

East Carroll Parish School Board

Lake Providence, Louisiana



Annual Financial Report

As of and for the year ended June 30, 2020

**East Carroll Parish School Board
Lake Providence, Louisiana**

**Annual Financial Report
As of and for the Year Ended June 30, 2020**

**East Carroll Parish School Board
Annual Financial Report**

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Independent Auditor's Report

Board Members
East Carroll Parish School Board
Lake Providence, 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 East Carroll Parish School Board, as of and for the year ended June 30, 2020, 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.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the East Carroll Parish School Board, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As disclosed in Note 7 to the financial statements, the net pension liability for the School Board was \$10,315,883 at June 30, 2020, as determined by the Teachers' Retirement System, of Louisiana (TRSL), and Louisiana School Employees' Retirement System (LSERS). The related actuarial valuations were performed by TRSL's and LSERS's actuaries using various assumptions. Because actual experience may differ from the assumptions used, there is a risk that this amount at June 30, 2020, could be under or overstated. Our opinion is not modified with respect to this matter.

As discussed in Note 8 to the financial statements, the other post-employment benefits (OPEB) liability for the School Board was \$39,255,572 at June 30, 2020 related to its participation in a single-employer other post-employment benefit plan. The related actuarial valuation was performed by the School Board's actuary using various assumptions. Because actual experience may differ from the assumptions used, there is a risk that this amount at June 30, 2020, could be under or overstated. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in the School Board's Total OPEB Liability and Related Ratios, Schedule of Employer's Proportionate Share of the Net Pension Liability, Schedule of Employer Contributions to Pension Plans, the Budgetary Comparison Schedules and related notes to required supplementary information, as listed in the table of contents, 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the East Carroll Parish School Board's basic financial statements. The accompanying supplementary information, as listed in the table of contents and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the other information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information, as listed in the table of contents and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is the responsibility of management and

was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying other information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 19, 2021 on our consideration of the East Carroll Parish School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of School Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Board's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Allen, Green & Williamson, LLP". The signature is written in a cursive, flowing style.

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
July 19, 2021

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REQUIRED SUPPLEMENTARY INFORMATION:

**MANAGEMENT'S DISCUSSION
AND ANALYSIS (MD&A)**

East Carroll Parish School Board
Management's Discussion and Analysis (MD&A)
June 30, 2020

Our discussion and analysis of East Carroll Parish School Board's financial performance provides an overview of the School Board's financial activities for the fiscal year ended June 30, 2020. Please read it in conjunction with the School Board's financial statements that follow this Management's Discussion and Analysis.

FINANCIAL HIGHLIGHTS

- The liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources liabilities at the close of the most recent fiscal by \$33.6 million (deficit net position). The unrestricted net position, which represents the amounts available to meet the School Board's ongoing obligations, was a deficit of \$38.9 million. The School Board is committed to provide post-employment benefits to its employees. As a result, the School Board has recognized substantial liabilities in the financial statement for these benefits. As of June 30, 2020, the School Board had liabilities of \$49.6 million for post-employment benefits, which has caused the deficit balance in the unrestricted net position.
- The School Board total net position decreased \$2.7 million primarily because of other post-employment benefit expenses incurred during the current fiscal year.
- At the close of the current fiscal year, the School Board's governmental funds reported combined fund balances of \$7.6 million, an increase of \$482 thousand in comparison with prior year. Approximately 75 % of this amount, \$5.7 million, is available for spending at the School Board's discretion (unassigned fund balance).
- At the end of the current fiscal year, unrestricted fund balance for the General fund was \$5.7 million, or approximately 61% of total General fund expenditures.
- During the current fiscal year, the School Boards made \$154 thousand in principal payments decreasing the total outstanding long-term debt to \$1.2 million.

NEW GASB STANDARD In fiscal year 2020, the School Board adopted the following new financial accounting standard issued by the Governmental Accounting Standards Board:

- *Statement No. 95 – Postponement of the Effective Dates of Certain Authoritative Guidance.* This statement extended the effective dates of certain accounting and financial reporting provisions in Statements and Implementation Guides. The primary objective of GASB Statement No. 95 was to provide temporary relief to governments and other stakeholders in the light of the COVID-19 pandemic.

The adoption of this standard had no impact on the School Board's governmental fund or government-wide financial statements.

USING THIS ANNUAL REPORT The School Board's annual report consists of a series of financial statements that show information for the School Board as a whole, its funds, and its fiduciary responsibilities. The Statement of Net Position and the Statement of Activities provide information about the activities of the School Board as a whole and present a longer-term view of the School Board's finances. Our fund financial statements are included later in this report. For our governmental activities, these statements tell how we financed our services in the short-term as well as what remains for future spending. Fund statements also may give you some insights into the School Board's overall financial health. Fund financial statements also report the School Board's operations in more detail than the government-wide financial statements by providing information about the School Board's most significant funds, the General fund, Title I, Education Stabilization and Debt Service fund. The remaining statement - the Statement of Fiduciary Assets and Liabilities presents financial information about activities for which the School Board acts solely as an agent for the benefit of students and parents.

**East Carroll Parish School Board
Management's Discussion and Analysis (MD&A)
June 30, 2020**

Required Supplementary Information

Management's Discussion & Analysis (MD&A)

Basic Financial Statements

**Government-wide
Financial Statements**



**Fund
Financial Statements**

Notes to the Financial Statements

Required Supplementary Information

**Schedule of Changes in the School Board's Total OPEB Liability and Related Ratios
Schedule of Employer's Proportionate Share of the Net Pension Liability
Schedule of Employer Contributions to Pension Plans
Budgetary Comparison Schedules**

Supplementary Information

**Nonmajor Funds Combining Statements
Agency Funds Statements/Schedules
Schedule of Compensation Paid Board Members
Schedule of Compensation, Benefits and Other Payments to Agency Head**

Our auditor has provided assurance in the independent auditor's report, located immediately preceding this management's discussion and analysis, that the basic financial statements are fairly stated. Varying degrees of assurance is being provided by the auditor regarding the required supplementary information and the supplementary information identified above. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the financial section.

Reporting the School Board as a Whole

The Statement of Net Position and the Statement of Activities

Our analysis of the School Board as a whole begins with the government-wide financial statements. One of the most important questions asked about the School Board is, "Is the School Board as a whole better off or worse off financially as a result of the year's activities?" The Statement of Net Position and the Statement of Activities, which appear first in the School Board's financial statements, report information on the School Board as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets, liabilities, and deferred outflows/inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

East Carroll Parish School Board
Management's Discussion and Analysis (MD&A)
June 30, 2020

These two statements report the School Board's net position - the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources as reported in the Statement of Net Position - as one way to measure the School Board's financial health, or financial position. Over time, increases or decreases in the School Board's net position - as reported in the Statement of Activities - are one indicator of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School Board's operating results. However, the School Board's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the schools to assess the overall health of the School Board.

The Statement of Net Position and Statement of Activities report the following activity for the School Board:

Governmental activities - All of the School Board's services are reported here, including instruction, plant services, school administration, and food services. Property taxes, sales taxes, Minimum Foundation Program funds, and state and federal grants finance most of these activities.

Reporting the School Board's Most Significant Funds

Fund Financial Statements

The School Board's fund financial statements provide detailed information about the most significant funds - not the School Board as a whole. Some funds are required to be established by state law and by bond covenants. However, the School Board establishes many other funds to help it control and manage money for particular purposes (like child nutrition) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like grants the School Board receives from the U.S. Department of Education). The School Board's governmental funds use the following accounting approach:

Governmental funds - All of the School Board's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School Board's operations and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School Board's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in the reconciliations found on Statements D and F.

The School Board as Trustee

Reporting the School Board's Fiduciary Responsibilities

The School Board is the trustee, or fiduciary, for its Student Activities funds. All of the School Board's fiduciary activities are reported in the Statements of Fiduciary Assets and Liabilities. We exclude these activities from the School Board's other financial statements because the School Board cannot use these assets to finance its operations. The School Board is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE SCHOOL BOARD AS A WHOLE The School Board's net position was a deficit of \$33.6 million at June 30, 2020. Our analysis below focuses on the net position, (Table 1) and the change in net position (Table 2) of the School Board's governmental activities.

East Carroll Parish School Board
Management's Discussion and Analysis (MD&A)
June 30, 2020

Table 1
Net Position
(in thousands)
June 30,

	<u>Governmental Activities</u>		<u>Variance</u>
	<u>2020</u>	<u>2019</u>	
Other assets	\$ 8,564	\$ 7,757	\$ 807
Capital assets	<u>4,573</u>	<u>4,986</u>	<u>(413)</u>
Total assets	<u>13,137</u>	<u>12,743</u>	<u>394</u>
Deferred outflows of resources	<u>9,267</u>	<u>6,621</u>	<u>2,646</u>
Other liabilities	985	662	323
Long-term liabilities	<u>51,193</u>	<u>47,729</u>	<u>3,464</u>
Total liabilities	<u>52,178</u>	<u>48,391</u>	<u>3,787</u>
Deferred inflows of resources	<u>3,858</u>	<u>1,926</u>	<u>1,932</u>
Net position			
Net invested in capital assets	3,373	3,632	(259)
Restricted	1,864	1,590	274
Unrestricted	<u>(38,869)</u>	<u>(36,175)</u>	<u>(2,694)</u>
Total net position	<u>\$ (33,632)</u>	<u>\$ (30,953)</u>	<u>\$ (2,679)</u>

One portion of the School Board's net position (\$3.4 million) reflects its investment in capital assets (land, buildings, furniture and equipment) less accumulated depreciation and any related outstanding debt that was used to acquire those assets. The School Board uses these assets to provide a variety educational services to its students. Accordingly, these assets are not available for future spending. Although the School Board's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the School Board's net position (\$1.9 million) is reported separately to show legal constraints from debt covenants and enabling legislation and other resources that are subject to external restrictions that limit the School Board's ability to use the net position for day-to-day operations.

At the end of the current fiscal year, the unrestricted net position was a deficit balance of \$38.9 million. The deficit is caused primarily by the approximately \$49.6 million in post-employment liabilities for TRSL and LSERS pension plans (\$39.3 million) and from other post-employment benefit plan (OPEB) for retiree healthcare (\$10.3 million)

The School Board's total net position decreased by \$2.7 million primarily because post-employment benefit plan expenses incurred during the current period.

The results of this year's operations for the School Board as a whole are reported in the Statement of Activities. Table 2 takes the information from that statement and rearranges it slightly so that readers can see total revenues for the year.

East Carroll Parish School Board
Management's Discussion and Analysis (MD&A)
June 30, 2020

Table 2
Changes in Net Position
(in thousands)
For the Year Ended June 30,

	<u>Governmental Activities</u>		
	<u>2020</u>	<u>2019</u>	<u>Variance</u>
Revenues:			
Program revenues			
Charges for services	\$ 4	\$ 7	\$ (3)
Federal grants	3,380	3,156	224
State grants	199	112	87
General revenues			
Ad valorem taxes	853	790	63
Sales taxes	1,815	1,728	87
State minimum foundation program	6,577	6,373	204
Other general revenues	571	794	(223)
Total revenues	<u>13,399</u>	<u>12,960</u>	<u>439</u>
Functions/Program Expenses:			
Instruction			
Regular programs	4,683	4,547	136
Special programs	967	921	46
Other instructional programs	2,494	2,693	(199)
Support services			
Student services	832	698	134
Instructional staff support	890	843	47
General administration	629	557	72
School administration	1,039	910	129
Business services	449	638	(189)
Plant services	1,937	1,444	493
Student transportation services	725	638	87
Food services	1,412	1,154	258
Community services	3	6	(3)
Interest and bank charges	18	21	(3)
Total expenses	<u>16,078</u>	<u>15,070</u>	<u>1,008</u>
Changes in net position	<u>(2,679)</u>	<u>(2,110)</u>	<u>(569)</u>
Net Position - beginning	<u>(30,953)</u>	<u>(28,843)</u>	<u>(2,110)</u>
Net Position - ending	<u>\$ (33,632)</u>	<u>\$ (30,953)</u>	<u>\$ (2,679)</u>

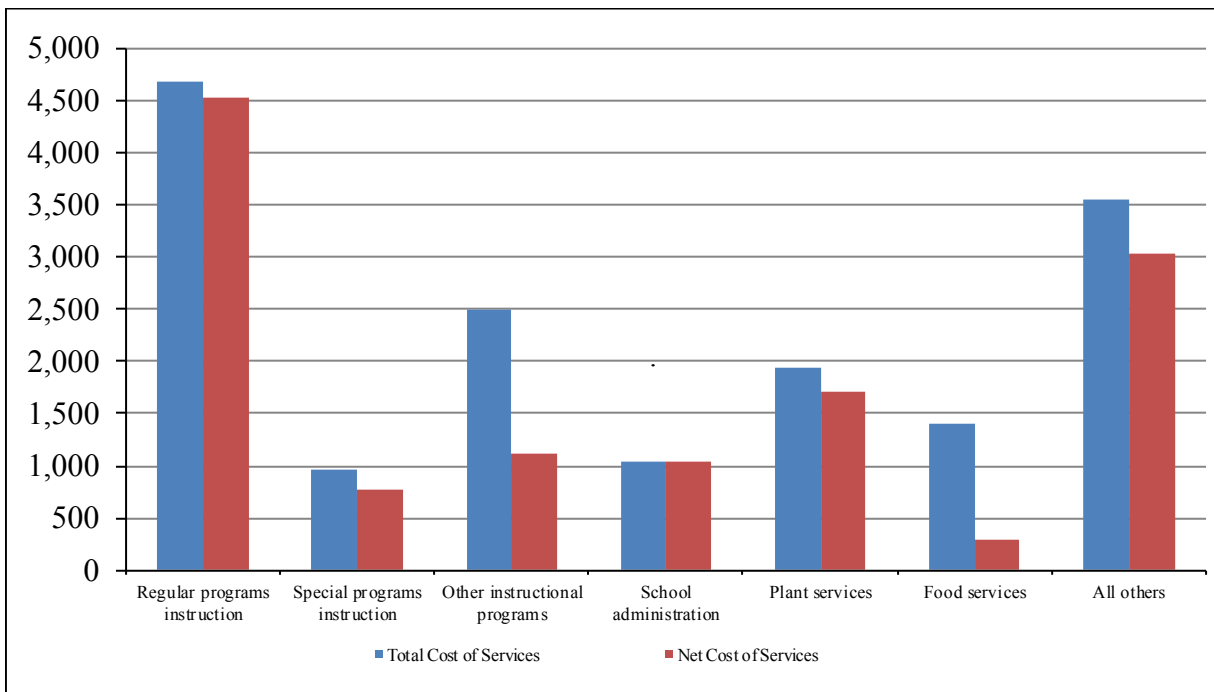
**East Carroll Parish School Board
Management's Discussion and Analysis (MD&A)
June 30, 2020**

In the table below we have presented the cost of each of the School Board's six largest functions - regular programs, special programs, other instructional programs, school administration, plant services, and food services as well as each program's net cost (total cost less revenues generated by the activities). Net cost shows the financial burden that was placed on the School Board's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

**For the Year Ended June 30,
(in thousands)
Governmental Activities**

	<u>2020</u>		<u>2019</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Regular programs	\$ 4,683	\$ 4,521	\$ 4,547	\$ 4,423
Special programs	967	780	921	802
Other instructional programs	2,494	1,111	2,693	1,129
School administration	1,039	1,039	910	910
Plant services	1,937	1,712	1,444	1,442
Food services	1,412	301	1,154	191
All others	3,546	3,031	3,401	2,899
Totals	<u>\$ 16,078</u>	<u>\$ 12,495</u>	<u>\$ 15,070</u>	<u>\$ 11,796</u>

**2020 Total Cost of Services
Versus
Net Cost of Services
(in thousands)**



East Carroll Parish School Board
Management's Discussion and Analysis (MD&A)
June 30, 2020

THE SCHOOL BOARD'S FUNDS As mentioned earlier, the School Board uses funds to help it control and manage money for particular purposes. Looking at funds helps you consider whether the School Board is being accountable for the resources taxpayers and others provide to it but may also give you more insight into the School Board's overall financial health. At June 30, 2020, the School Board reported combined fund balances of \$7.6 million, an increase of \$482 thousand in comparison with prior year. Of this amount, \$5.7 million, or 75%, constitutes unassigned fund balance, which is available for spending at the School Board's discretion. The remainder of the fund balance is either nonspendable or restricted to indicate that it is 1) not in a spendable form, \$3 thousand or 2) restricted for particular purposes, \$1.9 million.

The General fund is our principal operating fund. It accounts for all financial resources of the School Board, except those required to be accounted for in another fund. The fund balance of the General fund increased from \$5.9 million to \$6.1 million or 5% during the current fiscal year. The primary reasons for this change is due to an increase in sales tax collections and MFP state funding and a reduction in expenses due to school closures due to COVID-19.

Title I fund accounts for the federal funding received to help local educational agencies improve teaching and learning in high-poverty schools in particular for children failing, or most at-risk of failing, to meet challenging State academic standards. The School Board received \$1.2 million in Title I funding during the current fiscal year. Title I fund balance neither increased nor decreased since it is a cost reimbursement grant.

Education Stabilization fund accounts for the federal funding that was established by the CARES Act and was received to prevent, prepare for, and respond to the coronavirus COVID-19 disease pandemic. The School Board received \$284 thousand in CARES Act funding during the current fiscal year. Education Stabilization fund balance neither increased nor decreased since it is a cost reimbursement grant.

Debt Service fund accounts for the resources accumulated to pay the QSCB revenue bonds due on March 1, 2023. The Debt Service fund balance increased \$100 thousand due to required annual contribution into the QSCB sinking fund investment account.

Nonmajor governmental fund balance increased \$87 thousand due to the increase in the Child Nutrition fund.

General Fund Budgetary Highlights The School Board revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. A schedule showing the School Board's original and final budgets compared with actual results is provided in the required supplementary information section of this report. The final budgeted revenues were decreased \$216 thousand due mainly to a decrease in budgetary beginning fund balance offset by an increase in projected sales tax collections. The final budgeted expenditures were increased by \$311 thousand due primarily from an increase in projected salaries and benefits.

In comparing the final budget to actual results, the actual amounts exceeded the budgeted amounts available for appropriations by \$169 thousand due to receiving more in sales tax collections, other local revenues and MFP state funding than anticipated. Actual charges to appropriations were more than budgeted expenditures by \$70 thousand mainly due to the unanticipated expenditures occurring near year-end.

CAPITAL ASSET AND DEBT ADMINISTRATION,

Capital Assets At June 30, 2020, the School Board had \$4.6 million invested in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net decrease (including additions, deductions and depreciation) of \$413 thousand or 8%, from last year.

East Carroll Parish School Board
Management's Discussion and Analysis (MD&A)
June 30, 2020

Capital Assets at June 30,
(in thousands)

	<u>Governmental Activities</u>		
	<u>2020</u>	<u>2019</u>	<u>Variance</u>
Land	\$ 318	\$ 318	\$ -
Buildings and improvements	3,914	4,263	(349)
Furniture and equipment	341	405	(64)
Totals	<u>\$ 4,573</u>	<u>\$ 4,986</u>	<u>\$ (413)</u>

More detailed information about our capital assets is presented in Note 6 of the Notes to the Financial Statements.

Debt Administration At June 30, 2020, the School Board had \$1.2 million of debt outstanding versus \$1.4 million last year, a decrease of \$154 thousand or 11%. The outstanding debt consisted of:

Long-Term Debt at June 30,
(in thousands)

	<u>Governmental Activities</u>		
	<u>2020</u>	<u>2019</u>	<u>Variance</u>
Certificate of Indebtedness, Series 2004	\$ -	\$ 23	\$ (23)
Excess Revenue Refunding Bonds, Series 2012	-	131	(131)
QSCB Revenue Bonds, Series 2011	1,200	1,200	-
Totals	<u>\$ 1,200</u>	<u>\$ 1,354</u>	<u>\$ (154)</u>

Other long-term debt also includes compensated absences. We present more detailed information concerning long-term debt in Note 13 of the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES The major changes anticipated in the 2020-2021 year is decrease in MPF funding due to loss of students and the receipt of the ESSER funding.

In March 2021, the School Board was notified by the Louisiana Department of Education of the School Board's allocation from the Elementary and Secondary School Emergency Relief Fund (ESSER II and ESSER III). ESSER II and ESSER III are federally funded cost reimbursement grants established by the CARES Act. East Carroll Parish School Board's total allocation is estimated to be approximately \$4.2 million for ESSER II and \$9.4 million for ESSER III. Fifty percent of ESSER II (\$2.1 million) and twenty percent of ESSER III (\$1.9 million) was awarded to the School Board in March 2021.

In May 2021, the School Board awarded a bid contract for the construction of a new central office. The total cost of the project is estimated to be approximately \$492 thousand. This project will be funded by a \$272 thousand grant from the State of Louisiana's Capital improvement Fund and \$220 thousand from the general fund's excess fund balance.

CONTACTING THE SCHOOL BOARD'S FINANCIAL MANAGEMENT Our financial report is designed to provide parents, students, and investors and creditors with a general overview of the School Board's finances and to show the School Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Theresa Thomas, Business Manager, at East Carroll Parish School Board, P. O. Box 792, Lake Providence, Louisiana 71254-0792, telephone number (318) 559-2222.

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BASIC FINANCIAL STATEMENTS:

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

EAST CARROLL PARISH SCHOOL BOARD

**STATEMENT OF NET POSITION
June 30, 2020**

	Statement A
	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and cash equivalents	\$ 6,254,067
Investments	1,106,743
Receivables	1,200,627
Inventory	2,754
Capital assets:	
Land	318,180
Depreciable capital assets, net of depreciation	4,254,529
TOTAL ASSETS	13,136,900
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to OPEB	5,646,210
Deferred outflows related to pensions	3,620,737
TOTAL DEFERRED OUTFLOWS OF RESOURCES	9,266,947
LIABILITIES	
Accounts, salaries and other payables	919,158
Unearned revenue	60,760
Interest payable	5,000
Long-term liabilities:	
Due within one year	
Long-term debt: bonds and compensated absences	374,115
Long-term debt due in more than one year	
Long-term debt: bonds and compensated absences	1,247,202
OPEB liability	39,255,572
Net pension liability	10,315,883
TOTAL LIABILITIES	52,177,690
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to OPEB	989,766
Deferred inflows related to pensions	2,868,327
TOTAL DEFERRED INFLOWS OF RESOURCES	3,858,093
NET POSITION	
Net investment in capital assets	3,372,709
Restricted for:	
Salary enhancements	416,305
Debt service	895,000
School construction	5,879
Grants	547,034
Unrestricted	(38,868,863)
TOTAL NET POSITION	\$ (33,631,936)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

EAST CARROLL PARISH SCHOOL BOARD

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020**

Statement B

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
<i>Governmental activities:</i>				
Instruction:				
Regular programs	\$ 4,683,295	\$ -	\$ 162,689	\$ (4,520,606)
Special programs	967,369	-	187,632	(779,737)
Other instructional programs	2,493,942	-	1,382,814	(1,111,128)
Support services:				
Student services	832,393	-	36,167	(796,226)
Instructional staff support	889,695	-	303,900	(585,795)
General administration	628,654	-	166,536	(462,118)
School administration	1,039,101	-	-	(1,039,101)
Business services	448,808	-	7,221	(441,587)
Plant services	1,937,056	-	224,585	(1,712,471)
Student transportation services	724,805	-	261	(724,544)
Food services	1,412,411	4,342	1,107,020	(301,049)
Community service programs	3,157	-	-	(3,157)
Interest and bank charges	17,817	-	-	(17,817)
Total Governmental Activities	\$ 16,078,503	\$ 4,342	\$ 3,578,825	(12,495,336)

General revenues:

Taxes:	
Property taxes, levied for general purposes	853,254
Sales taxes, levied for general purposes	1,815,260
Grants and contributions not restricted to specific programs:	
Minimum Foundation Program	6,576,761
Other grants and contributions	14,502
Interest and investment earnings	69,455
Miscellaneous	487,427
Total general revenues	9,816,659
Changes in net position	(2,678,677)
Net position - beginning	(30,953,259)
Net position - ending	\$ (33,631,936)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

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BASIC FINANCIAL STATEMENTS:
FUND FINANCIAL STATEMENTS (FFS)

EAST CARROLL PARISH SCHOOL BOARD

**GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2020**

	GENERAL	TITLE I	EDUCATION STABILIZATION
ASSETS			
Cash and cash equivalents	\$ 5,931,806	\$ -	\$ -
Investments	206,743	-	-
Receivables	235,908	194,596	344,701
Interfund receivables	301,745	-	-
Inventory	-	-	-
	<u>6,676,202</u>	<u>194,596</u>	<u>344,701</u>
TOTAL ASSETS			
	<u>6,676,202</u>	<u>194,596</u>	<u>344,701</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts, salaries and other payables	528,107	78,768	159,537
Interfund payables	-	115,828	124,404
Unearned revenue	-	-	60,760
	<u>528,107</u>	<u>194,596</u>	<u>344,701</u>
TOTAL LIABILITIES			
	<u>528,107</u>	<u>194,596</u>	<u>344,701</u>
FUND BALANCES:			
Nonspendable	-	-	-
Restricted	435,794	-	-
Unassigned	5,712,301	-	-
	<u>6,148,095</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCES			
	<u>6,148,095</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES			
	<u>\$ 6,676,202</u>	<u>\$ 194,596</u>	<u>\$ 344,701</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Statement C

DEBT SERVICE	NONMAJOR GOVERNMENTAL	TOTAL
\$ -	\$ 322,261	\$ 6,254,067
900,000	-	1,106,743
-	425,422	1,200,627
-	-	301,745
-	2,754	2,754
<u>900,000</u>	<u>750,437</u>	<u>8,865,936</u>
-	152,746	919,158
-	61,513	301,745
-	-	60,760
<u>-</u>	<u>214,259</u>	<u>1,281,663</u>
-	2,754	2,754
900,000	533,424	1,869,218
-	-	5,712,301
<u>900,000</u>	<u>536,178</u>	<u>7,584,273</u>
<u>\$ 900,000</u>	<u>\$ 750,437</u>	<u>\$ 8,865,936</u>

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EAST CARROLL PARISH SCHOOL BOARD

**Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2020**

	Statement D
Total fund balances - governmental funds	\$ 7,584,273
<p>The cost of capital assets (land, buildings, furniture and equipment) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets among the assets of the School Board as a whole. The cost of those capital assets is allocated over their estimated useful lives (as depreciation expense) to the various programs reported as governmental activities in the Statement of Activities. Because depreciation expense does not affect financial resources, it is not reported in governmental funds.</p>	
Costs of capital assets	\$ 13,406,060
Accumulated depreciation	<u>(8,833,351)</u>
	4,572,709
Deferred outflows of resources are not available to pay current period expenditures and, therefore are not reported in the governmental funds.	9,266,947
Deferred inflows of resources are not due and payable in the current period and accordingly are not reported in the governmental funds.	(3,858,093)
<p>Long-term liabilities applicable to the School Board's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position.</p>	
<p>Balances at June 30, 2020 are:</p>	
Interest payable	(5,000)
Long-term liabilities:	
Revenue bonds	(1,200,000)
Compensated absences payable	(421,317)
OPEB liability	(39,255,572)
Net pension liability	<u>(10,315,883)</u>
	<u>(51,197,772)</u>
Net Position - Governmental Activities	<u>\$ (33,631,936)</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

EAST CARROLL PARISH SCHOOL BOARD

**GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 2020**

REVENUES	<u>GENERAL</u>	<u>TITLE I</u>	<u>EDUCATION STABILIZATION</u>
Local sources:			
Taxes:			
Ad valorem	\$ 853,254	\$ -	\$ -
Sales and use	1,815,260	-	-
Interest earnings	54,224	-	-
Food service	-	-	-
Other	487,427	-	-
State sources:			
Equalization	6,563,015	-	-
Other	114,564	-	-
Federal sources	-	1,215,866	283,941
TOTAL REVENUES	<u>9,887,744</u>	<u>1,215,866</u>	<u>283,941</u>
 EXPENDITURES			
Current:			
Instruction:			
Regular programs	3,441,844	-	46,290
Special programs	566,838	-	-
Other instructional programs	786,151	949,473	440
Support services:			
Student services	625,364	-	-
Instructional staff support	303,912	153,090	-
General administration	376,467	103,674	12,703
School administration	789,218	-	-
Business services	359,174	-	7,221
Plant services	1,386,682	9,629	214,956
Student transportation services	544,157	-	77
Food services	152,697	-	2,254
Community service programs	2,000	-	-
Debt service:			
Principal retirement	-	-	-
Interest and bank charges	-	-	-
TOTAL EXPENDITURES	<u>9,334,504</u>	<u>1,215,866</u>	<u>283,941</u>
 EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>\$ 553,240</u>	<u>\$ -</u>	<u>\$ -</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Statement E

DEBT SERVICE	NONMAJOR GOVERNMENTAL	TOTAL
\$ -	\$ -	\$ 853,254
-	-	1,815,260
15,208	23	69,455
-	4,342	4,342
-	-	487,427
-	13,746	6,576,761
-	99,330	213,894
-	1,879,626	3,379,433
<u>15,208</u>	<u>1,997,067</u>	<u>13,399,826</u>
-	84,161	3,572,295
-	187,632	754,470
-	365,077	2,101,141
-	36,167	661,531
-	150,810	607,812
-	50,159	543,003
-	-	789,218
-	-	366,395
-	-	1,611,267
-	184	544,418
-	1,036,258	1,191,209
-	-	2,000
154,000	-	154,000
19,400	-	19,400
<u>173,400</u>	<u>1,910,448</u>	<u>12,918,159</u>
<u>\$ (158,192)</u>	<u>\$ 86,619</u>	<u>\$ 481,667</u>

(CONTINUED)

EAST CARROLL PARISH SCHOOL BOARD

**GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 2020**

	<u>GENERAL</u>	<u>TITLE I</u>	<u>EDUCATION STABILIZATION</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ -	\$ -	\$ -
Transfers out	(258,192)	-	-
	<u>(258,192)</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(258,192)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	295,048	-	-
FUND BALANCES - BEGINNING	<u>5,853,047</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING	<u><u>\$ 6,148,095</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Statement E

<u>DEBT SERVICE</u>	<u>NONMAJOR GOVERNMENTAL</u>	<u>TOTAL</u>
\$ 258,192	\$ -	\$ 258,192
<u>-</u>	<u>-</u>	<u>(258,192)</u>
258,192	-	-
100,000	86,619	481,667
<u>800,000</u>	<u>449,559</u>	<u>7,102,606</u>
<u>\$ 900,000</u>	<u>\$ 536,178</u>	<u>\$ 7,584,273</u>

(CONCLUDED)

EAST CARROLL PARISH SCHOOL BOARD

**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,
and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2020**

	Statement F
Total net change in fund balances - governmental funds	\$ 481,667
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation in the period:	
Capital outlays	\$ -
Depreciation expense	<u>(412,873)</u>
	(412,873)
The recognition of pension expense in the Statement of Activities is based on projected benefit payments discounted to actuarial present value and attributed to periods of employee service. Pension expenditures in the governmental funds are the amounts actually paid.	728,860
In the Statement of Activities, compensated absences (vacations and sick leave) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	31,347
The recognition of OPEB expense in the Statement of Activities is based on projected benefit payments discounted to actuarial present value and attributed to periods of employee service. OPEB expenditures in the governmental funds are the amounts actually paid.	(3,663,261)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	154,000
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	<u>1,583</u>
Change in net position - governmental activities	<u><u>\$ (2,678,677)</u></u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

EAST CARROLL PARISH SCHOOL BOARD

FIDUCIARY FUNDS
Statement of Fiduciary Assets and Liabilities
June 30, 2020

Statement G

	<u>AGENCY FUNDS</u>
ASSETS	
Cash and cash equivalents	\$ 160,171
TOTAL ASSETS	<u>160,171</u>
LIABILITIES	
Deposits due others	<u>160,171</u>
TOTAL LIABILITIES	<u>\$ 160,171</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

East Carroll Parish School Board
Notes to the Financial Statements
June 30, 2020

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East Carroll Parish School Board
Notes to the Financial Statements
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The accompanying basic financial statements of the East Carroll Parish School Board have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. REPORTING ENTITY The East Carroll Parish School Board was created by Louisiana Revised Statute LSA-R.S. 17:51 to provide public education for the children within East Carroll Parish. The School Board is authorized by LSA-R.S. 17:81 to establish policies and regulations for its own government consistent with the laws of the state of Louisiana and the regulations of the Louisiana Board of Elementary and Secondary Education. The School Board is comprised of five members who are elected from five districts for terms of four years.

The School Board operates three schools within the parish with a total enrollment of approximately 890 pupils. In conjunction with the regular educational programs, some of these schools offer special education and/or vocational education programs. In addition, the School Board provides transportation and school food services for the students.

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

B. FUNDS 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. The minimum number of funds are maintained consistent with legal and managerial requirements.

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 classifications and a description of each existing fund type follow:

Governmental Funds Governmental funds are used to account for the School Board's general government activities, including the collection and disbursement of specific or legally restricted monies and the acquisition or construction of general capital assets. The School Board reports the following major governmental funds:

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

Title I This fund accounts for federal revenues used 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. Services supplement, not supplant, those normally provided by state and local educational agencies.

Education Stabilization This fund accounts for a federal grant established by the CARES Act used to prevent, prepare for, and respond to the coronavirus COVID-19 disease pandemic.

Debt Service This fund accounts for local revenue from ad valorem taxes for repayment of financing to renovate and repair the public school facilities.

East Carroll Parish School Board
Notes to the Financial Statements
June 30, 2020

Fiduciary Funds Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of outside parties, including other governments, or on behalf of other funds within the School Board.

Agency funds are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. They are used to account for assets that the government holds for others in an agency capacity. The School Board reports the following agency fund:

School Activities Fund - accounts for assets held by the School Board as an agent for the individual schools and school organizations.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-wide Financial Statements (GWFS) The Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported only in the Statement of Fiduciary Assets and Liabilities at the fund financial statement level.

The Statement of Net Position and the Statement of Activities was prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, liabilities, and deferred outflows/inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, liabilities, and deferred outflows/inflows of resources resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions."

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 sales. Operating grants and contributions consist of the many educational grants received from the federal and state government.

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

Fund Financial Statements (FFS)

Governmental Funds The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. 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 considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured 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, liabilities and deferred outflows/inflows of resources are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

East Carroll Parish School Board
Notes to the Financial Statements
June 30, 2020

The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Ad valorem and sales taxes are susceptible to accrual.

Entitlements and shared revenues (which include state equalization and state revenue sharing) are recorded as unrestricted 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 paid. Salaries for nine-month employees are accrued at June 30.

Substantially all other expenditures are recognized when the related liability has been incurred.

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

Fiduciary Funds The agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting.

D. CASH AND CASH EQUIVALENTS Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the School Board may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

E. INVESTMENTS Investments are limited by R.S. 33:2955 and the School Board's investment policy. The School Board's policy limits investments to direct U.S. Treasury obligations, bond, debentures, notes issued by or guaranteed by federal agencies; bonds, debentures, notes, or other evidence of indebtedness issued by the state of Louisiana or any other state in the United States, or any of the political subdivisions of any state, or by any domestic U.S. corporation, with limited exceptions noted in Louisiana Revised Statute 33:2955, or certificates, or time deposits in any bank domiciled or having a branch office in Louisiana or any other federally insured investment.

If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. The investments are reflected at fair value except for the following which are permitted per GASB Statement No. 31:

Investments in *nonparticipating* interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.

Definitions:

Interest-earning investment contracts include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

East Carroll Parish School Board
Notes to the Financial Statements
June 30, 2020

F. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES During the course of operations, numerous transactions occur between individual funds for 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.

G. INVENTORIES Inventories of the governmental fund type financial statements are recorded as expenditures as purchased except for inventory of the Child Nutrition fund.

Inventories of the Child Nutrition fund consists of food purchased by the School Board and commodities granted by the United States Department of Agriculture through the Louisiana Department of Agriculture and Forestry. The commodities are recorded as revenues when received; however, all inventory items are recorded as expenditures when consumed. Unused commodities at June 30, 2020, are reported as unearned revenues. All purchased inventory items are valued at cost (first in, first out) and commodities are assigned values provided by the United States Department of Agriculture.

H. PREPAIDS Certain payments to vendors reflect cost applicable to future applicable periods and are reported as prepaid items using the purchases method.

I. CAPITAL ASSETS Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed and depreciated over their estimated useful lives (including salvage value). The capitalization threshold is \$5,000 for all assets except intangibles – software that has a capitalization threshold of \$250,000. Donated capital assets are recorded at their acquisition value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight-line depreciation is used based on the following estimated useful lives:

Buildings and improvements	10 - 40 years
Furniture and equipment	3 - 10 years
Intangibles – software	3 years

J. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School Board has two items that qualify for reporting in this category that are related to OPEB and to pensions.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The School Board has two items that qualify for reporting in this category that are related to OPEB and to pensions.

Deferred outflows and inflows of resources related to pensions and OPEB are reported as components of unrestricted net position.

K. UNEARNED REVENUES The School Board reports unearned revenues on its combined balance sheet. Unearned revenues arise when resources are received by the School Board before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the School Board has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and the revenue is recognized.

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L. COMPENSATED ABSENCES The School Board has the following policies for vacation and sick leave:

All full time 12-month employees earn vacation leave each year as follows: 0 to 3 years of service earn 12 days; 4 to 10 years of service earn 15 days and 11 years or more earn 18 days. Vacations must be taken during the fiscal year or otherwise forfeited. All School Board employees earn 10 days of sick leave each year. Sick leave may be accumulated and carried forward to succeeding years without limitation. Upon retirement or death, unused accumulated sick leave of up to 25 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 is used in the retirement benefit computation as earned service.

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

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees when 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.

The liability for sick leave is 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.

M. RESTRICTED NET POSITION For the government-wide Statement of Net Position, net position is reported as restricted if either of the following conditions exist:

- Restrictions are externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments;
- Restriction are 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. Restricted net position for salary enhancements reported in the Statement of Net Position is restricted through enabling legislation.

N. FUND EQUITY OF FUND FINANCIAL STATEMENTS

GASB 54 requires the fund balance amounts to be reported within the fund balance categories as follows:

Non-spendable: Fund balance that is not in spendable form or legally or contractually required to be maintained intact. This category includes items that are not easily converted to cash such as inventories and prepaid items.

Restricted: Fund balance that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed: Fund balance that can only be used for specific purposes determined by the School Board's highest level of decision making authority. The Board is the highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action it employed to previously commit the funds. Committed fund balance is the result of a resolution by the School Board committing the funds.

Assigned: Fund balance that is constrained by the School Board's intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by the Board.

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Unassigned: Fund balance that is the residual classification for the General fund. A negative unassigned fund balance may be reported if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

Restricted amounts are considered to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available. The School Board reduces committed amounts, followed by assigned amounts and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

O. INTERFUND TRANSACTIONS Quasi-external transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures, initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

P. SALES TAXES The East Carroll Parish School Board has three sales tax ordinances as follows:

The School Board has a one-percent parish-wide sales and use tax as authorized in a special election held December 1967. In accordance with the proposition approved by the voters of the parish, the net proceeds of the tax are to be used exclusively to supplement the payment of salaries for teachers in the public elementary and secondary schools of the parish and/or for the expenses of operating the schools. Such operating expenses include payment of salaries of other personnel employed by the School Board.

The School Board also has an additional one-percent sales and use tax as authorized in a special election held July 17, 1993. In accordance with the proposition approved by voters of the parish, the net proceeds of the tax are to be used for the purpose of salary enhancement for teachers and other employees of the School Board, to be divided annually on an equal basis among all employees.

In October 1998, voters approved another one-percent sales and use tax. In accordance with the proposition approved by the voters of the parish, the net proceeds of the tax are to be used for salary enhancements for teachers and other employees of the School Board, to be divided annually on an equal basis among all employees.

Q. BUDGETS

General Budget Practices The School Board follows these procedures in establishing the budgetary data reflected in the combined 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' budgets that are not grant oriented. Public hearings are conducted, prior to the Board's approval, to obtain taxpayer comments. Grant funds are included in special revenue funds and their budgets are adopted at the time the grant applications are approved by the governor. The operating budgets include proposed expenditures and the means of financing them.

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

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

**East Carroll Parish School Board
Notes to the Financial Statements
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Encumbrances Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed. However, outstanding purchase orders are taken into consideration before expenditures are incurred in order to assure that applicable appropriations are not exceeded.

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

R. 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.

S. ELIMINATIONS AND RECLASSIFICATIONS In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified.

Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

T. PENSIONS For purposes measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement systems and additions to/deductions from the retirements systems fiduciary net position have been determined on accrual basis, the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

U. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Excess of Expenditures Over Appropriation in Individual Funds The following individual fund had actual expenditures over budgeted expenditures for the year ended June 30, 2020:

Fund	Budget	Actual	Variance
General fund	\$ 9,522,755	\$ 9,592,696	\$ (69,941)

This variance was the result of unanticipated expenditures after the last budget revision.

NOTE 2 - LEVIED TAXES The School Board levies taxes on real and business personal property located within East Carroll Parish's boundaries. Property taxes are levied by the School Board on property values assessed by the East Carroll Parish Tax Assessor and approved by the Louisiana Tax Commission.

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

**East Carroll Parish School Board
Notes to the Financial Statements
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Property Tax Calendar

Millage rates adopted	July 9, 2019
Tax bills mailed	October 2019
Due date	December 31, 2019
Lien date	January 1, 2020
Tax sale date – 2019 delinquent property	August 26, 2020

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

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

A revaluation of all property is required after 1978 to be completed no less than every four years. The last revaluation was completed for the roll of January 1, 2016. Total assessed value was \$54,347,170 in calendar year 2019. 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 \$5,554,473 of the assessed value in calendar year 2019.

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

The tax roll is prepared by the parish tax assessor in October of each year. The collection of the 2019 property taxes occurs in December, and January and February of the next year. Historically, virtually all ad valorem taxes receivable were collected since they are secured by property. Therefore, there is no allowance for uncollectible taxes.

The following is a summary of maximum and levied (tax rate per \$1,000 Assessed Value) ad valorem taxes:

	<u>Maximum Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Parish-wide taxes:			
Constitutional	8.20	8.20	Statutory
Maintenance and operation	8.24	8.24	2028

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NOTE 3 - DEPOSITS As of June 30, 2020, the School Board has cash and cash equivalents (book balances) as follows:

Interest-bearing demand deposits:	
Statement A - Cash	\$ 6,254,067
Statement A - Investments (Time Deposits)	206,743
Statement G	160,171
Total deposits	6,620,981
Less: Deposits classified as investments	(206,743)
Total cash and cash equivalents	\$ 6,414,238

These deposits are stated at cost, which approximates market. The School Board’s policy requires that these deposits (or the resulting bank balances) be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Custodial Credit Risk-Deposits: This is the risk that in the event of a bank failure, the government’s deposit may not be returned to it. As of June 30, 2020, the School Board had a bank balance of \$6,820,368 in which \$6,113,626 was exposed to custodial credit risk because it was uninsured and secured by pledged securities held by the School Board’s agent but not in the School Board’s name. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 day of being notified by the School Board that the fiscal agent has failed to pay deposited funds upon request.

NOTE 4 - INVESTMENTS As of June 30, 2020, the School Board had the following investments:

	Fair Value	Weighted Average Maturity
Certificate of Deposit	\$ 206,743	< 1 Year
U.S. Treasury SLGS	900,000	2.7 Years
	\$ 1,106,743	

The School Board measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value as follows: Level 1 inputs are quoted prices for identical assets in active markets; Level 2 inputs are other observable inputs other than Level 1; and Level 3 inputs are other unobservable inputs.

The recurring fair value measurement for the U.S. Treasury securities totaling \$900,000 were determined using quoted market prices (Level 1). The nonnegotiable certificate of deposit is measured at cost. The School Board’s investment in U.S. Treasury SLGS is to be used exclusively for the QSCB 2011 principal payment due on March 1, 2023.

Interest Rate Risk: The School Board’s policy does not address interest rate risk.

Custodial Credit Risk – Investments: For an investment, this is the risk that, in the event of the failure of the counter party, the School Board will not be able to recover the value of its investments. The School Board’s investment of \$900,000 in U.S. Treasuries are registered in the School Board’s name held by the Trust department of a financial institution. The School Board’s policy does not address custodial credit risk.

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NOTE 5 - RECEIVABLES The receivables at June 30, 2020, are as follows:

	General	Title I	Education Stabilization	Nonmajor Governmental	Total
Taxes:					
Sales tax	\$ 185,708	\$ -	\$ -	\$ -	\$ 185,708
Intergovernmental - grants:					
Federal	-	194,596	344,701	425,422	964,719
State	21,872	-	-	-	21,872
Other	28,328	-	-	-	28,328
Total	<u>\$ 235,908</u>	<u>\$ 194,596</u>	<u>\$ 344,701</u>	<u>\$ 425,422</u>	<u>\$ 1,200,627</u>

The School Board expects to collect these balances in full; therefore, no allowance for doubtful accounts was established.

NOTE 6 - CAPITAL ASSETS Capital asset balances and activity for the year ended June 30, 2020 is as follows:

	Balance Beginning	Additions	Deletions	Balance Ending
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 318,180	\$ -	\$ -	\$ 318,180
Total capital assets, not being depreciated	<u>318,180</u>	<u>-</u>	<u>-</u>	<u>318,180</u>
Capital assets, being depreciated:				
Buildings and improvements	11,524,665	-	-	11,524,665
Furniture and equipment	1,563,215	-	-	1,563,215
Total capital assets, being depreciated	<u>13,087,880</u>	<u>-</u>	<u>-</u>	<u>13,087,880</u>
Less accumulated depreciation				
Buildings	7,262,028	349,242	-	7,611,270
Furniture and equipment	1,158,450	63,631	-	1,222,081
Total accumulated depreciation	<u>8,420,478</u>	<u>412,873</u>	<u>-</u>	<u>8,833,351</u>
Depreciable capital assets, net	<u>4,667,402</u>	<u>(412,873)</u>	<u>-</u>	<u>4,254,529</u>
Governmental activities capital assets, net	<u>\$ 4,985,582</u>	<u>\$ (412,873)</u>	<u>\$ -</u>	<u>\$ 4,572,709</u>

Depreciation expense was charged to governmental activities as follows:

	Amount
Regular programs	\$ 310,980
Other instructional programs	4,224
School administration	13,970
Plant services	11,406
Student transportation services	41,826
Food services	30,467
Total depreciation expense	<u>\$ 412,873</u>

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NOTE 7 - PENSION PLANS

Plan Descriptions

The School Board is a participating employer in two statewide, public employee retirement systems, the Louisiana School Employees' Retirement System (LSERS) and the Teacher's Retirement System of Louisiana (TRSL). Both systems have separate boards of trustees and administer cost-sharing, multiple-employer defined benefit pension plans, including classes of employees with different benefits and contribution rates (sub-plans). Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of all sub-plans administered by these systems to the State Legislature. Each system issues a public report that includes financial statements and required supplementary information. Copies of these reports for LSERS and TRSL may be obtained at www.lsers.net and www.trsl.org, respectively.

LSERS Retirement Benefits

LSERS administers a plan to provide retirement, disability, and survivor's benefits to non-teacher school employees excluding those classified as lunch workers and their beneficiaries as defined in R.S. 11:1001. The age and years of creditable service (service) required in order for a member to receive retirement benefits are established by R.S. 11:1141-1153 and vary depending on the member's hire date.

A member who joined the system on or after July 1, 2015 is eligible for normal retirement if he has at least 5 years of creditable service and is at least age 62. A member who joined between July 1, 2010 and June 30, 2015 is eligible for normal retirement if he has at least 5 years of creditable service and is at least age 60. A member who joined the system on or before June 30, 2010 is eligible for normal retirement if he has at least 30 years of creditable service regardless of age, 25 years of creditable service and is at least age 55, or 10 years of creditable service and is at least age 60. All members are eligible for retirement with 20 years of creditable service regardless of age with an actuarially reduced benefit.

For members who joined the system prior to July 1, 2006, the maximum retirement benefit is an amount equal to 3 1/3% of the average compensation for the 3 highest consecutive years of membership service, subject to the 10% salary limitation, multiplied by the number of years of service limited to 100% of final average compensation plus a supplementary allowance of \$2.00 per month for each year of service. For members who joined the system on or after July 1, 2006 through June 30, 2010, 3 1/3% of the average compensation is used to calculate benefits, however, the calculation consists of the five highest consecutive years of membership service, subject to the 10% salary limitation. For members who joined the system on or after July 1, 2010, 2 1/2% of the average compensation is used to calculate benefits and consists of the five highest consecutive years' average salary, subject to the 15% salary limitation. The supplemental allowance was eliminated for members entering the plan on or after July 1, 1986. Effective January 1, 1992, the supplemental allowance was reinstated to all members whose service retirement became effective after July 1, 1971.

A member is eligible to retire and receive disability benefits if the member has at least 5 years of creditable service, is not eligible for normal retirement and has become totally and permanently disabled and is certified as disabled by the Medical Board. A vested person with twenty or more years of creditable service who has withdrawn from active service prior to the age at which that person is eligible for retirement benefits, is eligible for a disability benefit until normal retirement age. A member who joins the system on or after July 1, 2006, must have at least 10 years of service to qualify for disability benefits.

Upon the death of a member with five or more years of creditable service, the plan provides benefits for surviving spouses and minor children. Under certain conditions outlined in the statutes, a spouse is entitled to 75% of the member's benefit.

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TRSL Retirement Benefits

TRSL administers a plan to provide retirement, disability, and survivor benefits to employees who meet the legal definition of a “teacher” as provided for in R.S. 11:701. Statutory changes closed existing, and created new sub-plans for members hired on or after January 1, 2011. The age and years of creditable service required for a member to receive retirement benefits are established by R.S. 11:761 and vary depending on the member’s hire date. The computation for retirement benefits is defined in R.S. 11:768.

Most of the TRSL members at the School Board are participants in the Regular Plan. In the regular plan, eligibility for retirement is determined by the date the member joined TRSL. Members hired prior to January 1, 2011, are eligible to receive retirement benefits (1) at the age of 60 with five years of service, (2) at the age of 55 with at least 25 years of service, or (3) at any age with at least 30 years of service. Members hired between January 1, 2011, and June 30, 2015, are eligible to retire at age 60 with five years of service. Members hired on or after July 1, 2015, are eligible to retire at age 62 with five years of service. All regular plan members are eligible to retire at any age with 20 years of service but the benefit is actuarially-reduced if the member is hired on or after July 1, 1999. Retirement benefits for regular plan members are calculated by applying a percentage ranging from 2% to 2.5% of final average compensation multiplied by years of creditable service. Average compensation is defined in R.S. 11:701 as the member’s average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to January 1, 2011, or highest 60 consecutive months of employment for members employed on or after that date.

Under R.S. 11:778 and 11:779, members who have suffered a qualified disability are eligible for disability benefits if employed prior to January 1, 2011, and attained at least five years of service or if employed on or after January 1, 2011, and attained at least ten years of service. Members employed prior to January 1, 2011, receive disability benefits equal to 2.5% of average compensation multiplied by the years of service but not more than 50% of average compensation subject to statutory minimums. Members employed on or after January 1, 2011, receive disability benefits equivalent to the regular retirement formula without reduction by reason of age.

Survivor benefits are provided for in R.S. 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, at least two of which were earned immediately prior to death, or must have had a minimum of 20 years of service regardless of when earned in order for a benefit to be paid to a minor or handicapped child. The minimum service credit requirement is ten years for a surviving spouse with no minor children. Surviving spouse benefits are equal to 50% of the benefit to which the member would have been entitled if retired on the date of death using a factor of 2.5% regardless of years of service or age, or \$600 per month, whichever is greater. Benefits are payable to an unmarried child until age 21, or age 23 if the child remains a full-time student. Benefits are paid for life to a qualified handicapped child. Benefits are paid for life to a surviving spouse unless the deceased active member has less than 20 years of creditable service and the surviving spouse remarries before the age of 55.

Deferred Retirement Option Program (DROP)

Both LSERS and TRSL have established a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period up to three years. The election is irrevocable once participation begins. During participation, benefits otherwise payable are fixed and deposited in an individual DROP account. Upon leaving DROP and terminating employment, members must choose among available alternatives for the distribution of benefits that have accumulated in their DROP accounts. Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial lump-sum benefit option in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits.

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Cost of Living Adjustments

As fully described in Title 11 of the Louisiana Revised Statutes, LSERS and TRSL allow for the payment of ad hoc permanent benefit increases, also known as cost of living adjustments (COLAs), which are funded through investment earnings when recommended by the retirement systems' board of trustees and approved by the Legislature. Both LSERS and TRSL have established an experience account to fund permanent benefit increases for retirees. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as these ad hoc COLAs were deemed not to be substantively automatic.

Contributions

Employee contribution rates are established by R.S. 11:62. Employer contribution rates are established annually under R.S. 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the respective pension system actuary. Employer contribution rates are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Each LSERS and TRSL sub-plan pays a separate actuarially-determined employer contribution rate. However, all assets of the pension plan are used for the payment of benefits for all classes of members, regardless of their sub-plan membership. For those members participating in the TRSL defined contribution ORP, a portion of the employer contributions is used to fund the TRSL defined benefit plan's unfunded accrued liability.

Employer contributions to LSERS for fiscal year 2020 were \$143,932, with active member contributions ranging from 7.5% to 8.0%, and employer contributions of 29.4%. Employer defined benefit plan contributions to TRSL for fiscal year 2020 were \$1,326,553, with active member contributions of 8.0%, and employer contributions of 26.0%. Non-employer contributions to TRSL, which are comprised of \$61,278 from ad valorem taxes and revenue sharing funds and \$6,154 from the State for PIP salaries, totaled \$67,432 for fiscal year 2020. These non-employer contributions were recorded as revenue and were used as employer contributions.

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

At June 30, 2020, the School Board reported liabilities of \$1,166,646 and \$9,149,237 under LSERS and TRSL, respectively, for its proportionate share of the Net Pension Liability (NPL). The NPL will be liquidated through the contributions to the pension plans from the governmental fund in which the related salary was paid. The NPL for LSERS and TRSL was measured as of June 30, 2019, and the total pension liabilities used to calculate the NPL were determined by actuarial valuations as of that date. The School Board's proportions of the NPL were based on projections of the School Board's long-term share of contributions to the pension plans relative to the projected contribution of all participating employers, actuarially determined. The School Board's projected contribution effort was calculated by multiplying the eligible annual compensation of active members in the Plan as of June 30, 2019, by the fiscal year 2020 actuarially required contribution rates. As of June 30, 2019, the most recent measurement date, the School Board's proportions and the changes in proportion from the prior measurement date were 0.1666490%, or an increase of 0.0146380% for LSERS and 0.09219% or a decrease of 0.02307% for TRSL.

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For the year ended June 30, 2020, the School Board recognized a total pension expense (benefit) of \$741,625, for defined benefit plans, or \$254,472 and \$487,153 for LSERS and TRSL, respectively. At June 20, 2020, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions as components of unrestricted net position from the following sources:

	Deferred Outflows			Deferred Inflows		
	LSERS	TRSL	Total	LSERS	TRSL	Total
Differences between expected and actual experience	\$ -	\$ -	\$ -	\$ 29,078	\$ 285,917	\$ 314,995
Changes of assumptions	44,881	650,437	695,318	-	-	-
Net difference between projected and actual earnings on pension plan investments	33,822	-	33,822	-	338,623	338,623
Changes in proportion and differences between employer contributions and proportionate share of contributions	144,338	1,276,774	1,421,112	1,549	2,213,160	2,214,709
Employer contributions subsequent to the measurement date	143,932	1,326,553	1,470,485	-	-	-
Total	<u>\$ 366,973</u>	<u>\$ 3,253,764</u>	<u>\$ 3,620,737</u>	<u>\$ 30,627</u>	<u>\$ 2,837,700</u>	<u>\$ 2,868,327</u>

Deferred outflows of resources related to pensions resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the LSERS and TRSL NPL in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>LSERS</u>	<u>TRSL</u>	Total
2021	\$ 146,112	\$ (211,393)	\$ (65,281)
2022	10,563	(371,996)	(361,433)
2023	20,458	(13,509)	6,949
2024	15,281	(313,591)	(298,310)

**East Carroll Parish School Board
Notes to the Financial Statements
June 30, 2020**

Actuarial Assumptions

The total pension liabilities for LSERS and TRSL in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurements:

	<u>LSERS</u>	<u>TRSL</u>
Valuation Date	June 30, 2019	June 30, 2019
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Expected Remaining Service Lives	3 years, closed period	5 years, closed period
Investment Rate of Return	7.00%, net of investment expenses	7.55%, net of investment expenses
Inflation Rate	2.50% per annum	2.50% per annum
Mortality - Non-disabled Active	RP-2014 Employee Table with Blue Collar Adjustment, 130% for males and 115% for females, each with the full generational MP-2017 scale	RP-2014 White Collar Employee tables, adjusted by 1.010 for males and by 0.997 for females
Mortality - Non-disabled Retiree	RP-2014 Healthy Annuitant Table with Blue Collar Adjustment, 130% for males and 115% for females, each with the full generational MP-2017 scale	RP-2014 White Collar Healthy Annuitant tables, adjusted by 1.366 for males and by 1.189 for females
Mortality - Disabled	RP-2014 Disabled Tables for Males and Females, with the full generational MP-2017 scale	RP-2014 Disability tables, adjusted by 1.111 for males and by 1.134 for females Base tables for active, non-disabled retirees, and disabled retirees are adjusted from 2014 to 2018 using the MP-2017 generational improvement table, with continued future mortality improvement projected using the MP-2017 generational mortality improvement tables.
Termination, Disability, Retirement	2012-2017 experience study	2012-2017 experience study
Salary Increases	3.25% (2.50% inflation/0.75% merit)	3.3% to 4.8% varies depending on duration of service
Cost of Living Adjustments	Non substantively automatic	Non substantively automatic

Changes of assumptions. For LSERS, as a result of the experience study performed in 2018, the LSERS Board of Trustees approved a reduction in the discount rate from 7.125% to 7.00% over two years. The discount rate was decreased from 7.0625% used in the 2018 valuation to 7.00%.

The TRSL discount rate used in the June 30, 2019 net pension liability valuation was decreased from the 7.65% used in the June 30, 2018 valuation to 7.55%. The discount rate was reduced in accordance with the TRSL Board's adopted plan to reduce the discount rate to 7.5% in 0.05% annual increments. The TRSL Board accelerated the discount rate reduction plan resulting in a reduction of the discount rate by 0.10% for the June 30, 2019 valuation. In fiscal year 2020, the TRSL Board accelerated the discount rate reduction plan again and a 7.45% rate was used to determine the projected actuarially required contribution rates for the 2020/2021 fiscal year.

East Carroll Parish School Board
Notes to the Financial Statements
June 30, 2020

For LSERS, 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 resulting expected long-term rate of return was 8.76% for 2019.

For TRSL, the long-term expected rate of return was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return was 8.48% for 2019.

Best estimates of arithmetic real rates of return for each major asset class are summarized for each plan in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
LSERS (arithmetic)		
Fixed income	26.00%	1.07%
Equity	39.00%	2.93%
Alternative Investments	17.00%	1.43%
Real Estate	12.00%	0.73%
Real Assets	6.00%	0.60%
Total	<u>100.00%</u>	<u>6.76%</u>
Inflation		<u>2.00%</u>
Expected Arithmetic Nominal Return		<u>8.76%</u>
TRSL (arithmetic)		
Domestic equity	27.00%	4.60%
International equity	19.00%	5.70%
Domestic fixed income	13.00%	1.69%
International fixed income	5.50%	2.10%
Private assets	25.50%	8.67%
Other private assets	10.00%	3.65%
Total	<u>100.00%</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.00% for LSERS and 7.55% for TRSL. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers will be made at actuarially determined rates approved by the Public Employees' Retirement Systems Actuarial Committee (PRSAC) taking into consideration the recommendation of the System's actuary. Based on those assumptions, 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.

Sensitivity of the proportionate share of the NPL to changes in the discount rate. The following presents the School Board's proportionate share of the NPL for LSERS and TRSL using the current discount rate as well as what the

East Carroll Parish School Board
Notes to the Financial Statements
June 30, 2020

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:

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
	6.00% LSERS	7.00% LSERS	8.00% LSERS
	6.55% TRSL	7.55% TRSL	8.55% TRSL
LSERS	\$ 1,581,039	\$ 1,166,646	\$ 812,398
TRSL	12,178,944	9,149,237	6,595,657

Pension plan fiduciary net position. Detailed information about LSERS and TRSL fiduciary net position is available in the separately issued financial reports referenced above.

Payables to the Pension Plan. At June 30, 2020, the School Board had no payables to LSERS or TRSL for the June 2020 employee and employer legally required contributions.

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS

Plan Description - In accordance with state statutes, the School Board provides certain continuing health care and life insurance benefits for its retired employees on a pay-as-you-go basis. The School Board OPEB plan is a single-employer defined benefit “substantive plan” as understood by past practices of the School Board and its employees. Although no written plan or trust currently exists or is sanctioned by law, the OPEB plan is reported based on communication to plan members. No stand-alone financial report was prepared. Substantially all of the School Board’s employees become eligible for these benefits if they reach normal retirement age while working for the School Board. These benefits and similar benefits for active employees are provided through the Office of Group Benefits, whose monthly premiums are paid jointly by the employee and the School Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided and Funding Policy – The plan provides medical and life insurance benefits for retirees and their dependents. The contribution requirements of plan members and the School Board are established and may be amended by LRS 42:801-883. Employees do not contribute to their post-employment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute approximately 25% of the medical premium with the School Board contributing the balance. This percentage will be greater for eligible retirees with less than 20 years of service. Medical coverage is provided through options under the Louisiana Office of Group Benefits (OGB). A Medicare supplement benefit is provided at Medicare eligibility. Benefits continue for life.

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

Employees Covered by Benefit Terms – In the July 1, 2019 valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	122
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	90
Total	212

Total OPEB Liability – The School Board’s total OPEB liability of \$39,255,572 was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019. The liability will be liquidated by the General fund.

East Carroll Parish School Board
Notes to the Financial Statements
June 30, 2020

Actuarial Assumptions and Other Inputs – The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry age normal
Inflation	2.20%
Discount rate	2.21% based on the Bond Buyer General Obligation 20-Bond Municipal Index
Healthcare cost trend rates	Range from 6.2%-3.7% for pre-65 and 5.4%-3.7% for post-65, using an inflation rate of 2.2% and without ACA Excise Tax
Mortality- Pre-retirement	Sex-distinct Pub-2010 General Mortality Table for employees, projected generationally using improvement scale MP-2019
Mortality- Post-retirement	Sex-distinct Pub-2010 General Mortality Table for retirees, projected generationally using improvement scale MP-2019
Mortality- Disability retirement	Sex-distinct Pub-2010 General Mortality Table for disabled participants, projected generationally using improvement scale MP-2019
Withdrawal rates	Range from 9.0% at ages 25 to 4.0% at ages 50 and over
Retirement rates	Ranges from 4.0% at age 39 increasing to 25.6% at age 60, declining 21.9% at age 69. Age 73 and older is 100%.
Salary increase	2.20% including inflation

The Plan has not had a formal actuarial experience study performed. Utilizing the “pay-as-you-go” method, the School Board contributed \$672,918 in benefits payments.

Changes of assumptions: The discount rate was adjusted from 3.50% to 2.21%, the bond buyer 20-general obligation index as of June 30, 2020 as required by GASB 75. The mortality tables were changed from the RP-2014 Total Dataset Mortality Table projected backward to 2006 with Mortality Improvement Scale MP-2014 then forward with Mortality Improvement Scale MP-2018 on a generational basis to the Sex-distinct Pub-2010 General Mortality Table projected generationally using improvement scale MP-2019. The inflation rate was lowered from 2.30% to 2.20%.

Changes in the Total OPEB Liability:

	<u>Total OPEB Liability</u>
Balance at July 1, 2019	\$ 33,579,450
Changes for the year:	
Service cost	764,164
Interest	1,139,383
Differences between expected and actual experience	(1,385,672)
Changes in assumptions or other inputs	5,831,165
Benefit payments	<u>(672,918)</u>
Net changes	<u>5,676,122</u>
Balance at June 30, 2020	<u><u>\$ 39,255,572</u></u>

East Carroll Parish School Board
Notes to the Financial Statements
June 30, 2020

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the School Board, as well as what the School Board’s total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.21%) and one percentage point higher (3.21%) than the current discount rate.

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	\$ 46,321,710	\$ 39,255,572	\$ 33,667,836

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the School Board, as well as what the School Board’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.2% - 2.7% for pre-65 and 4.4% - 2.7% for post-65) and one percentage point higher (7.2% - 4.7% for pre-65 and 6.4% - 4.7% for post-65) than the current healthcare cost trend rates.

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	\$ 33,259,970	\$ 39,255,572	\$ 46,888,745

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2020, the School Board recognized OPEB expense of \$4,326,921. At June 30, 2020, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 488,343	\$ 989,766
Changes in assumptions	5,157,867	-
Total	\$ 5,646,210	\$ 989,766

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

Year ended June 30:	
2021	\$ 2,352,369
2022	1,669,005
2023	635,070

NOTE 9 - ACCOUNTS, SALARIES AND OTHER PAYABLES The payables at June 30, 2020 are as follows:

	General	Title I	Education Stabilization	Nonmajor Governmental	Total
Salaries and benefits	\$ 468,225	\$ 67,019	\$ 67,630	\$ 78,748	\$ 681,622
Accounts	59,882	11,749	91,907	73,998	237,536
Total	\$ 528,107	\$ 78,768	\$ 159,537	\$ 152,746	\$ 919,158

NOTE 10 - COMPENSATED ABSENCES At June 30, 2020, employees of the School Board have accumulated and vested \$421,317 of employee leave benefits, including \$6,022 of salary-related benefits. These employee leave benefits were computed in accordance with GASB Codification Section C60.

**East Carroll Parish School Board
Notes to the Financial Statements
June 30, 2020**

NOTE 11 - INTERFUND TRANSACTIONS (FFS LEVEL ONLY)

Interfund receivable/payable:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Title I	\$ 115,828
General	Education Stabilization	124,404
General	Nonmajor Governmental	61,513
Total		<u>\$ 301,745</u>

The purpose of interfund receivable/payables between the General fund, Title I, Education Stabilization and Nonmajor Governmental funds is to cover expenditures on cost reimbursement programs until reimbursements are received.

Interfund transfers:

<u>Transfers in</u>	<u>Transfers out</u>	<u>Amount</u>
Nonmajor Governmental	General Fund	<u>\$ 258,192</u>

The General fund transferred money to the Debt Service fund to account for current year debt transactions.

NOTE 12 - AGENCY FUND DEPOSITS DUE OTHERS A summary of changes in agency fund deposits due others follows:

	<u>Balance, Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, Ending</u>
Agency fund:				
School Activities	\$ 149,690	\$ 169,764	\$ 159,283	\$ 160,171

NOTE 13 - LONG-TERM DEBT The following is a summary of the long-term obligation transactions for the year ended June 30, 2020:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<u>Governmental Activities</u>					
Private placement revenue bonds:					
Certificate of Indebtedness, Series 2004	\$ 23,000	\$ -	\$ 23,000	\$ -	\$ -
Excess Revenue Refunding Bonds, Series 2012	131,000	-	131,000	-	-
QSCB Revenue Bonds, Series 2011	1,200,000	-	-	1,200,000	-
Other liabilities:					
Compensated absences	452,664	342,768	374,115	421,317	374,115
Governmental activities					
Total long-term debt	<u>\$ 1,806,664</u>	<u>\$ 342,768</u>	<u>\$ 528,115</u>	<u>\$ 1,621,317</u>	<u>\$ 374,115</u>

The compensated absences liability attributable to the governmental activities will be liquidated 100% by the General fund.

East Carroll Parish School Board
Notes to the Financial Statements
June 30, 2020

The School Board issues debt to construct, acquire and improve energy facilities and equipment as part of an energy retrofit project. Payments on the private placement debt are made from the General fund through transfers to the Debt Service fund.

The private placement individual bond issues are as follows:

<u>Bond Issue</u>	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Final Due</u>	<u>Interest to Maturity</u>	<u>Principal Outstanding</u>
QSCB Revenue Bonds, Series 2011	\$ 1,200,000	1.250%	2023	\$ 45,000	\$ 1,200,000

All principal and interest requirements are funded from general operating funds of the General fund. The School Board's debt service requirements are due as follows:

<u>Year ending June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2021	\$ -	\$ 15,000	\$ 15,000
2022	-	15,000	15,000
2023	1,200,000	15,000	1,215,000
Total	<u>\$ 1,200,000</u>	<u>\$ 45,000</u>	<u>\$ 1,245,000</u>

In accordance with the Louisiana Revised Statutes 39:562, the School Board is legally restricted from incurring long-term bonded debt in excess of 35% of the assessed value of taxable property. At June 30, 2020, the statutory limit was \$19,021,509 and the outstanding net bonded debt totaled \$0.

Pledged Revenue

In February 2011, the School Board issued \$1,200,000 in taxable Qualified School Construction Bonds (QSCB) to finance the renovation and repair of public school facilities. The School Board has pledged, as security for the bonds, a portion of the 8.2 mills constitutional ad valorem tax. The bonds are payable solely from constitutional tax collected and are payable through 2023. Annual sinking fund and interest payments are expected to require approximately 29% of the tax revenues over the next three years. Total sinking fund contributions and interest remaining to be paid on the QSCB bonds is \$300,000 in sinking fund contributions and \$45,000 in interest. For the year ended June 30, 2020, the School Board received \$396,952 from the collection of the 8.2 mills and paid \$15,000 in debt service interest payments and made the required annual contribution of \$100,000 into the QSCB sinking fund investment account.

NOTE 14 - RISK MANAGEMENT The School Board is at risk for property damage, liability and theft which are covered by insurance policies. The School Board is also fully insured for workers' compensation. Settled claims have not exceeded commercial insurance in any of the past three years.

NOTE 15 - LITIGATION AND CLAIMS

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

Grant Disallowance The School Board participates in a number of state and federally assisted grant programs. These programs are subject to compliance audits under the single audit approach. Such audits could lead to request for reimbursement by the grantor agency for expenditures disallowed under the terms of the grants. School Board management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

East Carroll Parish School Board
Notes to the Financial Statements
June 30, 2020

Energy Performance Contract The School Board entered into an energy performance contract with TAC Americas, Inc. in November 2004. The contract includes a stipulated operational savings. The Louisiana Attorney General issued an opinion (A.G. Opinion No. 07-0002) regarding a similar contract with another School Board and concluded that some of these contracts may not meet the statutory definition of a performance based energy contract.

NOTE 16 - ON-BEHALF PAYMENTS FOR FRINGE BENEFITS AND SALARIES On-behalf payments for fringe benefits and salaries are direct payments made by an entity (the paying agent) to a third-party recipient for the employees of another, legally separate entity (the employer entity). GASB Statement No. 24 requires employer governments to recognize revenue and expenditures or expenses for these on-behalf payments.

The Parish Tax Collector makes retirement remittances to the teacher’s retirement system of the State of Louisiana. These remittances are a portion of the property taxes and state revenue sharing collected which are statutorily set aside for teacher’s retirement. The basis for recognizing the revenue and expenditure payments is the actual contribution made by the Tax Collector’s office. For 2019, the Tax Collector paid the Teacher’s Retirement System of Louisiana \$61,278.

The State of Louisiana made pension contributions (regarding Professional Improvement Program) directly to the Teachers' Retirement System of Louisiana on behalf of the School Board in the amount of \$6,154. This amount was recognized as state revenue and as employer contributions to the TRSL pension plan.

NOTE 17 - FUND BALANCE CLASSIFICATION DETAILS The following are details of the fund balance classifications.

	General	Debt Service	Nonmajor Governmental	Total
Nonspendable	\$ -	\$ -	\$ 2,754	\$ 2,754
Restricted for:				
Grants	19,489	-	527,545	547,034
School construction	-	-	5,879	5,879
Debt service	-	900,000	-	900,000
Salary enhancements	416,304	-	-	416,304
Unassigned	5,712,302	-	-	5,712,302
Total	\$ 6,148,095	\$ 900,000	\$ 536,178	\$ 7,584,273

NOTE 18 - TAX ABATEMENTS The School Board is subject to tax abatements granted by the Louisiana Department of Economic Development, Office of Commerce and Industry. Louisiana has a ten-year industrial exemption law that provides any manufacturing establishment entering Louisiana, or any manufacturing establishment expanding its Louisiana facilities is eligible to receive exemption on buildings and equipment from state, parish and local property taxes for a period of ten years. The exemption is for the “contract” value of buildings or equipment used by the business. When the exemption expires, the property is to be placed on the tax roll at 15% of its current market value. The amount of tax abatement under this program during the fiscal year ended June 30, 2020 by authorized millage is as follows:

Tax Code	Millage	Assessed Valuate Lost to ITEP	Estimated Tax Dollar Lost to ITEP
Constitutional	8.20	\$ 59,582	\$ 491
Maintenance and operations	8.24	59,582	489
			\$ 980

East Carroll Parish School Board
Notes to the Financial Statements
June 30, 2020

NOTE 19 - NEW GASB STANDARD In May 2020, the Governmental Accounting Standards Board issued Statement No. 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance*. This statement extended the effective dates of certain accounting and financial reporting provisions in Statements and Implementation Guides. The primary objective of GASB Statement No. 95 was to provide temporary relief to governments and other stakeholders in the light of the COVID-19 pandemic. The School Board implemented this Statement for fiscal year ended June 30, 2020.

NOTE 20 - CHANGE IN PRESENTATION In prior year, the Debt Service was reported as a nonmajor fund and in the current year is reported as a major fund due to the size of its assets. Education Stabilization is a new fund for the current year and is required to be reported as a major fund due to the size of its liabilities.

NOTE 21 - SUBSEQUENT EVENTS In March 2021, the School Board was notified by the Louisiana Department of Education of the School Board's allocation from the Elementary and Secondary School Emergency Relief Fund (ESSER II and ESSER III). ESSER II and ESSER III are federally funded cost reimbursement grants established by the CARES Act. East Carroll Parish School Board's total allocation is estimated to be approximately \$4.2 million for ESSER II and \$9.4 million for ESSER III. Fifty percent of ESSER II (\$2.1 million) and twenty percent of ESSER III (\$1.9 million) was awarded to the School Board in March 2021.

In May 2021, the School Board awarded a bid contract for the construction of a new central office. The total cost of the project is estimated to be approximately \$491,600 thousand. This project will be funded by a \$271,600 grant from the State of Louisiana's Capital improvement Fund and \$220,000 from the general fund's excess fund balance.

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REQUIRED SUPPLEMENTARY INFORMATION

East Carroll Parish School Board

Exhibit 1

**SCHEDULE OF CHANGES IN THE SCHOOL BOARD'S TOTAL OPEB
LIABILITY AND RELATED RATIOS**
Last Three Fiscal Years

Total OPEB Liability	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 764,164	\$ 727,473	\$ 699,106
Interest cost	1,139,383	1,111,814	973,727
Differences between expected and actual experience	(1,385,672)	-	2,116,155
Changes in assumptions or other inputs	5,831,165	1,740,860	653,044
Benefit payments	<u>(672,918)</u>	<u>(653,184)</u>	<u>(574,025)</u>
Net changes	<u>5,676,122</u>	<u>2,926,963</u>	<u>3,868,007</u>
Total OPEB liability - beginning	<u>33,579,450</u>	<u>30,652,487</u>	<u>26,784,480</u>
Total OPEB liability - ending	<u>\$ 39,255,572</u>	<u>\$ 33,579,450</u>	<u>\$ 30,652,487</u>
Covered payroll	\$ 6,393,547	\$ 6,376,753	\$ 7,229,454
Total OPEB liability as a percentage of covered payroll	613.99%	526.59%	423.99%

Notes to Schedule:

Changes of Assumptions

<u>Discount Rate:</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
	2.21%	3.50%	3.87%

Based on the respective year-end's June 30th Bond Buyer GO 20 Municipal Bond index rate.

<u>Inflation Rate:</u>	2.20%	2.30%	2.30%
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Mortality Rates:

2018-2019: RP-2014 Mortality Tables projected backward to 2006 with Mortality Improvement Scale MP-2014 and then forward with Mortality Improvement Scale MP-2018 on a generational basis.

2020: Sex-distinct Pub-2010 General Mortality Tables, projected generationally using improvement scale MP-2019.

No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related benefits.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is presented.

East Carroll Parish School Board

Exhibit 2-1

SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Last Six Fiscal Years

<u>Fiscal Year</u>	<u>Employer's Proportion of the Net Pension Liability</u>	<u>Employer's Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
Louisiana School Employees' Retirement System					
2015	0.162521%	\$ 943,669	\$ 456,069	207%	76.18%
2016	0.167489%	1,062,096	407,986	260%	74.49%
2017	0.130881%	987,297	371,871	265%	70.09%
2018	0.115099%	736,550	329,491	224%	75.03%
2019	0.152011%	1,015,642	438,482	232%	74.44%
2020	0.166649%	1,166,646	481,904	242%	73.49%
Teacher's Retirement System of Louisiana					
2015	0.12106%	\$ 12,373,974	\$ 6,142,496	201%	63.7%
2016	0.11145%	11,983,313	5,789,766	207%	62.5%
2017	0.10909%	12,803,292	5,325,200	240%	59.9%
2018	0.10264%	10,522,424	5,235,850	201%	65.6%
2019	0.11526%	11,327,579	6,103,995	186%	68.2%
2020	0.09219%	9,149,237	5,229,316	175%	68.6%

Notes:

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is presented.

East Carroll Parish School Board

Exhibit 2-2

SCHEDULE OF EMPLOYER'S CONTRIBUTIONS TO PENSION PLANS
Last Six Fiscal Years

<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
Louisiana School Employees' Retirement System					
2015	\$ 126,822	\$ 126,822	\$ -	\$ 407,986	31.1%
2016	112,305	112,305	-	371,871	30.2%
2017	89,951	89,951	-	329,491	27.3%
2018	121,021	121,021	-	438,482	27.6%
2019	134,933	134,933	-	481,904	28.0%
2020	143,932	143,932	-	489,566	29.4%
Teacher's Retirement System of Louisiana					
2015	\$ 1,616,916	\$ 1,616,916	\$ -	\$ 5,789,766	27.9%
2016	1,400,527	1,400,527	-	5,325,200	26.3%
2017	1,335,142	1,335,142	-	5,235,850	25.5%
2018	1,623,663	1,623,663	-	6,103,995	26.6%
2019	1,396,227	1,396,227	-	5,229,316	26.7%
2020	1,326,553	1,326,553	-	5,102,126	26.0%

Notes:

The amounts presented were determined as of the fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is presented.

East Carroll Parish School Board

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR PENSIONS

Louisiana School Employees' Retirement System

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

Changes in assumptions: The following is a detailed description of changes in assumptions.

Report Date	Valuation Date	Investment Rate of Return	Inflation Rate	Mortality Non-disabled Active	Mortality Non-disabled Retiree	Mortality Disabled	Termination, Disability, Retirement	Salary Increases
June 30,								
2015	2014	7.25% (net of investment a expense)	2.75% per annum	RP-2000 Combined Healthy Sex Distinct Tables	RP-2000 Combined Healthy Sex Distinct Tables	RP-2000 Disabled Lives Mortality Tables for Males and Females	2008-2012 experience study	3.2% to 5.5%
2016	2015	7.00% (net of investment and administrative expenses)	2.75% per annum	RP-2000 Combined Healthy Sex Distinct Tables	RP-2000 Combined Healthy Sex Distinct Tables	RP-2000 Disabled Lives Mortality Tables for Males and Females	2008-2012 experience study	3.2% to 5.5%
2017 & 2018	2016 & 2017	7.125% (net of investments expenses)	2.625% per annum	RP-2000 Combined Healthy Sex Distinct Tables	RP-2000 Combined Healthy Sex Distinct Tables	RP-2000 Disabled Lives Mortality Tables for Males and Females	2008-2012 experience study	3.075% to 5.375%
2019	2018	7.0625% (net of investments expenses)	2.50% per annum	RP-2014 Employee Table with Blue Collar Adjustment, 130% for males and 115% for females, each with the full generational MP-2017 scale.	RP-2014 Healthy Annuitant Table with Blue Collar Adjustment, 130% for males and 115% for females, each with the full generational MP-2017 scale.	RP-2014 Disabled Tables for Males and Females, with the full generational MP-2017 scale.	2012-2017 experience study	3.25%
2020	2019	7.00% (net of investments expenses)	2.50% per annum	RP-2014 Employee Table with Blue Collar Adjustment, 130% for males and 115% for females, each with the full generational MP-2017 scale.	RP-2014 Healthy Annuitant Table with Blue Collar Adjustment, 130% for males and 115% for females, each with the full generational MP-2017 scale.	RP-2014 Disabled Tables for Males and Females, with the full generational MP-2017 scale.	2012-2017 experience study	3.25%

(Continued)

East Carroll Parish School Board

Teacher's Retirement System of Louisiana

Changes in Benefit Terms: Members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after July 1, 2015 may retire with a 2.5% benefit factor after attaining the age of 62 with at least 5 years of service credit and are eligible for an actuarially reduced benefit with 20 years of service at any age. This benefit change raised the age requirement from 60 years of age for members hired after January 1, 2011.

Changes in assumptions: The following is a detailed description of changes in assumptions.

Report Date	Valuation Date	Investment Rate of Return	Inflation Rate	Mortality Non-disabled Active	Mortality Non-disabled Retiree	Mortality Disabled	Termination, Disability, Retirement	Salary Increases
2015, 2016, & 2017	June 30, 2014, 2015, & 2016	7.75% (net of investment expense)	2.50% per annum	RP-2000 Mortality Table with projection to 2025 using scale AA	RP-2000 Mortality Table with projection to 2025 using scale AA	RP-2000 Disabled Lives Mortality Table	2008-2012 experience study	3.5% to 10.0%
2018	2017	7.70% per annum	2.50% per annum	RP-2000 Mortality Table with projection to 2025 using scale AA	RP-2000 Mortality Table with projection to 2025 using scale AA	RP-2000 Disabled Lives Mortality Table	2008-2012 experience study	3.5% to 10.0%
2019	2018	7.65% per annum	2.50% per annum	RP-2014 White Collar Employee tables, adjusted by 1.010 for males and by 0.997 for females ***	RP-2014 White Collar Healthy Annuitant tables, adjusted by 1.366 for males and by 1.189 for females ***	RP-2014 Disability tables, adjusted by 1.111 for males and by 1.134 for females ***	2012-2017 experience study	3.3% to 4.8%
2020	2019	7.55% per annum	2.50% per annum	RP-2014 White Collar Employee tables, adjusted by 1.010 for males and by 0.997 for females ***	RP-2014 White Collar Healthy Annuitant tables, adjusted by 1.366 for males and by 1.189 for females ***	RP-2014 Disability tables, adjusted by 1.111 for males and by 1.134 for females ***	2012-2017 experience study	3.3% to 4.8%

*** Base tables for active, non-disabled retirees, and disabled retirees are adjusted from 2014 to 2018 using the MP-2017 generational improvement table, with continued future mortality improvement projected using the MP-2017 generational mortality improvement tables.

(Concluded)

**East Carroll Parish School Board
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 This program is designed 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. Services supplement, not supplant, those normally provided by state and local educational agencies.

EDUCATION STABILIZATION This fund accounts for a federal grant established by the CARES Act used to prevent, prepare for, and respond to the coronavirus COVID-19 disease pandemic.

EAST CARROLL PARISH SCHOOL BOARD

**GENERAL FUND
Budgetary Comparison Schedule
For the Year Ended June 30, 2020**

Exhibit 3-1

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL	AMOUNTS	FINAL BUDGET POSITIVE (NEGATIVE)
BUDGETARY FUND BALANCES, BEGINNING	\$ 6,244,719	\$ 5,853,047	\$ 5,853,047	\$ -
Resources (inflows)				
Local sources:				
Taxes:				
Ad valorem	788,128	829,128	853,254	24,126
Sales and use	1,586,470	1,753,102	1,815,260	62,158
Interest earnings	58,000	50,000	54,224	4,224
Other	404,650	407,107	487,427	80,320
State sources:				
Equalization	6,573,150	6,491,706	6,563,015	71,309
Other	132,901	188,057	114,564	(73,493)
Amounts available for appropriations	<u>15,788,018</u>	<u>15,572,147</u>	<u>15,740,791</u>	<u>168,644</u>
Charges to appropriations (outflows)				
Current:				
Instruction:				
Regular programs	3,378,727	3,470,432	3,441,844	28,588
Special programs	593,443	448,970	566,838	(117,868)
Other instructional programs	701,678	797,383	786,151	11,232
Support services:				
Student services	590,978	681,306	625,364	55,942
Instructional staff support	335,794	306,361	303,912	2,449
General administration	317,120	365,378	376,467	(11,089)
School administration	748,843	789,153	789,218	(65)
Business services	511,215	366,991	359,174	7,817
Plant services	1,167,519	1,369,455	1,386,682	(17,227)
Student transportation services	491,658	512,140	544,157	(32,017)
Food services	-	152,701	152,697	4
Community service programs	4,440	2,000	2,000	-
Capital outlay	100,000	2,292	-	2,292
Transfers to other funds	270,000	258,193	258,192	1
Total charges to appropriations	<u>9,211,415</u>	<u>9,522,755</u>	<u>9,592,696</u>	<u>(69,941)</u>
BUDGETARY FUND BALANCES, ENDING	<u>\$ 6,576,603</u>	<u>\$ 6,049,392</u>	<u>\$ 6,148,095</u>	<u>\$ 98,703</u>

EAST CARROLL PARISH SCHOOL BOARD

**TITLE I
Budgetary Comparison Schedule
For the Year Ended June 30, 2020**

Exhibit 3-2

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
BUDGETARY FUND BALANCES, BEGINNING	\$ -	\$ -	\$ -	\$ -
Resources (inflows)				
Federal sources	<u>1,181,939</u>	<u>1,609,947</u>	<u>1,215,866</u>	<u>(394,081)</u>
Amounts available for appropriations	<u>1,181,939</u>	<u>1,609,947</u>	<u>1,215,866</u>	<u>(394,081)</u>
Charges to appropriations (outflows)				
Current:				
Instruction:				
Other instructional programs	901,299	1,311,608	949,473	362,135
Support services:				
Instructional staff support	177,175	159,567	153,090	6,477
General administration	103,465	138,772	103,674	35,098
Plant services	<u>-</u>	<u>-</u>	<u>9,629</u>	<u>(9,629)</u>
Total charges to appropriations	<u>1,181,939</u>	<u>1,609,947</u>	<u>1,215,866</u>	<u>394,081</u>
BUDGETARY FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EAST CARROLL PARISH SCHOOL BOARD

**EDUCATION STABILIZATION
Budgetary Comparison Schedule
For the Year Ended June 30, 2020**

Exhibit 3-3

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
BUDGETARY FUND BALANCES, BEGINNING	\$ -	\$ -	\$ -	\$ -
Federal sources	794,333	794,333	283,941	(510,392)
Amounts available for appropriations	794,333	794,333	283,941	(510,392)
Charges to appropriations (outflows)				
Current:				
Instruction:				
Regular programs	65,242	65,242	46,290	18,952
Other instructional programs	-	-	440	(440)
Support services:				
Student services	116,637	241,111	-	241,111
Instructional staff support	208,294	180,144	-	180,144
General administration	158,779	158,779	12,703	146,076
Business services	-	-	7,221	(7,221)
Plant services	245,381	149,057	214,956	(65,899)
Student transportation services	-	-	77	(77)
Food services	-	-	2,254	(2,254)
Total charges to appropriations	794,333	794,333	283,941	510,392
BUDGETARY FUND BALANCES, ENDING	\$ -	\$ -	\$ -	\$ -

**East Carroll Parish School Board
Notes to Budgetary Comparison Schedules
For the Year Ended June 30, 2020**

A. BUDGETS

General Budget Practices The School Board follows these procedures in establishing the budgetary data reflected in the combined 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' budgets that are not grant oriented. Public hearings are conducted, prior to the Board's approval, to obtain taxpayer comments. Grant funds are included in special revenue funds and their budgets are adopted at the time the grant applications are approved by the governor. The operating budgets include proposed expenditures and the means of financing them.

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

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

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

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

B. EXCESS OF ACTUAL EXPENDITURES OVER BUDGETED APPROPRIATION

The following individual fund had actual expenditures over budgeted expenditures for the year ended June 30, 2020:

Fund	Budget	Actual	Variance
General fund	\$ 9,522,755	\$ 9,592,696	\$ (69,941)

EAST CARROLL PARISH SCHOOL BOARD

**Notes to Budgetary Comparison Schedule
For the Year Ended June 30, 2020**

C. Budget to GAAP Reconciliation - Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures:

	<u>GENERAL</u>	<u>TITLE I</u>	<u>EDUCATION STABILIZATION</u>
<u>Sources/inflows of resources:</u>			
Actual amounts (budgetary basis) "available for appropriation" from the Budgetary Comparison Schedule	\$ 15,740,791	\$ 1,215,866	\$ 283,941
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	<u>(5,853,047)</u>	<u>-</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 9,887,744</u>	<u>\$ 1,215,866</u>	<u>\$ 283,941</u>
<u>Uses/outflows of resources:</u>			
Actual amounts (budgetary basis) "Total charges to appropriations" from the Budgetary Comparison Schedule	\$ 9,592,696	\$ 1,215,866	\$ 283,941
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(258,192)</u>	<u>-</u>	<u>-</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 9,334,504</u>	<u>\$ 1,215,866</u>	<u>\$ 283,941</u>

**SUPPLEMENTARY INFORMATION:
COMBINING
NONMAJOR GOVERNMENTAL FUNDS -
BY FUND TYPE**

EAST CARROLL PARISH SCHOOL BOARD

**NONMAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet - By Fund Type
June 30, 2020**

Exhibit 4

	SPECIAL REVENUE	CAPITAL PROJECTS	TOTAL
ASSETS			
Cash and cash equivalents	\$ 316,382	\$ 5,879	\$ 322,261
Receivables	425,422	-	425,422
Inventory	2,754	-	2,754
TOTAL ASSETS	744,558	5,879	750,437
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts, salaries and other payables	152,746	-	152,746
Interfund payables	61,513	-	61,513
TOTAL LIABILITIES	214,259	-	214,259
FUND BALANCES:			
Nonspendable	2,754	-	2,754
Restricted	527,545	5,879	533,424
TOTAL FUND BALANCES	530,299	5,879	536,178
TOTAL LIABILITIES AND FUND BALANCES	\$ 744,558	\$ 5,879	\$ 750,437

EAST CARROLL PARISH SCHOOL BOARD

**NONMAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances - By Fund Type
For the Year Ended June 30, 2020**

Exhibit 5

	SPECIAL REVENUE	CAPITAL PROJECTS	TOTAL
REVENUES			
Local sources:			
Interest earnings	\$ 20	\$ 3	\$ 23
Food service	4,342	-	4,342
State sources:			
Equalization	13,746	-	13,746
Other	99,330	-	99,330
Federal sources	1,879,626	-	1,879,626
TOTAL REVENUES	1,997,064	3	1,997,067
EXPENDITURES			
Current:			
Instruction:			
Regular programs	84,161	-	84,161
Special programs	187,632	-	187,632
Other instructional programs	365,077	-	365,077
Support services:			
Student services	36,167	-	36,167
Instructional staff support	150,810	-	150,810
General administration	50,159	-	50,159
Student transportation services	184	-	184
Food services	1,036,258	-	1,036,258
TOTAL EXPENDITURES	1,910,448	-	1,910,448
Net Change in Fund Balances	86,616	3	86,619
FUND BALANCES - BEGINNING	443,683	5,876	449,559
FUND BALANCES - ENDING	\$ 530,299	\$ 5,879	\$ 536,178

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East Carroll Parish School Board

Nonmajor Special Revenue Funds

CHILD NUTRITION The basic goals of the Child Nutrition Programs are to serve nutritionally adequate, attractive and moderately priced meals, to help children grow socially and emotionally, to extend educational influence to homes of school children, and to provide learning experiences that will improve the children's food habits with the ultimate goal of becoming physically fit adults.

SPECIAL EDUCATION These grants are to assist in providing free appropriate public education to all children with disabilities.

TITLE II This program was designed to improve the skills of teachers and the quality of instruction in mathematics and science, also to increase the accessibility of such instruction to all students.

JAG This is a division of the TANF grant which delivers services to at-risk and disadvantaged youth to aid them in pursuing a post secondary education and ensure participants an opportunity to enter the workforce in a quality job.

TEACHER INCENTIVE This program was designed to develop, implement, improve, or expand human capital management systems or performance-based compensation systems for teachers, principal, or other school leaders in schools (and especially those in high-need schools).

STRIVING READERS The purpose of this grant is to advance the pre-literacy skills, reading and writing skills of disadvantaged youth birth through grade 12, including English learners and students with disabilities.

VOCATIONAL EDUCATION This program was designed to make the United States more competitive in the world economy by developing more fully the academic and occupational skills of all segments of the population, principally through concentrating resources on improving educational programs leading to academic and occupational skills needed to work in a technologically advanced society.

STUDENT SUPPORT This program was designed to improve school conditions for student learning and improve the use of technology in order to improve the academic achievement and digital literacy for all students.

RURAL EDUCATION This grant is to assist rural school districts that serve concentrations of children from low-income families to improve the quality of instruction and student achievement.

EAST CARROLL PARISH SCHOOL BOARD

**NONMAJOR SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2020**

	CHILD NUTRITION	SPECIAL EDUCATION	TITLE II	JAG
ASSETS				
Cash and cash equivalents	\$ 316,156	\$ -	\$ -	\$ -
Receivables	298,673	34,693	-	40,508
Inventory	2,754	-	-	-
TOTAL ASSETS	617,583	34,693	-	40,508
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts, salaries and other payables	87,284	22,171	-	24,596
Interfund payables	-	12,522	-	15,912
TOTAL LIABILITIES	87,284	34,693	-	40,508
FUND BALANCES:				
Nonspendable	2,754	-	-	-
Restricted	527,545	-	-	-
TOTAL FUND BALANCES	530,299	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 617,583	\$ 34,693	\$ -	\$ 40,508

Exhibit 6

<u>TEACHER INCENTIVE</u>	<u>STRIVING READERS</u>	<u>VOCATIONAL EDUCATION</u>	<u>STUDENT SUPPORT</u>	<u>RURAL EDUCATION</u>	<u>TOTAL</u>
\$ -	\$ -	\$ 226	\$ -	\$ -	\$ 316,382
19,960	3,354	456	16,056	11,722	425,422
-	-	-	-	-	2,754
<u>19,960</u>	<u>3,354</u>	<u>682</u>	<u>16,056</u>	<u>11,722</u>	<u>744,558</u>
6,975	268	682	8,885	1,885	152,746
12,985	3,086	-	7,171	9,837	61,513
<u>19,960</u>	<u>3,354</u>	<u>682</u>	<u>16,056</u>	<u>11,722</u>	<u>214,259</u>
-	-	-	-	-	2,754
-	-	-	-	-	527,545
-	-	-	-	-	530,299
<u>\$ 19,960</u>	<u>\$ 3,354</u>	<u>\$ 682</u>	<u>\$ 16,056</u>	<u>\$ 11,722</u>	<u>\$ 744,558</u>

EAST CARROLL PARISH SCHOOL BOARD

**NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 2020**

REVENUES	<u>CHILD NUTRITION</u>	<u>SPECIAL EDUCATION</u>	<u>TITLE II</u>	<u>JAG</u>
Local sources:				
Interest earnings	\$ 20	\$ -	\$ -	\$ -
Food service	4,342	-	-	-
State sources:				
Equalization	13,746	-	-	-
Other	-	-	-	99,330
Federal sources	<u>1,104,766</u>	<u>297,177</u>	<u>33,956</u>	<u>-</u>
 TOTAL REVENUES	 <u>1,122,874</u>	 <u>297,177</u>	 <u>33,956</u>	 <u>99,330</u>
 EXPENDITURES				
Current:				
Instruction:				
Regular programs	-	-	-	83,402
Special programs	-	187,632	-	-
Other instructional programs	-	3,969	31,365	15,744
Support services:				
Student services	-	36,167	-	-
Instructional staff support	-	45,362	-	-
General administration	-	24,047	2,591	-
Student transportation services	-	-	-	184
Food services	<u>1,036,258</u>	<u>-</u>	<u>-</u>	<u>-</u>
 TOTAL EXPENDITURES	 <u>1,036,258</u>	 <u>297,177</u>	 <u>33,956</u>	 <u>99,330</u>
 Net Change in Fund Balances	 86,616	 -	 -	 -
 FUND BALANCES - BEGINNING	 <u>443,683</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 FUND BALANCES - ENDING	 <u>\$ 530,299</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

Exhibit 7

TEACHER INCENTIVE	STRIVING READERS	VOCATIONAL EDUCATION	STUDENT SUPPORT	RURAL EDUCATION	TOTAL
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20
-	-	-	-	-	4,342
-	-	-	-	-	13,746
-	-	-	-	-	99,330
153,535	207,750	4,818	54,443	23,181	1,879,626
153,535	207,750	4,818	54,443	23,181	1,997,064
-	-	-	759	-	84,161
-	-	-	-	-	187,632
44,610	191,186	4,818	52,186	21,199	365,077
-	-	-	-	-	36,167
105,448	-	-	-	-	150,810
3,477	16,564	-	1,498	1,982	50,159
-	-	-	-	-	184
-	-	-	-	-	1,036,258
153,535	207,750	4,818	54,443	23,181	1,910,448
-	-	-	-	-	86,616
-	-	-	-	-	443,683
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 530,299

East Carroll Parish School Board

Agency Funds

SCHOOL ACTIVITIES FUND The activities of the various individual school accounts are accounted for in the School Activities fund. Although the accounts are under the supervision of the School Board, they belong to the individual schools or their student bodies and are not available for use by the School Board.

EAST CARROLL PARISH SCHOOL BOARD

**AGENCY FUNDS
Statement of Changes in Fiduciary Assets and Liabilities
For the Year Ended June 30, 2020**

Exhibit 8

	<u>Balance, Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, Ending</u>
****SCHOOL ACTIVITIES FUND****				
ASSETS				
Cash and cash equivalents	\$ 149,690	\$ 169,764	\$ 159,283	\$ 160,171
TOTAL ASSETS	<u>149,690</u>	<u>169,764</u>	<u>159,283</u>	<u>160,171</u>
LIABILITIES				
Deposits due others	<u>149,690</u>	<u>169,764</u>	<u>159,283</u>	<u>160,171</u>
TOTAL LIABILITIES	<u>\$ 149,690</u>	<u>\$ 169,764</u>	<u>\$ 159,283</u>	<u>\$ 160,171</u>

EAST CARROLL PARISH SCHOOL BOARD

SCHOOL ACTIVITIES AGENCY FUND
Schedule of Changes in Deposits Due Others
For the Year Ended June 30, 2020

Exhibit 9

<u>SCHOOL</u>	<u>Balance, Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, Ending</u>
General Trass High	\$ 77,167	\$ 105,080	\$ 99,488	\$ 82,759
Griffin Middle Academy	54,023	36,814	33,108	57,729
Southside Elementary	18,500	27,870	26,687	19,683
Totals	<u>\$ 149,690</u>	<u>\$ 169,764</u>	<u>\$ 159,283</u>	<u>\$ 160,171</u>

East Carroll Parish School Board

**Schedule of Compensation Paid Board Members
For The Year Ended June 30, 2020**

Exhibit 10

The Schedule of Compensation Paid School Board Members is in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the School Board members is included in the general administrative expenditures of the General fund. In accordance with Louisiana Revised Statute 17:56, the School Board members have elected the monthly payment method of compensation. Under this method, each member of the School Board receives \$650 per month and the president receives an additional \$50 per month for performing the duties of his/her office. Members received an additional \$50 for extra meetings held during the year.

<u>Board Member</u>	<u>Actual Salary</u>
Jacqueline Folks, President	\$ 8,750
Gene Edmondson, Vice President	8,150
Shirley Fairchild	8,100
Wanda Jackson	8,050
John Shoemaker	<u>8,150</u>
Total	<u>\$ 41,200</u>

East Carroll Parish School Board

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD
For the Year Ended June 30, 2020

Exhibit 11

Agency Head Name: Dr. Volaria Millikin, Superintendent

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 116,438
Benefits - Retirement	37,338
Benefits - Insurance and Workers' Compensation	1,180
Cell phone	579
Dues	525
Severance Pay	28,326
	<u>\$ 184,386</u>

SINGLE AUDIT INFORMATION



ALLEN, GREEN & WILLIAMSON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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Amy Tynes, CPA, CFE

Aimee Buchanan, CPA

Principal: Cindy Thomason, CPA

Audit Managers: Margie Williamson, CPA

Jennie Henry, CPA, CFE

Tax Manager: Eddi Hernandez, CPA

In-Charges: Crystal Patterson, CPA

Mallory Stone, CPA

Ernest L. Allen, CPA
(Retired) 1963 - 2000

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*

Independent Auditor's Report

Board Members
East Carroll Parish School Board
Lake Providence, 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 East Carroll Parish School Board as of and for the year ended June 30, 2020, 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 July 19, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2020-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements.

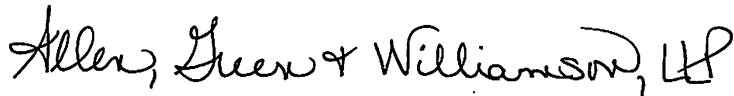
However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*

The School Board's Response to Findings

The School Board's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs and Corrective Action Plan for Current Year Findings and Questioned Costs. The School Board's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the School Board's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513 this report is distributed by the Louisiana Legislative Auditor as a public document.



ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
July 19, 2021



ALLEN, GREEN & WILLIAMSON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

Board Members
East Carroll Parish School Board
Lake Providence, Louisiana

Report on Compliance for Each Major Federal Program

We have audited East Carroll Parish School Board's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School Board's major federal programs for the year ended June 30, 2020. The School Board's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the East Carroll Parish 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, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned costs as items 2020-002 and 2020-003. Our opinion on each major federal program is not modified with respect to these matters.

The School board's response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs and Corrective Action Plan for Current Year Findings and Questioned Costs. The School Board's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

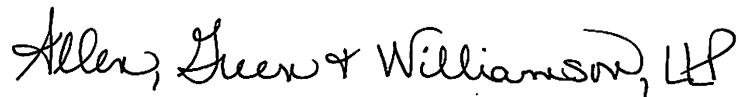
Management of the School Board is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Board's internal control over compliance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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as items 2020-002 and 2020-003 that we consider to be significant deficiencies.

The School Board's response to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs and in the accompanying Corrective Action Plan for Current Year Audit Findings and Questioned Costs. The School Board's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

A handwritten signature in black ink that reads "Allen, Green & Williamson, LLP". The signature is written in a cursive, flowing style.

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
July 19, 2021

**East Carroll Parish School Board
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020**

Exhibit 12

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME</u>	<u>CFDA Number</u>	<u>Pass Through Grantor No.</u>	<u>Expenditures</u>
United States Department of Agriculture			
Passed Through Louisiana Department of Education:			
Child Nutrition Cluster:			
Cash awards:			
National School Lunch Program	10.555		\$ 588,233
Summer Food Service Program for Children	10.559		352,952
Non-cash awards:			
Food Distribution Program (Commodities)	10.555		<u>49,754</u>
Total Child Nutrition Cluster			\$ 990,939
Child and Adult Care Food Program	10.558		69,722
Fresh Fruit and Vegetable Program	10.582		<u>44,105</u>
Total United States Department of Agriculture			<u>1,104,766</u>
United States Department of Education			
Passed through Louisiana Department of Education:			
Title I Grants to Local Educational Agencies	84.010A	28-20-T1-18	
		28-20-DDS-18	1,197,952
Title I Grants to Local Educational Agencies	84.010	28-19-RD19-18	37,954
Special Education Cluster (IDEA):			
Special Education Grants to States	84.027A	28-20-B1-18	266,208
Special Education Preschool Grants	84.173A	28-20-P1-18	<u>4,851</u>
Total Special Education Cluster (IDEA)			271,059
Special Education - State Personnel Development	84.323A	28-18-SPDU-18	22,149
Student Support and Academic Enrichment Program	84.424A	28-20-71-18	34,403
Striving Readers/Comprehensive Literacy Development	84.371C	28-18-SR04-18	207,750
Teacher and School Leader Incentive Grants	84.374A	28-20-TP-18	
		28-18-PBCS-18	153,535
Career and Technical Education: Basic Grants to States	84.048A	28-20-02-18	4,818
Rural Education	84.358B	28-20-RE-18	23,181
COVID -19 Education Stabilization Fund	84.425D	28-20-ESRF-18	283,941
Supporting Effective Instruction State Grants	84.367A	28-20-50-18	<u>33,956</u>
Total United States Department of Education			<u>2,270,698</u>
Department of Health and Human Services			
Passed Through the Louisiana Department of Education			
CCDF Cluster:			
Child Care and Development Block Grant	93.575	28-19-CO-18	<u>3,969</u>
Total CCDF Cluster			<u>3,969</u>
Total United States Department of Health and Human Services			<u>3,969</u>
TOTAL FEDERAL AWARDS			<u><u>\$ 3,379,433</u></u>

THE ACCOMPANYING NOTES ARE AN INTERGRAL PART OF THIS SCHEDULE.

East Carroll Parish School Board
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

NOTE 1 - BASIS OF PRESENTATION The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal awards activity of the East Carroll Parish School Board (the "School Board") under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School Board, it is not intended to and does not present the financial position or changes in fund balances of the School Board.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Expenditures reported on the Schedule are reported using the modified accrual basis of accounting, which is described in Note 1 to the School Board's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS Federal awards are reported in the School Board's basic financial statements as follows:

Major fund:	Federal Sources
Title I	\$ 1,215,866
Education Stabilization	283,941
Nonmajor governmental:	
Child Nutrition	1,104,766
Special Education	297,177
Title II	33,956
Teacher Incentive	153,535
Striving Readers	207,750
Vocational Education	4,818
Student Support	54,443
Rural Education	23,181
Total	\$ 3,379,433

NOTE 4 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with accounting principles generally accepted in the United States of America.

NOTE 5 - MAJOR FEDERAL AWARDS PROGRAMS The dollar threshold of \$750,000 was used to distinguish between Type A and Type B federal programs. For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures.

NOTE 6 - NONCASH PROGRAMS The commodities received, which are noncash revenues, are valued using prices provided by the United States Department of Agriculture.

NOTE 7 - DE MINIMIS INDIRECT COST RATE The School Board did not elect to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**East Carroll Parish School Board
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020**

PART 1 - Summary of the auditor's results

Financial statement audit

- i. The type of audit report issued was unmodified.
- ii. There was one significant deficiency required to be disclosed by *Government Auditing Standards* issued by the Comptroller General of the United States. The significant deficiency was not considered to be a material weakness.
- iii. There were no instances of noncompliance considered material, as defined by the *Government Auditing Standards*, to the financial statement.

Audit of federal awards

- iv. There were two significant deficiencies required to be disclosed by the Uniform Guidance (2 CFR 200). The significant deficiencies were not considered to be material weaknesses.
- v. The type of report the auditor issued on compliance for major programs was unmodified.
- vi. The audit disclosed two audit findings which the auditor is required to report in accordance with 2 CFR 200.516(a).
- vii. The major federal programs are:

Title I Grants to Local Educational Agencies	CFDA #84.010
COVID-19 Education Stabilization Fund	CFDA #84.425D
- viii. The dollar threshold used to distinguish between Type A and Type B programs as described in the Uniform Guidance (2 CFR 200) was \$750,000.
- ix. The auditee does not qualify as a low-risk auditee under the Uniform Guidance (2 CFR 200).

**East Carroll Parish School Board
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020**

Part II – Findings related to the financial statements which are required to be reported in accordance with *Government Auditing Standards* generally accepted in the United States of America:

Reference # and title: 2020-001 Internal Controls over Financial Reporting

Entity-wide or program/department specific: This finding is entity-wide.

Criteria or specific requirement: Proper internal controls over financial reporting requires that accounting records contain up-to-date, accurate and complete information to ensure that the financial data can be relied upon to monitor the financial condition of the School Board. Financial records should be reviewed timely to ensure that transactions are properly recorded and classified in the appropriate accounting period. Balance sheet accounts should be reconciled on regular and timely basis.

Condition found: In testing the master bank reconciliation, it was noted that an outstanding check written to the payroll fund was not listed as an outstanding deposit on the payroll bank reconciliation understating cash. An audit adjustment was made to correct. In testing the payroll bank reconciliation, it was noted that payroll journals to record wages payable credited cash instead of wages payable, understating cash and wages payable. An audit adjustment was made to correct. The master bank and payroll bank reconciliations had unexplained reconciling differences and did not agree to the general ledger.

In performing a search for unrecorded liabilities, twelve checks totaling \$50,847 were not accrued in the correct accounting period. In reviewing unprocessed invoices, one invoice was related to the current fiscal year and two invoices included finance charges.

The payroll withholdings and benefits payable were not reconciled at year-end.

Context: This finding appears to be systemic.

Possible asserted effect (cause and effect):

Cause: The School Board does not have an established review process to ensure that year-end balances for accounts payable are valid, complete and accurate. Unreconciled differences on bank reconciliations are not being investigated and resolved.

Effect: The internal controls over accounting were weakened.

Recommendations to prevent future occurrences: Procedures should be established to ensure accounts payable at year end are valid, complete and accurate. Unknown reconciling items on the bank reconciliation should be investigated and resolved. Procedures should also be established to ensure invoices are paid timely to avoid late fees and finance charges.

Origination date and prior year reference (if applicable): Payroll withholdings and benefits not reconciled originated June 30, 2016. Reconciled balances not agreeing to the general ledger balance originated June 30, 2017. Both had a prior year reference of 2019-001.

View of responsible official: Management agrees with finding.

**East Carroll Parish School Board
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020**

PART III – Findings and questioned costs for federal awards which are required to be reported under the Uniform Guidance:

Reference # and title: **2020-002** **Internal controls Over Allowable Costs and Cost Principles**

CFDA#, Federal Award Title, Federal Agency, Federal Award # and Year, and the name of Pass-Through

Entity: This finding relates to the COVID-19 Education Stabilization Fund CFDA# 84.425D for the Federal Award Year 2020, received from Federal Agency: U.S. Department of Education, passed through Louisiana Department of Education.

Criteria or specific requirement: Provisions of 2 CFR Part 200, Subpart E, section 200.403(f) states in order to be allowable under federal awards, costs must not be included as a cost or used to meet cost-sharing or matching requirements of any other federally financed program in either the current or prior period.

Condition found: In testing costs reimbursed by Education Stabilization funding it was determined that food and food service supplies totaling \$60,760 were reimbursed by this program. The School Board also received funding for meals served under the Summer Food Service Program for Children (CFDA #10.559). The funding for meals served covers the cost of food, food service supplies and employee costs. This was corrected through an audit adjustment crediting deferred revenue and in fiscal year 2021, a subsequent reimbursement request was reduced by the deferred revenue amount.

Context: This appears to be an isolated incidence.

Possible asserted effect (cause and effect):

Cause: The School Board did not make the journal entry to transfer the cost of food reimbursed from the Summer Food Service Program for Children from the Education Stabilization fund before completing the request for reimbursement. This caused the School Board to request more in costs than were allowable.

Effect: Deferred revenue resulted from the reimbursement of unallowable costs.

Recommendations to prevent future occurrences: The School Board should implement monitoring procedures to ensure all expenditures are valid and allowable before submitting a request for reimbursement request. The School Board should implement procedures to ensure expenses are not being reimbursed by more than one federal program.

Origination date and prior year reference (if applicable): This finding originated fiscal year ended June 30, 2020.

View of responsible official: Management agrees with finding.

Reference # and title: **2020-003** **Earmarking – Coordinated Early Intervening Services**

CFDA#, Federal Award Title, Federal Agency, Federal Award # and Year, and the name of Pass-Through

Entity: This finding relates to the Special Education Grants to States CFDA #84.027A for the Federal Award Year 2020, received from Federal Agency: U.S. Department of Education, passed through Louisiana Department of Education.

Criteria or specific requirement: IDEA Sec. 300.646 (d) states that a local education agency must document that 15 percent of its IDEA Part B Funds were reserved and used to provide comprehensive early intervening services to address factors contributing to significant disproportionality.

**East Carroll Parish School Board
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020**

PART III – Findings and questioned costs for federal awards which are required to be reported under the Uniform Guidance:

Condition found: Louisiana Department of Education identified East Carroll Parish as significantly disproportionate in the identification of intellectual disabilities of Black or African American with a risk ratio of 4. A plan was submitted by the School Board to address the factors contributing to the significantly disproportionality. Fifteen percent of IDEA Part B Funds were budgeted for the plan (\$32,983), but only \$1,574 was spent.

Context: This finding is an unresolved finding from prior year.

Possible asserted effect (cause and effect):

Cause: The School Board did not follow its plan and the minimum amount was not spent on coordinated early intervening services.

Effect: The plan to address the factors contributing to the significantly disproportionality was not fully implemented.

Recommendations to prevent future occurrences: The School Board should put policies and procedures in place to monitor the plan and spending for coordinated early intervening services.

Origination date and prior year reference (if applicable): This finding originated fiscal year ended June 30, 2019 and had a prior year reference of 2019-005.

View of responsible official: Management agrees with finding.

OTHER INFORMATION



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EAST CARROLL PARISH SCHOOL BOARD

Office of Superintendent
Ms. Meagan Brown

Schedule of Prior Year Audit Findings and Questioned Costs For the Year Ended June 30, 2020

Jacqueline Folks
President
District 4

Reference # and title: **2019-001** **Financial Management**

Entity-wide or program/department specific: This finding is entity-wide.

Gene Edmondson
Vice President
District 5

Condition: Proper internal controls over financial reporting requires that accounting records contain up-to-date, accurate and complete information to ensure that the financial data can be relied upon to monitor the financial condition of the School Board. Financial records should be reviewed timely to ensure that transactions are properly recorded and classified in the appropriate accounting period. Balance sheet accounts should be reconciled on regular and timely basis.

Shirley Fairchild
District 1

In testing the master bank reconciliation, it was noted that \$35,220 of checks have been outstanding for more than one year. Checks totaling \$82,411 written in July 2019 were listed as outstanding on the June 2019 bank reconciliation understating cash and accounts payable.

John Shoemaker
District 2

In testing ninety-five vendor disbursements, the following exceptions were noted:

- Five checks did not agree to support resulting in the vendor being overpaid.
 - Three credit card payments included late fees or interest charged.
 - Five invoices were not approved for payment.
 - One payment did not have supporting documentation.
 - Three payments were recorded incorrectly.
- One payment included sales tax.

Wanda Jackson
District 3

In testing payroll for 56 employees, five employees were not being paid in accordance with the School Board's salary schedule, two were over paid and three were under paid.

In testing two employees with over 40 years of service, the School Board had not paid one month of School Board's portion of retirement for both employees. For one employee tested, in error, the School Board had withheld the employee portion from several of the employee's paychecks. In correcting the error, the refunds to the employee increased pension expense instead of reducing the liability.

Accounts payable listing at the end of the year included payables to payroll fund for June 2019 payroll. Two accounts payable batches posted in July to cash and not accounts payable. In performing the search for unrecorded liabilities, five checks totaling \$55,919 were not accrued in the correct accounting period.

The payroll withholdings and benefits payable were not reconciled at year-end. A journal entry was provided to the auditor to correct.

Corrective action taken/planned: Procedures are in place and old outstanding checks have been researched and resolved. A review process of information entered in payroll was implemented. See current year finding 2020-001 for corrective action planned for accounts payable and payroll withholdings and benefits payable.

Schedule of Prior Year Audit Findings and Questioned Costs (Continued)

Reference # and title: 2019-002 Receipt of Gifts

Entity-wide or program/department specific: This finding is isolated to specific areas.

Condition: LSA-R.S. 42:1115 states that no public servant shall solicit or accept, directly or indirectly, anything of economic value as a gift or gratuity from any person who has or is seeking a contractual business, or financial relationship with the public servant's agency. In addition, Article 7, Section 14 of the Louisiana Constitution prohibits, except as otherwise provided by this constitution, the funds, credit, property, or things of value of the state or of any political subdivision being loaned, pledged, or donated to or for any person, association, or corporation, public or private.

Complimentary items received as a result of vendor purchases were taken for personal use by purchasing personnel. In testing five vendor checks, the supporting invoices noted 52 free gifts that were supplied to the School Board. All gift items were of a personal nature and not school related.

Corrective action taken: No complimentary items will be accepted by purchasing personnel or any other employee of the School Board. This finding is considered cleared.

Reference # and title: 2019-003 Late Submission of Audit Report to the Legislative Auditor

Entity-wide or program/department specific: This finding is entity-wide.

Condition: R.S. 24:513 A (5)(a)(i) requires that "...audits shall be completed within six months of the close of the entity's fiscal year." The School Board's audit report should be submitted to the Louisiana Legislative Auditor by December 31st each year.

The School Board's audit report for the fiscal year ending June 30, 2018 was not completed within the six month deadline as per R.S. 24:513 A (5)(a)(i).

Corrective action taken: Management met with the auditor to ensure the auditor has adequate staff to prevent this from occurring in the future. This finding is considered cleared.

Reference # and title: 2019-004 Internal controls Over Allowable Costs and Cost Principles

Entity-wide or program/department specific: This finding is program specific.

Condition: Proper internal controls over disbursements require proper documentation to be obtained, the charge should be properly allocated based on documentation and all charges should be reasonable and necessary for the grants objectives.

Title I - When testing payroll disbursements it was noted that two employees were being underpaid by one step level. It was also noted that the Supervisor did not have a study of her time spent working on this grant. The Supervisor had a time certification stating the percent of time she worked on Title I was 30% but her payroll history did not agree with the time certification form paying her 8.4% from Title I.

Title I- When testing vendor disbursements the following items were noted:

- Late fee and sales tax paid on one check.
- Three disbursements either the invoice or purchase order was not approved. One disbursement the purchase order was dated three months after invoice.

Schedule of Prior Year Audit Findings and Questioned Costs (Concluded)

- One disbursement was for equipment and was recorded as supplies and budgeted as supplies. The amount of this equipment was also mistyped in the budget.
- Computer tablets budgeted to Title IV were recorded as a Title I purchase.
- One invoice was paid for the incorrect amount.

Special Education - When testing payroll disbursements it was noted that the Supervisor did not have a study of her time spent working on this grant. The Supervisor had a time certification stating the percent of time she worked on Special Education was 30% but her payroll history did not agree with the time certification form paying her 34.4% from Special Education.

Special Education - When testing vendor disbursements the following items were noted:

- Early registration discount was not taken for conference as submitted by employee.
- An invoice was paid twice on one check.
- One disbursement was paid for purchase order amount and not invoice amount for items received.

Corrective action taken: Procedures were implemented to ensure that all employees are being properly compensated according to schedules. Procedures are in place for vendor disbursements and educational in-services on following these procedures are conducted semi-annually. Special Education Supervisor and Payroll Clerk will collaborate on time spent per federal program and pay accordingly. This finding is considered cleared.

Reference # and title: **2019-005** **Earmarking – Coordinated Early Intervening Services**

Entity-wide or program/department specific: This finding is program specific.

Condition: IDEA Sec. 300.646 (d) states that a local education agency must document that 15 percent of its IDEA Part B Funds were reserved and used to provide comprehensive early intervening services to address factors contributing to significant disproportionality.

Condition found: Louisiana Department of Education identified East Carroll Parish as significantly disproportionate in the identification of intellectual disabilities of Black or African American with a risk ratio of 4. A plan was submitted by the School Board to address the factors contributing to the significantly disproportionality. Fifteen percent of IDEA Part B Funds were budgeted for the plan (\$40,048), but only \$25,969 was spent.

Corrective action planned: See current year finding 2020-003.

Respectfully submitted:



Theresa Thomas
Business Manager

Corrective Action Plan for Current Year Audit Findings and Questioned Costs (Concluded)

Person responsible for corrective action:

Theresa Thomas Telephone: (318) 559-2222
East Carroll Parish School Board Fax: (318) 559-3864
P. O. Box 792
Lake Providence, LA 71254-0792

Anticipated completion date: June 30, 2021

Respectfully submitted:

A handwritten signature in black ink that reads "Theresa Thomas". The signature is written in a cursive style with a large initial 'T'.

Theresa Thomas
Business Manager

**East Carroll Parish School Board
Status of Prior Year Management Letter Items
For the Year Ended June 30, 2020**

2019-M1 Student Activity Fund

Comment: When performing student activity fund testing at one school within the District, there was an exception noted where there was no evidence of receipt of goods or services for one payment. An exception was noted where the accounting distribution/classification was not correctly posted and an exception where an expenditure was not in accordance with the School Board's purchasing policy.

When testing fifteen student activity fund disbursements, there were six exceptions noted where there were not at least two employees involved in initiating a purchase request, approving a purchase and placing an order or there were not at least two employees involved in processing approving payments to vendors.

Recommendation: The School Board should continue to train school bookkeepers and secretaries on proper procedures for disbursements. Additionally, school bookkeepers and secretaries should ensure that all proper supporting documentation is retained and that disbursements are correctly posted in the general ledger.

Management's response: Management agrees with recommendations. We consider this to be resolved.

2019-M2 Attendance Records

Comment: Proper internal controls require that absences from an assigned position be properly documented and reflected in the payroll records for each employee. Furthermore, proper supervisory approval should be obtained for daily attendance and leave.

In testing internal controls over compensated absences, the auditor was not provided with leave documentation for three of the fifteen employees tested. In testing one month of leave and attendance for five employees, it was noted that none the employee's attendance were approved by their supervisor and one employee was missing three days of attendance records.

Recommendation: School employees should document daily attendance and leave. The School Board should implement controls to obtain supervisory approval for attendance and leave records.

Management's response: Management agrees with recommendations. We consider this to be resolved.

AGREED UPON PROCEDURES



ALLEN, GREEN & WILLIAMSON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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Mallory Stone, CPA

Ernest L. Allen, CPA
(Retired) 1963 - 2000

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board Members
East Carroll Parish School Board
Lake Providence, Louisiana

We have performed the procedures enumerated below, which were agreed to by the East Carroll Parish School Board; the Louisiana Department of Education, and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of the East Carroll Parish School Board for the fiscal year ended June 30, 2020; and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) in compliance with Louisiana Revised Statute 24:514.I. Management of the School Board is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

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

1. We selected a sample of 25 transactions, reviewed supporting documentation, and observed that the sampled expenditures/revenues are classified correctly and are reported in the proper amounts among the following amounts reported on the schedule:

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

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

Class Size Characteristics (Schedule 2)

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

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

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

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

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

Public School Staff Data: Average Salaries (NO SCHEDULE)


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

Comment: Four exceptions were noted where July and August accrued payrolls were not properly included in the PEP report. Two exceptions were noted where the full-time equivalent calculation for employees was incorrectly reported.

Management's Response: Management has gotten a system glitch that caused these exceptions corrected. Management will also ensure that the PEP report includes all accrued payrolls for all employees

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

The purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of the East Carroll Parish School Board, as required by Louisiana Revised Statute 24:514.I, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. This report is intended for the information and use of the specified users listed above and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
June 30, 2021

EAST CARROLL PARISH SCHOOL BOARD
Lake Providence, Louisiana

**General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2020**

	Schedule 1	
	Column A	Column B
	<u>A</u>	<u>B</u>
<u>General Fund Instructional and Equipment Expenditures</u>		
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$ 2,495,650	
Other Instructional Staff Activities	429,823	
Instructional Staff Employee Benefits	1,638,963	
Purchased Professional and Technical Services	93,721	
Instructional Materials and Supplies	148,874	
Instructional Equipment	-	
Total Teacher and Student Interaction Activities	<u> </u>	\$ 4,807,031
Other Instructional Activities		15,819
Pupil Support Activities	625,363	
Less: Equipment for Pupil Support Activities	-	
Net Pupil Support Activities	<u> </u>	625,363
Instructional Staff Services	315,260	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services	<u> </u>	315,260
School Administration	789,217	
Less: Equipment for School Administration	-	
Net School Administration	<u> </u>	789,217
Total General Fund Instructional Expenditures (Total of Column B)		<u>6,552,690</u>
Total General Fund Equipment Expenditures (Object 730; Function Series 1000-4000)		<u>19,000</u>
<u>Certain Local Revenue Sources</u>		
Local Taxation Revenue:		
Constitutional Ad Valorem Taxes		396,952
Renewable Ad Valorem Tax		395,024
Debt Service Ad Valorem Tax		-
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes		61,278
Sales and Use Taxes		1,815,260
Total Local Taxation Revenue		<u>2,668,514</u>
Local Earnings on Investment in Real Property:		
Earnings from 16th Section Property		211,533
Earnings from Other Real Property		-
Total Local Earnings on Investment in Real Property		<u>211,533</u>
State Revenue in Lieu of Taxes:		
Revenue Sharing - Constitutional Tax		7,251
Revenue Sharing - Other Taxes		7,251
Revenue Sharing - Excess Portion		-
Other Revenue in Lieu of Taxes		-
Total State Revenue in Lieu of Taxes		<u>14,502</u>
Nonpublic Textbook Revenue		<u>3,461</u>
Nonpublic Transportation Revenue		<u>\$ -</u>

EAST CARROLL PARISH SCHOOL BOARD
Lake Providence, Louisiana

Class Size Characteristics
As of October 1, 2019

Schedule 2

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	20.10%	27	41.00%	55	38.80%	52	0.00%	0
Elementary Activity Classes	11.80%	2	41.20%	7	41.20%	7	5.90%	1
Middle/Jr. High	45.50%	35	28.60%	22	2.60%	2	23.40%	18
Middle/Jr. High Activity Classes	33.30%	4	16.70%	2	0.00%	0	50.00%	6
High	73.30%	88	23.30%	28	3.30%	4	0.00%	0
High Activity Classes	76.50%	13	11.80%	2	0.00%	0	11.80%	2

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.