2016	\$ (891,609)	\$ (170,562)	\$ (1,062,171)
2017	(891,609)	(170,563)	(1,062,172)
2018	(891,608)	(144,180)	(1,035,788)
2019	<u>(891,607)</u>	<u>(144,180)</u>	<u>(1,035,787)</u>
	<u>\$ (3,566,433)</u>	<u>\$ (629,485)</u>	<u>\$ (4,195,918)</u>

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability for each pension plan as of June 30, 2014 are as follows:

	TRSL	LSERS
Valuation Date	June 30, 2014	June 30, 2014
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions: Expected Remaining		
Service Lives	5 years	3 years
Investment Rate of Return	7.75% net of investment expenses	7.25% net of investment expenses
Inflation Rate	2.5% per annum	2.75%
Mortality	Mortality rates were projected based on the RP-2000 Mortality Table with projection to 2025 using Scale AA.	Mortality rates based on the RP-2000 Sex Distinct Mortality Table.
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a five year (2008-2012) experience study of the System's members.	
Salary Increases	3.50% - 10.0% varies depending on duration of service	Salary increases were projected based on the 2008-2012 experience study of the Plan's members. The annual salary growth rates are based upon the members' years of service.
Cost of Living Adjustments	None	Cost-of-living raises may be granted from the Experience Account provided there are sufficient funds needed to offset the increase in the actuarial liability and the plan has met the criteria and eligibility requirements outline by ACT 399 of 2014.
Experience	The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2007 and ending June 30, 2012.	

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLANS (continued)

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

TRSL	LSERS
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/geometric real rates of return for each major asset class included in each of the Retirement Systems target asset allocations as of June 30, 2014:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
	TRSL	LSERS	TRSL	LSERS
Cash				
Domestic equity	31.0%	51.0%	4.71%	2.76%
International equity	19.0%	-	5.69%	-
Domestic fixed income	14.0%	30.0%	2.04%	0.99%
International fixed income	7.0%	-	2.80%	-
Alternatives	29.0%	13.0%	5.94%	0.71%
Real assets	-	6.0%	-	0.32%
Total	<u>100.0%</u>	<u>100.0%</u>	n/a	4.78%
Inflation				2.75%

n/a - amount not provided by Retirement System

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for TRSL and LSERS was 7.75% and 7.25%, respectively, for the year ended June 30, 2014.

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

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

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
TRSL			
Rates	6.75%	7.75%	8.75%
FPSB Share of NPL	\$ 39,813,141	\$ 31,259,190	\$ 23,979,355
LSERS			
Rates	6.25%	7.25%	8.25%
FPSB Share of NPL	\$ 3,758,838	\$ 2,718,050	\$ 1,679,392

Payables to the Pension Plan

The Franklin Parish School Board had no amounts payable to the TRSL or LSERS at June 30, 2015.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

7. OTHER POSTEMPLOYMENT BENEFITS

The School Board follows GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB 45) in accounting for its health insurance benefits provided to retirees.

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

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

Life insurance coverage under the OGB program is available to retirees by election and the blended rate (active and retired) is used. The employer pays 50% of the cost of the retiree life insurance based on that blended rate. Since GASB Codification Section P50 requires the use of "unblended" rates, we have used the 94GAR mortality table described below to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance. All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance. Insurance coverage amounts are reduced by 25% at age 65 and by an additional 25% at age 70 according to the OGB plan provisions.

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

Funding Policy – Until 2008, the Franklin Parish School Board recognized the cost of providing post-employment medical and life insurance benefits (the Franklin Parish School Board's portion of the retiree medical and life insurance benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2015 and 2014, the Franklin Parish School Board's portion of health care and life insurance funding cost for retired employees totaled \$1,837,457 and \$2,200,866, respectively. This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table below.

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

7. OTHER POSTEMPLOYMENT BENEFITS (continued)

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

	2015	2014
Normal cost	\$ 952,277	\$ 533,261
30-year UAL amortization amount	2,173,318	2,231,663
Annual required contribution (ARC)	<u>\$ 3,125,595</u>	<u>\$ 2,764,924</u>

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

	2015	2014
Beginning Net OPEB Obligation	\$ 12,145,951	\$ 11,792,148
Annual required contribution	3,125,595	2,764,924
Interest on Net OPEB Obligation	485,838	471,686
ARC Adjustment	<u>(702,402)</u>	<u>(681,941)</u>
OPEB Cost	2,909,031	2,554,669
Contribution to Irrevocable Trust	-	-
Current year retiree premium	<u>(2,139,040)</u>	<u>(2,200,866)</u>
Change in Net OPEB Obligation	769,991	353,803
Ending Net OPEB Obligation	<u>\$ 12,915,942</u>	<u>\$ 12,145,951</u>

The following table shows the Franklin Parish School Board’s annual post employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (PEB) liability for last year and this year:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Liability (Asset)
June 30, 2015	\$ 2,909,031	73.53%	\$ 12,915,942
June 30, 2014	\$ 2,554,669	86.15%	\$ 12,145,951

Funded Status and Funding Progress – In 2015 and 2014, the Franklin Parish School Board made no contributions to its post employment benefits plan other than premiums paid for retirees. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the July 1, 2014 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year June 30, 2015 was \$39,084,239 which is defined as that portion, as determined by a particular actuarial cost method (the Franklin Parish School Board uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

7. OTHER POSTEMPLOYMENT BENEFITS (continued)

	<u>2015</u>	<u>2014</u>
Actuarial Accrued Liability (AAL)	\$ 39,084,239	\$ 38,590,271
Actuarial Value of Plan Assets (AVP)	-	-
Unfunded Act. Accrued Liability (UAAL)	\$ 39,084,239	\$ 38,590,271
 Funded Ratio (AVP/AAL)	 0.00%	 0.00%
 Covered Payroll (active plan members)	 \$ 15,856,202	 \$ 15,813,670
UAAL as a percentage of covered payroll	246.49%	244.03%

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

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

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

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

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

Post employment Benefit Plan Eligibility Requirements – It is assumed that entitlement to benefits will commence five years after earliest eligibility to enter the D.R.O.P. (three years in the D.R.O.P. plus an additional two years) as described on the first page of this letter under the heading "Plan Description". Medical benefits are provided to employees upon actual retirement.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

7. OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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

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

Method of Determining Value of Benefits – The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The OGB rates provided are "unblended" rates for active and retired as required by GASB Codification Section P50 for valuation purposes.

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

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

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

8. AGENCY FUND DEPOSITS DUE OTHERS

The School Board serves as the sales tax collector for all taxing authorities within the Parish boundaries. Taxes are collected and remitted to the levying municipalities or the police jury on a monthly basis. The collection and disbursement of sales taxes is accounted for in an agency fund. Agency funds are also employed for school activity accounts which hold funds for student activities such as athletics, band, and various clubs and organizations. A summary of deposits due to others within the agency funds for the year ended June 30, 2015 follows:

	<u>Balance,</u> <u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance,</u> <u>Ending</u>
Agency Funds:				
School Activities Accounts	\$ 330,397	\$ 698,004	\$ 658,119	\$ 370,282
Sales Tax Collections	300,031	13,217,529	13,174,643	342,917
Total	<u>\$ 630,428</u>	<u>\$ 13,915,533</u>	<u>\$ 13,832,762</u>	<u>\$ 713,199</u>

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

9. LONG-TERM LIABILITIES

The following is a summary of the long-term debt activity for the year ended June 30, 2015:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015	Amount Due Within 1 Year
Revenue Bonds	\$ 3,753,218	\$ -	\$ 885,492	\$ 2,867,726	\$ 884,500
Certificates of Indebtedness	2,304,250	-	558,450	1,745,800	569,940
Compensated Absences	<u>701,993</u>	<u>-</u>	<u>14,807</u>	<u>687,186</u>	<u>-</u>
Total	<u>\$ 6,759,461</u>	<u>\$ -</u>	<u>\$ 1,458,749</u>	<u>\$ 5,300,712</u>	<u>\$ 1,454,440</u>

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

A schedule of the individual issues outstanding as of June 30, 2015 is as follows:

<u>Bond Issue</u>	<u>Original Issue Date</u>	<u>Original Issue Amount</u>	<u>Interest Rate</u>	<u>Final Payment Due</u>	<u>Interest to Maturity</u>	<u>Principal Outstanding</u>
Revenue Bonds, Series 2007: Qualified School Construction	Oct 19, 2007	\$ 7,050,000	1.25%	Oct 19, 2017	\$ 41,594	\$2,207,000
Bonds, Series 2009:	Nov 13, 2009	1,500,000	1.25%	Nov 1, 2018	30,000	660,726
Certificate of Indebtedness, Series 2007A:	Oct 19, 2007	3,933,600	1.25%	Oct 19, 2017	22,767	1,210,800
Certificate of Indebtedness, Series 2007B:	Oct 19, 2007	1,500,000	4.05%	Oct 19, 2017	<u>22,437</u>	<u>535,000</u>
					<u>\$ 116,798</u>	<u>\$4,613,526</u>

All principal and interest requirements for the certificates of indebtedness are funded in accordance with Louisiana law by the annual ad valorem tax levy on taxable property within the parish for which \$953,010 of revenue was recognized during the year ended June 30, 2015. The principal and interest requirements for the 2007 revenue bonds are funded by the proceeds of a one half cent sales tax levied within the parish for which \$1,260,230 of revenue was recognized during the year ended June 30, 2015. The School Board accounts for both of these taxes' proceeds within the Renovation Fund which includes a restricted account for debt service. At June 30, 2015, the School Board has accumulated \$3,553,850 in the Renovation Fund; \$1,142,737 of which is restricted for future debt service requirements and required debt service reserves, and \$1,545,216 of which is restricted for capital improvements and major maintenance. \$865,897 within the Renovation Fund has been assigned for capital improvements and major maintenance.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

9. LONG-TERM LIABILITIES (continued)

For the purpose of construction, rehabilitation, and renovations, the School Board issued \$1,500,000 of Series 2009 bonds payable through the federally sponsored Qualified School Construction Bond Program (QSCBP) during the year ended June 30, 2010. The QSCBP bonds are subject to mandatory sinking fund payments prior to maturity, including interest accrued to the redemption date on an annual basis commencing November 1, 2010 and ending November 1, 2018. These payments are deposited into an irrevocable trust account to provide for the principle balance plus interest at the redemption date. As a result, the annual payments made in accordance with the QSCBP agreement are considered to have defeased, in-substance, the principal portion of the debt payments and therefore that principal has been removed from the bond payable liability. As of June 30, 2015, the outstanding principal balance of the QSCBP bonds was \$1,500,000 and the balance of the irrevocable trust account was \$839,275. The difference between the outstanding principle of the bonds and the balance of the irrevocable trust account is carried as a liability on the School Board's financial statements in the amount of \$660,725. All cash and investments held in the trust are strictly for the benefit of the owners of the bonds and are not reflected in the financial statements.

Future debt service requirements are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u> <u>Payments</u>	<u>Interest</u> <u>Payments</u>	<u>Total</u>
2016	\$ 1,463,606	57,996	1,521,602
2017	1,484,466	36,614	1,521,080
2018	1,504,726	14,688	1,519,414
2019	160,727	7,500	168,227
2020	-	-	-
	<u>\$ 4,613,525</u>	<u>\$ 116,798</u>	<u>\$ 4,730,323</u>

In accordance with Louisiana Revised Statute 39:562 (L), the School Board is legally restricted from incurring long-term bonded debt in excess of 35 percent of the net assessed value of taxable property (including homestead exempt and nonexempt property) within the parish. At June 30, 2015, the net assessed value of taxable property for the parish was \$90,188,956, which would result in a \$31,566,135 long-term bonded debt limit.

10. INTERFUND TRANSACTIONS

Interfund receivable/payable:

<u>Receivable Fund</u>		<u>Payable Fund</u>	
Governmental funds		Governmental funds	
General	\$ 680,489	General Fund	\$ -
Title I	-	Title I	405,908
Non-major	-	Non-major	274,581
Total	<u>\$ 680,489</u>	Total	<u>\$ 680,489</u>

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

10. INTERFUND TRANSACTIONS (continued)

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

Transfers:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 336,305	\$ -
Title I	-	223,877
Non-major	-	112,428
Totals:	<u>\$ 336,305</u>	<u>\$ 336,305</u>

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

11. RISK MANAGEMENT

The School Board manages its exposure under general liability, fleet, and errors and omissions through the purchase of commercial insurance. Qualifying employees and retirees may participate in the state group medical and life insurance plan. Risk of loss under workers' compensation statutes is self-insured by the School Board for up to \$400,000 per occurrence, with reinsurance coverage in force for losses in excess of that amount. The self-insured plan is administered by a third party, with the claims under the self-insured amount paid by the General Fund; certain Special Revenue funds may reimburse the General Fund for payment of their claims. Consistent with the provisions of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, the School Board uses the General Fund to account for its risk financing activities. Claims outstanding at June 30, 2015 of approximately \$60,000 have been recorded as liabilities in the accompanying financial statements.

12. LITIGATION AND CONTINGENCIES

At June 30, 2015, the School Board was a defendant in several lawsuits. These suits, arising from various claims are mostly covered through insurance. However, the School Board is exposed to certain uninsured claims and deductibles. Based upon the opinion of the School Board's legal counsel, the ultimate resolution of these matters, as well as other claims not covered by insurance policies, is not expected to materially impact the operations of the School Board.

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

13. LEASE OBLIGATIONS

The School Board leased 40 buses during the fiscal year under an operating lease for a term of five years. Lease expenditures were approximately \$641,686 for the fiscal year ended June 30, 2015. Future minimum lease payments under this lease are as follows:

2016	\$ 698,500
2017	698,500
2018	656,000
2019	453,500
	<u>\$ 2,506,500</u>

14. SALES TAX COLLECTIONS AND REMITTANCES

Act 711 of the 2010 Louisiana Legislative Session amended LRS 24:51 (b) to provide required footnote disclosure in the financial statements for local governments that collect tax for other taxing jurisdictions. Listed below are sales tax collections and distributions to other parish governmental agencies during fiscal year 2014-2015.

<u>Jurisdiction</u>	<u>Tax</u>	<u>Total Collections</u>	<u>Collection Cost</u>	<u>Final Distributions</u>
Police Jury	1%	\$ 2,527,324	\$ (26,357)	\$ 2,500,968
Police Jury	1/2%	1,263,237	(13,174)	1,250,063
		<u>3,790,562</u>	<u>(39,531)</u>	<u>3,751,031</u>
Franklin Sheriff	1/2%	1,263,237	(13,174)	1,250,063
City of Winnsboro	1%	1,436,229	(14,844)	1,421,385
City of Winnsboro 2007	1/2%	717,686	(7,418)	710,268
City of Winnsboro 2009	1/2%	717,689	(7,418)	710,272
		<u>2,871,605</u>	<u>(29,679)</u>	<u>2,841,925</u>
Town of Gilbert		<u>56,851</u>	<u>(582)</u>	<u>56,269</u>
Town of Wisner		<u>133,658</u>	<u>(1,744)</u>	<u>131,914</u>
Town of Baskin		<u>17,178</u>	<u>(186)</u>	<u>16,991</u>
Revenue Recovery Audits		<u>1,676</u>	<u>-</u>	<u>1,676</u>
Held in Escrow Pending Suit		<u>23,809</u>	<u>-</u>	<u>23,809</u>
TOTALS		<u><u>\$ 8,158,577</u></u>	<u><u>\$ (84,897)</u></u>	<u><u>\$ 8,073,680</u></u>

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

15. RESTATEMENTS OF PRIOR YEAR AMOUNTS

Beginning net position and fund balance within the accompanying financial have been restated from the amounts reported in the June 30, 2014 financial statements as follows:

	<u>Government-Wide Statement of Position</u>	<u>Governmental Fund Balance Sheet – Other Non-Major Funds</u>
Net Position/Fund Balance previously reported	\$ 6,403,361	\$ 660,757
Implementation of GASB statements 68 and 7	(35,034,671)	-
Overstatement of school lunch program		
Accounts recoverable	(258,913)	(258,913)
	<u>\$ (28,890,223)</u>	<u>\$ 401,844</u>

The effect, to the previous reported change in net position for the year ended June 30, 2014 as a result of GASB 68 and 71 implementation, has not been determined. The effects to the change in net position and net change in fund balance from the overstatement of the school lunch program accounts receivable were approximately negative \$40,000 for the year ended June 30, 2014.

16. COOPERATIVE ENDEAVOR AGREEMENT

The School Board entered into a cooperative endeavor agreement wherein the School Board provided \$300,000 to the Louisiana Delta Community College Foundation to be used to develop or construct a training center in Winnsboro. In consideration of the contribution, vocational training and educational services, and other opportunities will be provided to secondary education students of the School District through dual enrollment options beginning with the 2016-2017 school year.

REQUIRED SUPPLEMENTAL INFORMATION

Franklin Parish School Board

Winnsboro, Louisiana

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

MAJOR FUND DESCRIPTIONS
BUDGETARY COMPARISON SCHEDULES

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

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

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

RENOVATION FUND. The Renovation Fund accounts for a portion of the proceeds of a 15.64 mil ad-valorem tax that is restricted to debt service and for the proceeds all of a half-cent sales tax restricted to debt service, major capital improvements, and repairs.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2015

	General Fund			Variance
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
<u>Revenues:</u>				
Local sources	5,068,500	5,062,395	5,425,193	\$ 362,798
State sources	19,400,640	19,084,246	19,186,129	\$ 101,883
Federal sources	-	-	56,934	\$ 56,934
Total revenues	24,469,140	24,146,641	24,668,256	521,615
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular education programs	10,288,100	9,866,088	10,153,235	(287,147)
Special education programs	2,531,683	2,442,493	2,609,901	(167,408)
Other education programs	2,116,939	2,001,394	2,059,688	(58,294)
Support services:				
Pupil support services	1,154,723	1,245,212	1,268,863	(23,651)
Instructional staff services	1,280,550	1,100,000	1,316,084	(216,084)
General administration services	588,774	537,000	574,709	(37,709)
School administration services	1,518,529	1,656,000	1,692,494	(36,494)
Business administration services	468,390	500,000	495,550	4,450
Plant operation and maintenance	1,850,609	2,103,000	2,045,170	57,830
Transportation	2,508,304	2,522,345	2,655,588	(133,243)
Food services	98,875	114,710	189,602	(74,892)
Central services	56,140	50,875	53,821	(2,946)
Community services	7,524	7,524	7,644.00	(120)
Appropriations				
Charter Schools	-	-	54,885	(54,885)
Facility acquisition and construction	-	-	-	-
Total expenditures	24,469,140	24,146,641	25,177,234	(1,030,593)
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	\$ (508,978)	\$ (508,978)

(continued)

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2015

	General Fund			Variance
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
<u>Other financing sources (uses):</u>				
Operating transfers in	-	-	336,305	336,305
 Total other financing sources (uses)	-	-	336,305	336,305
 Excess of revenues and other financing sources over (under) expenditures and other financing sources (uses)	-	-	(172,673)	(172,673)
 Fund balances, June 30, 2014	3,702,232	3,702,232	4,751,897	1,049,665
 FUND BALANCES, JUNE 30, 2015	\$ 3,702,232	\$ 3,702,232	\$ 4,579,224	\$ 876,992 (concluded)

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

TITLE I FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2015

	Title I Fund			Variance
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
<u>Revenues:</u>				
Federal sources:				
Grants-in-aid - subgrants	\$ 2,469,732	\$ 2,442,664	\$ 2,442,664	\$ -
Total revenues	<u>2,469,732</u>	<u>2,442,664</u>	<u>2,442,664</u>	<u>-</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Other education programs	1,704,964	1,838,654	1,838,652	2
Support services:				
Instructional staff services	531,679	376,123	376,124	(1)
Pupil support services	2,243	155	155	-
Transportation	4,487	3,855	3,856	(1)
Total expenditures	<u>2,243,373</u>	<u>2,218,787</u>	<u>2,218,787</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>226,359</u>	<u>223,877</u>	<u>223,877</u>	<u>-</u>
<u>Other financing sources (uses):</u>				
Operating transfers in	-	-	-	-
Operating transfers out	<u>(226,359)</u>	<u>(223,877)</u>	<u>(223,877)</u>	<u>-</u>
Total other financing sources (uses)	<u>(226,359)</u>	<u>(223,877)</u>	<u>(223,877)</u>	<u>-</u>
Excess of revenues and other financing sources over expenditures and other financing sources (uses)	-	-	-	-
Fund balances, June 30, 2014	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, JUNE 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

RENOVATION FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2015

	Renovation Fund			Variance
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
<u>Revenues:</u>				
Local sources:	\$ 2,231,100	\$ 2,213,228	\$ 2,225,510	\$ 12,282
Total revenues	<u>2,231,100</u>	<u>2,213,228</u>	<u>2,225,510</u>	<u>12,282</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular education programs	-	-	1,280	(1,280)
Other education programs	-	-	11,196	(11,196)
Support services:				
Instructional staff services	-	-	17,354	(17,354)
General administrative services	-	-	17,041	(17,041)
School administration	-	-	989	(989)
Business and central services	-	-	5,120	(5,120)
Plant operation and maintenance	250,000	300,000	257,249	42,751
Debt Service	1,770,100	1,700,000	1,518,181	181,819
Facilities acquisition and construction	211,000	213,228	4,450	208,778
Total expenditures	<u>2,231,100</u>	<u>2,213,228</u>	<u>1,832,860</u>	<u>380,368</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>392,650</u>	<u>392,650</u>
<u>Other financing sources (uses):</u>				
Operating transfers in	1,824,000	1,824,000	-	(1,824,000)
Operating transfers out	<u>(1,824,000)</u>	<u>(1,824,000)</u>	<u>-</u>	<u>1,824,000</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other financing sources over expenditures and other financing sources (uses)	<u>-</u>	<u>-</u>	<u>392,650</u>	<u>392,650</u>
Fund balances, June 30, 2014	<u>1,774,257</u>	<u>1,774,257</u>	<u>3,161,200</u>	<u>-</u>
FUND BALANCES, JUNE 30, 2015	<u>\$ 1,774,257</u>	<u>\$ 1,774,257</u>	<u>\$ 3,553,850</u>	<u>\$ 392,650</u>

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2015

BUDGETS

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

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

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

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

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

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

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

OTHER POST EMPLOYMENT BENEFITS PLAN
RETIREE HEALTH, DENTAL, AND LIFE INSURANCE PROGRAMS
YEAR ENDED JUNE 30, 2015

SCHEDULE OF FUNDING PROGRESS

Fiscal Period Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2015	7/1/2014	\$ -	\$ 39,084,239	\$ 39,084,239	0.00%	\$ 15,856,202	246.49%
6/30/2014	7/1/2012	-	38,590,271	38,590,271	0.00%	15,813,670	244.03%
6/30/2013	7/1/2012	-	37,106,030	37,106,030	0.00%	15,739,481	235.75%
6/30/2012	7/1/2010	-	54,420,206	54,420,206	0.00%	15,414,931	353.04%
6/30/2011	7/1/2010	-	54,420,206	54,420,206	0.00%	12,924,435	421.06%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ending	Annual OPEB Cost	Amount Contributed	Percentage of Annual OPEB Costs Contributed	Increase (Decrease) to Net OPEB Obligation	Net OPEB Obligation
6/30/2015	\$ 2,909,031	\$ 2,139,040	73.53%	\$ 769,991	\$ 12,915,942
6/30/2014	2,554,669	2,200,866	86.15%	353,803	12,145,951
6/30/2013	2,455,778	2,037,840	82.98%	417,938	11,792,148
6/30/2012	5,406,069	2,510,409	46.44%	2,895,660	11,374,210
6/30/2011	5,232,010	2,324,452	44.43%	2,907,558	8,478,550

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (*)

YEAR ENDED JUNE 30, 2015

	2015	
	TRSL	LSERS
Employer's Proportion of the Net Pension Liability	0.3058%	0.4689%
Employer's Proportionate Share of the Net Pension Liability	\$ 31,259,190	\$ 2,718,050
Employer's Covered-Employee Payroll	\$ 12,762,427	\$ 1,315,313
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	244.9314%	206.6466%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.7000%	76.1800%

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

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

The two Retirement Systems reported in this schedule are as follows:

TRSL = Teachers' Retirement System of Louisiana

LSERS = Louisiana School Employees' Retirement System

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

SCHEDULE OF PENSION CONTRIBUTIONS
YEAR ENDED JUNE 30, 2015

	2015	
	TRSL	LSERS
Contractually Required Contributions	3,940,665	438,899
Contributions in Relation to Contractually Required Contributions	3,940,665	438,899
Contribution Deficiency (Excess)	-	-
Employer's Covered Employee Payroll	12,762,427	1,315,313
Contributions as a % of Covered Employee Payroll	30.8771%	33.3684%

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Changes of Benefit Terms include:

Teachers Retirement System of Louisiana

- A 1.5% COLA, effective July 1, 2014, provided by Act 102 of the 2014 Louisiana Regular Legislative Session, and,

Changes of Assumptions

Teachers Retirement System of Louisiana

There were no changes of benefit assumptions for the year ended June 30, 2015.

The discount rate used to measure the net pension liability changed from 7.5% for the 2013 valuation to 7.25% for 2014 valuation.

FRANKLIN PARISH SCHOOL BOARD

SUPPLEMENTAL INFORMATION

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NON-MAJOR GOVERNMENTAL FUNDS

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

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

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

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

Other Federal Programs Accounts for the proceeds of miscellaneous small or non-recurring federal grants including Vocational Education and Enhancing Education through Technology.

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

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	Headstart	School Lunch	Title II	Special Education
<u>ASSETS</u>				
Cash and cash equivalents	\$ 50	\$ 283,402	\$ -	\$ -
Receivables:				
Accounts	-	9,097	-	-
Due from other governments	76,053	-	52,005	115,972
Inventory	-	45,862	-	-
TOTAL ASSETS	<u>76,103</u>	<u>338,361</u>	<u>52,005</u>	<u>115,972</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	6,700	2,036	-	2,378
Salaries and benefits payable	69,353	70,076	8,944	26,063
Due to other funds	50	-	43,061	87,531
Deferred revenues	-	11,239	-	-
TOTAL LIABILITIES	<u>76,103</u>	<u>83,351</u>	<u>52,005</u>	<u>115,972</u>
Fund balances:				
Nonspendable	-	45,862	-	-
Spendable, Restricted	-	209,148	-	-
TOTAL FUND BALANCES	<u>-</u>	<u>255,010</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 76,103</u>	<u>\$ 338,361</u>	<u>\$ 52,005</u>	<u>\$ 115,972</u>

Other Federal	State Grants	Capital Project	Total
\$ -	\$ 23,249	\$ 33,123	\$ 339,824
-	-	-	9,097
64,711	163,866	-	472,607
-	-	-	45,862
<u>64,711</u>	<u>187,115</u>	<u>33,123</u>	<u>867,390</u>
269	256	-	11,639
7,587	8,075	-	190,098
56,855	76,745	-	264,242
-	-	-	11,239
<u>64,711</u>	<u>85,076</u>	<u>-</u>	<u>477,218</u>
-	-	-	45,862
-	102,039	33,123	344,310
-	102,039	33,123	390,172
<u>\$ 64,711</u>	<u>\$ 187,115</u>	<u>\$ 33,123</u>	<u>\$ 867,390</u>

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED JUNE 30, 2015

	Headstart	School Lunch	Title II	Special Education
<u>REVENUES</u>				
Local sources:				
Earnings on investments	\$ -	\$ 619	\$ -	\$ -
Food Services	-	106,532	-	-
Other	157	8,416	-	-
State sources:				
Unrestricted grants-in-aid, MFP	-	29,170	-	-
Restricted grants-in-aid	-	-	-	10,293
Federal grants	995,671	1,717,554	354,571	759,675
TOTAL REVENUES	995,828	1,862,291	354,571	769,968
<u>EXPENDITURES</u>				
Current:				
Instruction:				
Regular education programs	-	-	-	84,082
Special education programs	241	-	-	132,534
Other education programs	574,224	-	-	60,485
Support:				
Pupil support services	117,983	-	-	156,824
Instructional staff services	110,197	-	322,074	266,107
General administration services	8,271	-	-	-
School administration services	-	-	-	-
Business and central services	61,777	-	-	-
Plant operation and maintenance	30,390	-	-	-
Transportation	81,293	-	-	310
Food services	11,452	1,905,420	-	-
TOTAL EXPENDITURES	995,828	1,905,420	322,074	700,342
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(43,129)	32,497	69,626
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	-	-	(32,497)	(69,626)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(32,497)	(69,626)
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES</u>				
	-	(43,129)	-	-
Fund balances, June 30, 2014	-	298,139	-	-
FUND BALANCES, JUNE 30, 2015	\$ -	\$ 255,010	\$ -	\$ -

Other Federal	State and Local Grants	Capital Project	Total
\$ -	\$ -	\$ -	\$ 619
-	-	-	106,532
-	165,704	-	174,277
-	-	-	29,170
-	86,806	-	97,099
204,461	-	-	4,031,932
204,461	252,510	-	4,439,629
38,627	112,873	-	235,582
49,618	-	-	182,393
38,747	81,369	-	754,825
-	-	-	274,807
67,164	26,811	-	792,353
-	-	-	8,271
-	-	-	-
-	-	-	61,777
-	-	-	30,390
-	-	-	81,603
-	-	-	1,916,872
194,156	221,053	-	4,338,873
10,305	31,457	-	100,756
(10,305)	-	-	(112,428)
(10,305)	-	-	(112,428)
-	31,457	-	(11,672)
-	70,582	33,123	401,844
\$ -	\$ 102,039	\$ 33,123	\$ 390,172

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

SCHEDULE OF COMPENSATION PAID BOARD MEMBERS
FOR THE YEAR ENDED JUNE 30, 2015

Mr. Edwin Bryan	\$ 4,800
Mrs. Dorothy Brown	4,200
Mr. Tim Eubanks	4,200
Mr. Ronnie Hatton	4,200
Mrs. Louise Johnson	4,200
Mr. Richard Kelly	4,200
Mr. Jesse Young	2,100
Mr. Danny Davis	<u>2,100</u>
	<u><u>\$ 30,000</u></u>

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED JUNE 30, 2015

Lanny Johnson

Salary	\$ 102,892
Benefits - retirement	28,910
Benefits - Medicare	1,544
Car allowance	3,600
Dues - LASS \$325 and LASE \$150	<u>475</u>

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

\$ 137,421

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

Franklin Parish School Board
Winnsboro, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Franklin Parish School Board (School Board) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements, and have issued our report thereon dated December 18, 2015.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. 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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2015-001 to be a material weakness.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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.

Compliance and Other Matters

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

Purpose of this Report

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

Postlethwaite + Netterville

Baton Rouge, Louisiana
December 18, 2015

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Franklin Parish School Board
Winnsboro, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the Franklin Parish School Board's (the School Board) compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2015. The School Board's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the School Board's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the School Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of the School Board's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Board's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Portthwaite + Nettenville

Baton Rouge, Louisiana
December 18, 2015

Franklin Parish School Board
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

FEDERAL DEPARTMENT/PASS-THROUGH			
ENTITY/PROGRAM	CFDA #	Grant #	EXPENDED
<u>United States Department of Education</u>			
<i>Passed through the Louisiana Department of Education</i>			
Title I 14/15	84.010A	2815T121	\$ 2,442,664
IDEA 14/15	84.027A ¹	2815B121	729,629
Vocational Education - Federal	84.048A	28150221	37,608
IDEA Pre-School 14/15	84.173A ¹	2815P121	30,046
REAP 14/15 HS Re-Design	84.358B	2815RE21	64,563
Title II FY 14/15	84.367A	28155021	354,571
<i>Passed through the Louisiana Workforce Commission</i>			
State Vocational Rehabilitation Services	84.126A	H126A140025 - 14C	49,618
			<u>3,708,699</u>
<u>United States Department of Health and Human Services</u>			
<i>Direct funding</i>			
Head Start	93.600	06 CH 7015	995,671
<i>Passed through the Louisiana Department of Education</i>			
Jobs for America's Graduates	93.558	2815JS21	47,873
Early Childhood Child Care and Development			
Block Grant	93.575	2815C621	4,799
			<u>1,048,343</u>
<u>United States Department of Agriculture</u>			
<i>Passed through the Louisiana Department of Education</i>			
National School Lunch Program	10.555 ²	Federal	1,187,886
National School Breakfast Program	10.553 ²	Federal	401,147
<i>Passed through the Louisiana Department of Agriculture and Forestry</i>			
Food Distribution	10.555 ²	Federal	128,521
			<u>1,717,554</u>
<u>United States Department of Defense</u>			
<i>Direct Funding</i>			
Reserve Officer Training Corps	12.xxx		56,934
			<u>56,934</u>
Total Expenditures			<u>\$ 6,531,530</u>

¹ Special Education Cluster

² Child Nutrition Cluster

See accompanying notes to this schedule.

FRANKLIN PARISH SCHOOL BOARD

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Franklin Parish School Board and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. During the year ended June 30, 2015, the School Board received commodities valued at \$128,521. At June 30, 2015, the School Board had food commodities totaling \$45,862 in inventory.

FRANKLIN PARISH SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

A. Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: *Unmodified*

Internal Control over Financial Reporting:

- Material weakness(es) identified? ☒ yes ☐ no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Noncompliance material to financial statements noted?

☐ yes ☒ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

☐ yes ☒ no

Identification of major programs:

CFDA Numbers

84.010A

10.553 10.555

Name of Federal Program or Cluster

Title I

Child Nutrition Cluster

The threshold for distinguishing types A & B programs was program expenditures exceeding \$300,000.

The Franklin Parish School Board was not determined to be a low-risk auditee.

FRANKLIN PARISH SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

B. Findings – Financial Statement Audit

2015- 001 Accounts Receivable

Criteria: Accounts receivable recorded in the general ledger should be reconciled to the underlying subsidiary ledger containing individual account balances. Additionally, account balances should be reviewed and assessed for collection efforts and collectability.

Condition: The School Board's lunch and breakfast program allows non-free and reduced students and adults to pay cash, prepay, or charge for meals consumed (i.e. "paying accounts"). The charges and prepayments are tracked by individual and are recorded as receivable or unearned revenue, respectively, in the general ledger of the lunch and breakfast program's School Lunch Fund. The sub ledger of individual accounts was not reconciled to the general ledger. Additionally a number of individual accounts contained debit balances at year end, indicating amount unpaid and owed to the School Board for meals consumed.

Effect: As a consequence of not reconciling the accounts receivable, errors occurred in the recording of accounts receivable and revenue in the amount of approximately \$200,000 over the course of several years. Additionally, the outstanding debit balance amounts indicate amounts owed to the school system.

Cause: Personnel turnover and changes to the School Lunch Program have led to a less than complete understanding of the accounting system and requirements.

Recommendation: The School Board's school lunch and breakfast program personnel should work closely with the accounting department to develop revised accounting processes regarding "paying accounts". It is acknowledged that this process may need to be amended, not only for the reasons of this finding, but also because of the Community Eligible Participation features of the federal Child Nutrition program in which all students of the district become free\ reduced eligible and which become effective for the School Board for the 2015-2016 school year. Additionally, the School Board should, in consultation with legal counsel, decide whether outstanding accounts receivable will be pursued for collection.

*Management's
Response:* *School Board accounting department is working more closely with the Child Nutrition staff to offer support, advise, and monitor accounts receivable, inventory balances, and food cost for all parish child nutrition programs in Franklin Parish.*

C. Findings and Questioned Costs – Major Federal Award Programs

None

FRANKLIN PARISH SCHOOL BOARD
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Findings – Financial Statement Audit

None

Findings and Questioned Costs – Major Federal Award Programs

2014- 001 Earmarking

93.600 Head Start

Grant No(s): 06CH701512

Criteria: The Head Start Program requires grant recipients to limit administrative costs charged to the program, including the grant recipient's "matching" share of the program costs to 15% of the total award.

Condition: The School Board's administrative costs of the program amounted to 17.3% of total program costs for 2013-2014 year.

Effect: The School Board is out of compliance with grant regulations.

Questioned costs: \$28,000; the auditors' calculation of administrative costs that exceeded the 15% limit.

Cause: The School Board excluded certain costs that it counts toward matching requirements, such as salaries and benefits of school administrators and maintenance personnel from its calculation of the 15% limit.

Recommendation: The School Board should limit administrative costs, including those counted toward its match requirements, to 15% of the total cost of the program. This may require alternative sources of matching funds. Additionally, the Head Start personnel should seek guidance and clarification on what constitutes administrative versus programmatic costs.

*Management's
Response: We are of the understanding that we are within the 15% limitation for administrative costs and we will seek additional guidance from the grant administrators at the Department of Health and Human Services regarding this matter.*

Current Status: The School Board's staff is currently seeking clarification of the definition of administrative costs. Additionally, the School Board is revisiting what it considers to be qualifying matching contributions to ensure that the matching requirement is met, while keeping the administrative costs within the 15% limit.

FRANKLIN PARISH SCHOOL BOARD

OTHER INFORMATION

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

To the Members of the Franklin Parish School Board

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Franklin Parish School Board and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of Franklin Parish School Board (School Board) and to determine whether the schedules presenting that data are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The performance and statistical data included in the attached schedules is the responsibility of the management of the School Board. The sufficiency of these procedures is solely the responsibility of the specified users of the 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.

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

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

Procedure #1:

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

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

Results of Procedure # 1:

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

Education Levels of Public School Staff (Schedule 2)

Procedure # 2

We reconciled the total number of full-time classroom teachers per the schedule "Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers" (Schedule 4) to the combined total number of full-time classroom teachers per this schedule.

Results of Procedure # 2:

No differences were noted between the number of teachers per schedule 4 and schedule 2.

Procedure # 3

We reconciled the combined total of principals and assistant principals per the schedule "Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers" (Schedule 4) to the combined total of principals and assistant principals per this schedule.

Results of Procedure # 3

No differences were noted between the number of principals and assistant principals per schedule 4 and schedule 2.

Procedure # 4

We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1st and as reported on the schedule. The list we were provided contained four more employees than was contained in the schedules. From the list we were provided, we traced a sample of 25 teachers to the individual's personnel file to determine if the individual's education level was properly classified on the schedule.

Results of Procedure # 4:

The education levels as documented in the personnel files were properly classified on the schedule.

Number and Type of Public Schools (Schedule 3)

Procedure # 5

We obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the Title I application.

Results of Procedure # 5:

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

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

Procedure #6

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

Results of Procedure # 6:

In our sample of 25 employees, no discrepancies existed between the aforementioned listing and the schedule. No discrepancies between experience levels per the listing and the individual personnel files were noted.

Public School Staff Data (Schedule 5)

Procedure # 7

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

Results of Procedure # 7:

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

Procedure # 8

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

Results of Procedure # 8:

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

Class Size Characteristics (Schedule 6)

Procedure # 9

We obtained the "Class Size Data Reports", which are reports obtained from and produced by the State Department of Education, and which serve as the source of information for completing schedule 6. We tied the "Class Size Data Reports" into schedule 6. We obtained the "LEADS Class Detail Report" from the State

Department of Education computing network and selected one class from the reports at random. We obtained the teacher roll books for each class selected. Our sample ultimately consisted of 10 classes.

Results of Procedure # 9

No differences were noted when we compared the count on the LEADS to the count on the rollbook.

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

Procedure # 10

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

Results of Procedure # 10:

No differences were noted.

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

Procedure # 11

This schedule is no longer applicable.

Results of Procedure #11

This schedule is no longer applicable.

The iLEAP Tests (Schedule 9)

Procedure # 12

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

Results of Procedure # 12

No differences were noted.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Franklin Parish School Board, the Louisiana Department of Education, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Postlethwaite + Netterville

Baton Rouge, Louisiana
December 18, 2015

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

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

As of and for the Year Ended June 30, 2015

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

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

Schedule 2 - Education Levels of Public School Staff

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

Schedule 3 - Number and Type of Public Schools

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

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

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

Schedule 5 - Public School Staff Data

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

Schedule 6 - Class Size Characteristics

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

Schedule 7 - Louisiana Educational Assessment Program (LEAP)

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

Schedule 8 - The Graduation Exit Exam

This schedule represents student performance testing data and includes summary scores by district for grades 10 and 11 in each category tested. Scores are reported as Advanced, Mastery, Basic, Approaching Basic, and Unsatisfactory. This schedule includes one year of data. The test was not given during the 2015 school year.

Schedule 9 - The i-LEAP Tests

The i-LEAP has replaced the IOWA test for student performance testing data and includes summary scores by district for grades 3,5,6,7, and 9 in each category tested. Scores are reported as Advanced, Mastery, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

FRANKLIN PARISH SCHOOL BOARD
Winnsboro, Louisiana

**General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2015**

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	8,109,264	
Other Instructional Staff Activities	875,616	
Employee Benefits	5,114,654	
Purchased Professional and Technical Services	419,493	
Instructional Materials and Supplies	400,076	
Instructional Equipment	-	
Total Teacher and Student Interaction Activities		\$14,919,103

Other Instructional Activities \$65,115

Pupil Support Activities	\$1,279,154	
Less: Equipment for Pupil Support Activities	-	
Net Pupil Support Activities		1,279,154

Instructional Staff Services	\$1,342,886	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		\$1,342,886

School Administration	\$1,692,500	
Less: Equipment for School Administration	-	
Net School Administration		1,692,500

Total General Fund Instructional Expenditures 19,298,758

Total General Fund Equipment Expenditures \$ -

Certain Local Revenue Sources

Local Taxation Revenue:

Constitutional Ad Valorem Taxes	\$415,208
Renewable Ad Valorem Tax	\$1,819,693
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	\$100,260
Sales and Use Taxes	\$5,042,691
Total Local Taxation Revenue	\$7,378,011

Local Earnings on Investment in Real Property:

Earnings from 16th Section Property	\$7,630
Earnings from Other Real Property	\$32,086
Total Local Earnings on Investment in Real Property	39,716

State Revenue in Lieu of Taxes:

Revenue Sharing - Constitutional Tax	-
Revenue Sharing - Other Taxes	73,971
Revenue Sharing - Excess Portion	-
Other Revenue in Lieu of Taxes	-
Total State Revenue in Lieu of Taxes	73,971

Nonpublic Textbook Revenue \$16,806

Nonpublic Transportation Revenue -

FRANKLIN PARISH SCHOOL BOARD
Winnsboro, Louisiana

Education Levels of Public School Staff
As of October 1, 2014

Category	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	0	0%	0	0%	0	0%	0	0
Bachelor's Degree	130	65%	8	73%	0	0%	0	0
Master's Degree	43	22%	3	27%	6	40%	0	0
Master's Degree + 30	27	14%	0	0%	8	53%	0	0
Specialist in Education	0	0%	0	0%	0	0%	0	0
Ph. D. or Ed. D.	0	0%	0	0%	1	7%	0	0
Total	199	100%	11	100%	15	100%	0	0

FRANKLIN PARISH SCHOOL BOARD
Winnsboro, Louisiana

Number and Type of Public Schools
For the Year Ended June 30, 2015

Type	Number
Elementary	5
Middle/Jr. High	0
Secondary	1
Combination	0
Total	6

Note: Schools opened or closed during the fiscal year are included in this schedule.

FRANKLIN PARISH SCHOOL BOARD
Winnsboro, Louisiana

Experience of Public Principals, Assistant Principals and Full-time Classroom Teachers
As of October 1, 2014

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	0	0	1	1	0	2	4	8
Principals	0	0	0	0	0	2	5	7
Classroom Teachers	28	16	62	23	21	24	36	210
Total	28	16	63	24	21	28	45	225

FRANKLIN PARISH SCHOOL BOARD
Winnsboro, Louisiana

Public School Staff Data
For the Year Ended June 30, 2015

	All Classroom Teachers	Classroom Teachers Excluding ROTC and Rehired Retirees
Average Classroom Teachers' Salary Including Extra Compensation	\$41,943.50	\$41,464.13
Average Classroom Teachers' Salary Excluding Extra Compensation	\$40,847.42	\$40,403.27
Number of Teacher Full-time Equivalents (FTEs) used in Computation of Average Salaries	213.04	202.55

Note: Figures reported include all sources of funding (i.e., federal, state, and local) but exclude employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers and ROTC teachers receive more compensation because of a federal supplement. Therefore, these teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes and temporary employees.

FRANKLIN PARISH SCHOOL BOARD
Winnsboro, Louisiana

Class Size Characteristics
As of October 1, 2014

School Type	Class Size Range							
	1 - 20		21 - 26		27-33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	66%	529	31%	244	2%	19	1%	4
Elementary Activity Classes	53%	43	20%	16	20%	16	7%	6
Middle/Jr. High	0%	0	0%	0	0%	0	0%	0
Middle/Jr. High Activity Classes	0%	0	0%	0	0%	0	0%	0
High	76%	257	22%	74	0%	1	1%	4
High Activity Classes	93%	37	8%	3	0%	0	0%	0
Combination	100%	2	0%	0	0%	0	0%	0
Combination Activity Classes	0%	0	0%	0	0%	0	0%	0

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

Schedule 7

FRANKLIN PARISH SCHOOL BOARD
Winnsboro, Louisiana

Louisiana Educational Assessment Program (LEAP)
For the Year Ended June 30, 2015

District Achievement Level Results	English Language Arts			Mathematics		
	2015	2014	2013	2015	2014	2013
Students	Percent	Percent	Percent	Percent	Percent	Percent
Grade 4						
Advanced	2%	5%	3%	0%	10%	7%
Mastery	35%	22%	14%	39%	24%	19%
Basic	43%	45%	42%	35%	37%	31%
Approaching Basic	15%	16%	25%	20%	18%	18%
Unsatisfactory	6%	12%	15%	6%	10%	25%
Total	100%	100%	100%	100%	100%	100%

District Achievement Level Results	Science			Social Studies		
	2015	2014	2013	2015	2014	2013
Students	Percent	Percent	Percent	Percent	Percent	Percent
Grade 4						
Advanced	2%	5%	3%	1%	1%	1%
Mastery	14%	15%	11%	9%	11%	13%
Basic	50%	45%	41%	54%	56%	44%
Approaching Basic	27%	28%	29%	22%	20%	23%
Unsatisfactory	7%	7%	17%	14%	12%	19%
Total	100%	100%	100%	100%	100%	100%

Schedule 7

FRANKLIN PARISH SCHOOL BOARD
Winnsboro, Louisiana

Louisiana Educational Assessment Program (LEAP)
For the Year Ended June 30, 2015

District Achievement Level Results	English Language Arts			Mathematics		
	2015	2014	2013	2015	2014	2013
Students	Percent	Percent	Percent	Percent	Percent	Percent
Grade 8						
Advanced	4%	2%	2%	1%	2%	3%
Mastery	35%	7%	10%	24%	4%	3%
Basic	38%	49%	44%	24%	51%	57%
Approaching Basic	19%	35%	35%	32%	27%	25%
Unsatisfactory	4%	7%	9%	19%	16%	13%
Total	100%	100%	100%	100%	100%	100%

District Achievement Level Results	Science			Social Studies		
	2015	2014	2013	2015	2014	2013
Students	Percent	Percent	Percent	Percent	Percent	Percent
Grade 8						
Advanced	1%	2%	2%	1%	1%	0%
Mastery	13%	7%	9%	9%	8%	9%
Basic	40%	46%	41%	43%	45%	44%
Approaching Basic	30%	28%	35%	32%	28%	26%
Unsatisfactory	16%	17%	13%	15%	18%	20%
Total	100%	100%	100%	100%	100%	100%

FRANKLIN PARISH SCHOOL BOARD
Winnsboro, Louisiana

The Graduation Exit Exam (GEE)
For the Year Ended June 30, 2015

District Achievement Level Results	English Language Arts						Mathematics					
	2015		2014		2013		2015		2014		2013	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 10												
Advanced												
Mastery												
Basic												
Approaching Basic												
Unsatisfactory												
Total												

District Achievement Level Results	to 8A		From PY				to 8A		From PY			
			Science						Social Studies			
Students	2015		2014		2013		2015		2014		2013	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 11												
Advanced												
Mastery												
Basic												
Approaching Basic												
Unsatisfactory												
Total												

The iLEAP
For the Year Ended June 30, 2015

iLEAP Scores

District Achievement Level	English Language Arts	Mathematics	Science	Social Studies
Results	2015			
Students	Percent	Percent	Percent	Percent
Grade 3				
Advanced	0%	5%	5%	0%
Mastery	31%	37%	18%	12%
Basic	29%	37%	47%	55%
Approaching Basic	25%	16%	20%	21%
Unsatisfactory	15%	5%	10%	12%
Total	100%	100%	100%	100%

District Achievement Level	English Language Arts	Mathematics	Science	Social Studies
Results	2015			
Students	Percent	Percent	Percent	Percent
Grade 5				
Advanced	0%	0%	1%	3%
Mastery	20%	22%	9%	9%
Basic	40%	35%	43%	43%
Approaching Basic	31%	35%	34%	29%
Unsatisfactory	9%	8%	13%	16%
Total	100%	100%	100%	100%

District Achievement Level	English Language Arts	Mathematics	Science	Social Studies
Results	2015			
Students	Percent	Percent	Percent	Percent
Grade 6				
Advanced	1%	2%	0%	1%
Mastery	28%	18%	10%	5%
Basic	41%	32%	38%	39%
Approaching Basic	22%	42%	34%	35%
Unsatisfactory	8%	6%	18%	20%
Total	100%	100%	100%	100%

District Achievement Level	English Language Arts	Mathematics	Science	Social Studies
Results	2015			
Students	Percent	Percent	Percent	Percent
Grade 7				
Advanced	3%	0%	3%	2%
Mastery	19%	10%	15%	11%
Basic	39%	35%	35%	40%
Approaching Basic	26%	40%	33%	30%
Unsatisfactory	13%	15%	14%	17%
Total	100%	100%	100%	100%

District Achievement Level	English Language Arts	Mathematics
Results	2015	
Students	Percent	Percent
Grade 9		
Advanced		
Mastery		
Basic		
Approaching Basic		
Unsatisfactory		
Total		

FRANKLIN PARISH SCHOOL BOARD
REPORT TO MANAGEMENT

JUNE 30, 2015

December 18, 2015

Franklin Parish School Board
Winnsboro, Louisiana

In planning and performing our audit of the financial statements of the Franklin Parish School Board (School Board) for the year ended June 30, 2015, we considered the Board's internal controls over financial reporting and compliance with laws and regulations having a material effect on financial reporting in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements. Our consideration does not provide assurance on the internal control structure or on compliance.

However, during our audit, we became aware of the following matters that represent opportunities for improving financial reporting, refining policies and procedures, including those that help ensure compliance with laws and regulations. The following paragraphs summarize our comments and suggestions regarding those matters. This letter does not affect our report dated December 18, 2015 on the financial statements of the School Board.

A. Sales Tax Collection

Condition:

The School Board serves as the tax collection authority for the Parish. In the execution of its fiduciary duties, the tax office enforcement and collection measures include tracking of non-filers and, when needed, further pursuit of non-filers including demand letters and filing of liens. Additionally, audits of businesses are to be conducted as needed. In our review of internal controls of the tax collection office, we noted several delinquent filers for which enforcement or pursuit procedures had not been performed. Additionally, audits are conducted infrequently, and the School Board does not keep criteria for when an audit is warranted.

Recommendation:

We recommend that the School Board's Sales Tax collection office develop written policies and procedures that address collection, enforcement and audit efforts and that the office strictly adheres to the policies and procedures.

Management's Response:

The Franklin Parish School Board's Sales Tax Office is in the process of writing policies and procedures to address the collection and enforcement of Franklin Parish Tax Collection. The procedures will address non-filers, demand letters, and the filing of liens. The final procedure will include those items which will be part of the new Sales Tax Collection System to be adopted after January 2016.

B. School Activity and Booster Club Accounts

Condition 1:

School activity accounts contain the monies collected for school specific purposes, including athletics and student activities. The various activities generally share one account, however, each activity and cash balance is tracked within a fund. In our review of the school activity accounts, we noted that, although there is a positive balance of approximately \$25,000 in the bank account, certain funds of Baskin's Elementary School contained deficit balances, including its general fund. Deficit fund balances are a result of expenditures or other uses of funds exceeding the revenues of the respective funds.

Recommendation:

The deficit fund balance should be restored to a positive or break-even position. Going forward, all fund balances should be monitored to ensure adequate funding exists prior to expenditures being incurred.

Condition 2:

A disbursement was made from the Franklin Parish High School account in the amount of \$2,500 to purchase box seats at the state championship football game in the Louisiana Superdome. The use of funds for this activity may be inconsistent with the purpose and intent of school activity accounts.

Recommendation:

Use of School activity funds should be limited to those activities that align with the purpose of the accounts; primarily activities directly benefitting the student body at large, or the clubs or groups that raised the money.

Condition 3:

Booster club accounts are kept in the School Board's name and are controlled by the school-level administrative personnel. These monies are generated from private sources or events; however, once deposited into an account with the School Board's tax I.D. number, they come under the purview of the Board and are subject to School Board policies and procedures. Internal audits of these accounts revealed several violations with school board policy regarding timely deposit of funds and/or supporting documentation for disbursement of funds. An inherent lack of segregation of duties exists in these accounts.

Recommendation:

The School Board should revisit the practice of maintaining the athletic booster club bank accounts in the School Board's name. Administrative requirements and legal constraints may inhibit the use of such funds for the purposes for which they were intended. If the Board should choose to keep the accounts in its name, then the activity of those accounts should be compliant with all applicable internal control and board policies and procedures.

Management's Response:

School Activity Funds will be more closely monitored to ensure that deficits are corrected. Management will review Booster Club Funds and work to develop better management of Booster Club Funds and to secure separate tax identification numbers for the Booster Club Funds.

C. Idle Funds

Condition:

Two funds of the school board, the Ninth Ward Maintenance Fund (fund 25) and a capital projects fund (fund 2509) are idle and have no activity, yet contain residual balances of approximately \$23,000 and \$33,000, respectively.

Recommendation:

The School Board's staff should research the source of these dollars and consider applying them to appropriate uses.

Management's Response:

The Ninth Ward Maintenance Fund exists for Fort Necessity School and is the result of ad valorem tax collections for that school. Both the school board member for that district and the principal of the school are aware of the funds and both the board member and the principal have made inquiries as to the amount in the fund. The fund balance will be used to maintain the facility.

The balance in Fund 2509 is specifically for H. G. White Learning Center and the funds will be used for maintaining the facility.

D. State Bid Law

Condition:

R.S. 38:2212.1(A)(1)(b) requires purchases of materials and supplies in an amount greater than or equal to \$10,000 but less than \$30,000 to be procured through obtaining at least three quotes, with the lowest responsible vendor chosen. The School Board purchased cleaning supplies and rugs from a vendor in an amount of \$20,000 but did not obtain two additional quotes from qualified vendors. Additionally, a 20 ton AC unit was purchased in the amount of \$10,000 without obtaining quotes.

Recommendation:

The School Board should obtain three quotes from qualified vendors when purchasing materials and supplies in an amount greater than or equal to \$10,000 and less than \$30,000.

Management's Response:

In the future, we will adhere to our written policy to obtain three (3) written quotes before we order any materials and supplies in an amount greater than or equal to \$10,000 and less than \$30,000.

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

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

Sincerely,

Postlethwaite + Nettemill