

**UNION PARISH SCHOOL BOARD
FARMERVILLE, LOUISIANA**

**Financial Report
June 30, 2019**

Union Parish School Board
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June 30, 2019

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1100 North 18th Street, Suite 200
Monroe, LA 71201
T 318.387.2672 F 318.322.8866

Keeping you on course!

Independent Auditors' Report

Board Members
Union Parish School Board
Farmerville, Louisiana

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Downsville Community Charter, Inc., which represent 1 percent, 3 percent, and 10 percent, respectively, of the assets, net position (deficit), and revenues of the School Board. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Downsville Community Charter, Inc., is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial 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, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Union Parish School Board, as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedule of Employer's Proportionate Share of Net Pension Liability, Schedule of Employer's Contributions to Pension Plans, and Schedule of Changes in Total OPEB Liability and Related Ratios, 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

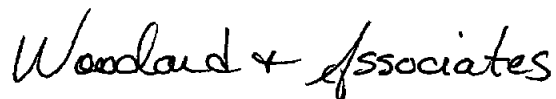
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Board's basic financial statements. The combining and individual nonmajor fund financial statements, the schedule of compensation paid to board members, the schedule of compensation, benefits and other payments to agency head are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the schedule of compensation paid to board members, the schedule of compensation, benefits and other payments to agency head, and the schedule of expenditures of federal awards, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 other supplementary information, as listed in the table of contents, is fairly stated, in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2020, on our consideration of the School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the 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.



Woodard & Associates, APAC

Monroe, Louisiana
October 29, 2020

**REQUIRED SUPPLEMENTAL INFORMATION
(PART A)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Union Parish School Board Management's Discussion and Analysis (Unaudited)

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

Union Parish is located in the northeastern area of the state and has a population of approximately 22,000. The public school system includes 1 elementary and middle school and 1 high school. The system serves approximately 1,500 students. All of the students participate in the free or reduced lunch program. Advanced education is easily attained from nearby vocational-technical schools, colleges, and universities.

Financial Highlights

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

Government-wide financial highlights for the 2018-2019 fiscal year include the following:

- Statement of Net Position – The liabilities and deferred inflows of resources of the School Board exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$49.3 million (net position (deficit)).
- Capital Assets – Total capital assets (net of depreciation) were \$49.6 million or 94% of the total assets. The School Board uses these assets to provide educational services to children and adults; consequently, these assets are not available for future spending.
- Long-Term Obligations – The School Board's total long-term obligations decreased by approximately \$9.3 million.
- Statement of Activities – The total net position of the School Board increased by approximately \$3.2 million for the year ended June 30, 2019.

Fund financial highlights for the 2018-2019 fiscal year include the following:

- Governmental Funds Balance Sheet – As of the close of the 2018-2019 fiscal year, the School Board's governmental funds reported combined ending fund balance of \$467,000, a decrease of approximately \$759,000 in comparison with the prior fiscal year. This fund balance is comprised of approximately (1) \$(551,000) in General Fund, (2) \$304,000 in the school food service fund, (3) \$758,000 in the debt service fund and (4) \$(44,000) in the remaining special revenue and capital projects funds.

Union Parish School Board Management's Discussion and Analysis (Unaudited)

- Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances – Total revenues for the year ended June 30, 2019 for the governmental funds of the School Board amounted to \$33.1 million. Approximately 95% of this amount is received from four major revenue sources: (1) \$13.2 million from Minimum Foundation Program, (2) \$7.5 million from local sales and use taxes, (3) \$5.7 million from federal and state grants (4) \$5.4 million from local ad valorem taxes.

Using this Annual Report

The School Board's annual report consists of a series of financial statements that show information for the School Board as a whole, its funds, and its fiduciary responsibilities. The statement of net position and the statement of activities provide information about the activities of the School Board as a whole and present a longer-term view of the School Board's finances. Our fund financial statements are included later in this report. For our governmental activities, these statements demonstrate how we financed our services in the short-term as well as what remains for future spending. Fund statements also may give the reader insight into the School Board's overall financial health. Fund financial statements also report the School Board's operations in more detail than the government-wide financial statements by providing information about the School Board's most significant funds, the General Fund, Title I, School Food Service, 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.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School Board's basic financial statements. The School Board's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

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

- The Statement of Net Position presents information on all of the School Board's assets and outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School Board is improving or deteriorating.

Union Parish School Board Management's Discussion and Analysis (Unaudited)

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

- Both of the government-wide financial statements present functions of the School Board that are principally supported by taxes and intergovernmental revenues (governmental activities). The School Board has no functions or activities which are business-like in nature, meaning that they are primarily supported by user fees and charges for services, such as a municipally owned utility system. The governmental activities of the School Board include instruction, support, plant services, transportation, and food services. Property taxes, sales taxes, Minimum Foundation Program funds, and state and federal grants finance most of these activities. The School Board contains one other unit of government (component unit), Downsville Community Charter, Inc. Its financial statements are issued by a separate audit report which may be obtained from the School Board. The School Board is not contained as a component unit of any other level of local or state government.

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

- *Governmental funds.* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the fiscal year. Such information may be useful in evaluating the School Board's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the School Board's near-term financing decision. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Union Parish School Board Management's Discussion and Analysis (Unaudited)

The School Board maintains many individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, Title I, School Food Service and Debt Service funds, all of which are considered to be major funds. Data for the other governmental fund groups are combined into a single, aggregated presentation under the label of Nonmajor Governmental, which contains all non-major funds. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The School Board adopts an annual appropriated budget for its General Fund and Special Revenue Funds. Budgetary comparison schedules have been provided to demonstrate compliance with these budgets.

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

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School Board's compliance with budgets for its major funds. The combining statements for non-major governmental funds are presented immediately following the required supplementary information.

Union Parish School Board Management's Discussion and Analysis (Unaudited)

Financial Analysis of Government-wide Activities

The following analysis focuses on the net position of the School Board's governmental-wide activities:

<i>June 30,</i>	2019	2018	Variance
Current and other assets	\$ 2,907,747	\$ 4,937,737	\$ (2,029,990)
Capital assets, net of depreciation	49,544,306	49,841,140	(296,834)
Total assets	52,452,053	54,778,877	(2,326,824)
Deferred outflows of resources	5,614,568	3,939,573	1,674,995
Current and other liabilities	2,901,608	4,014,909	(1,113,301)
Long-term liabilities	95,495,850	104,828,382	(9,332,532)
Total liabilities	98,397,458	108,843,291	(10,445,833)
Deferred inflows of resources	8,988,220	2,349,427	6,638,793
Net position			
Net invested in capital assets	6,563,937	5,947,213	616,724
Restricted	1,126,341	426,852	699,489
Unrestricted	(57,009,335)	(58,848,333)	1,838,998
Total net position (deficit)	\$ (49,319,057)	\$ (52,474,268)	\$ 3,155,211

The largest portion of the School Board's total assets, totaling approximately \$49.6 million, reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment) of \$60.9 million less accumulated depreciation of \$11.3. The School Board uses these capital assets to provide educational services to children and adults; consequently, these assets are not available for future spending. Although the School Board's investment in capital assets net position is reported net of related debt used to acquire those assets that is still outstanding of \$43 million, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position of \$1.1 million is reported separately to show the legal constraints for the payment of scholarships, instructional costs, salaries and related benefits, food services, outstanding long-term debt obligations and future construction projects and to limit the School Board from using these funds for day-to-day operations. The debt service fund accounts for approximately \$758,000 of the total with the food service fund accounting for approximately \$270,000. The remaining balance is money restricted for General Fund and the nonmajor special revenue and capital projects funds.

Long-term liabilities decreased by \$9.3 million, or 8.9%, due primarily to a \$5.0 million reduction in the total OPEB liability, a \$3.1 million reduction in the net pension liability and a \$1.2 million reduction in general obligation bonds.

Union Parish School Board Management's Discussion and Analysis (Unaudited)

Deferred inflows and outflows fluctuated by amounts related to the calculations related to pensions and OPEB liabilities.

Unrestricted net position ended with a deficit balance of \$49.2 million. As of June 30, 2019, the School Board plans to eliminate this negative balance when it shows increases in revenues over expenses and is able to fund pension and post-employment benefits, reducing the total liability and increasing net position.

Union Parish School Board Management's Discussion and Analysis (Unaudited)

The following analysis focuses on the change in net position of the School Board's governmental activities:

<i>For the years ended June 30,</i>	2019	2018	Variance
Revenues			
Program revenues			
Charges for services	\$ 34,065	\$ 17,027	\$ 17,038
Operating and capital grants and contributions	5,758,214	5,395,325	362,889
General revenues			
Ad valorem taxes	5,360,566	3,360,951	1,999,615
Sales taxes	7,479,384	7,373,156	106,228
Minimum foundation program	13,178,490	13,372,129	(193,639)
Other general revenues	1,195,630	1,178,569	17,061
Total revenues	33,006,349	30,697,157	2,309,192
Expenses			
Instruction			
Regular programs	13,441,113	15,113,728	(1,672,615)
Special education programs	1,608,768	1,707,555	(98,787)
Other instructional programs	2,933,682	3,183,261	(249,579)
Support services			
Pupil support services	1,288,441	1,421,456	(133,015)
Instructional staff support	1,479,279	1,492,982	(13,703)
General administration	1,068,818	994,676	74,142
School administration	895,145	1,064,196	(169,051)
Business services	384,314	398,864	(14,550)
Plant services	1,280,350	1,404,864	(124,514)
Student transportation services	2,696,637	3,063,355	(366,718)
Central services	123,467	109,688	13,779
Other support services	-	16,343	(16,343)
School food services	1,245,481	1,449,322	(203,841)
Debt service - interest on long-term obligations	1,405,643	1,471,087	(65,444)
Total expenses	29,851,138	32,891,377	(3,040,239)
Increase (decrease) in net position (deficit)	3,155,211	(2,194,220)	5,349,431
Net position (deficit) - beginning, as originally stated	(52,474,268)	(26,735,284)	(25,738,984)
Prior period adjustment	-	(23,544,764)	23,544,764
Net position (deficit) - beginning, as restated	(52,474,268)	(50,280,048)	(2,194,220)
Net position (deficit) - ending	\$ (49,319,057)	\$ (52,474,268)	\$ 3,155,211

Union Parish School Board Management's Discussion and Analysis (Unaudited)

Expenses are classified by functions/programs. Instructional services for fiscal 2019 totaled \$17,983,563, compared to a total of \$20,004,544 for 2018. The remaining functions are considered support services and relate to those functions that support the instructional services provided, such as pupil support, instructional staff support, administration, transportation, and plant services. Support services for fiscal 2019 totaled \$9,216,451 compared to \$9,966,424 for 2018.

The remaining expenditures of \$2,651,124 consist of \$1,245,481 for food service operations and \$1,405,643 for interest expense on long-term obligations.

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, plant services, student transportation 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.

<i>June 30,</i>	Total Cost of Services		Net Cost of Services	
	2019	2018	2019	2018
Regular programs	\$ 13,441,113	\$ 15,113,728	\$ 13,407,748	\$ 15,100,752
Special education programs	1,608,768	1,707,555	1,100,888	1,443,011
Other instructional programs	2,933,682	3,183,261	348,271	698,433
Instructional staff support	1,479,279	1,492,982	909,168	959,464
Student transportation services	2,696,637	3,063,355	2,596,896	3,047,233
Debt service	1,405,643	1,471,087	1,405,643	1,471,087
All others	6,286,016	6,859,409	4,290,245	4,759,045
Totals	\$ 29,851,138	\$ 32,891,377	\$ 24,058,859	\$ 27,479,025

The related program revenues for fiscal year 2019 directly related to these expenses totaled \$5,792,279, including \$34,065 in charges for such services. The balance of expenses represents the cost to the taxpayers. The costs of governmental activities are paid primarily from the following sources:

- **Minimum Foundation Program (MFP)** – MFP is the funding formula for the 69 school districts in the state of Louisiana. The School Board was allocated \$13,178,490 in MFP funds in fiscal year fiscal year 2019. \$3,756,181 was deducted from the district's allocation by the Louisiana Department of Education, for other LEA's as an equivalent to the local representation of the School Board. The net amount received by the School Board was \$9,422,309, which is 28.5% of the total revenues received by the School Board. Of this amount, \$3,597,442 was passed through to the district's Type 3 Charter, Downsville Community Charter, Inc.
- **Sales Tax revenues** – Sales tax revenues are the second largest source of revenue for the School Board, generating \$7,479,384, in revenue, or 22.6% of total revenue.
- **Federal and state grant revenues** – Federal grant revenues are the second largest source of revenue for the School Board, generating \$5,758,214 in revenue, or 17.4% of total revenue.
- **Ad Valorem tax revenues** – Ad valorem, or property tax revenues, the fourth largest source of revenues, accounts for \$5,360,566, in revenue, or 16.2% of total revenues.

Union Parish School Board Management's Discussion and Analysis (Unaudited)

Total revenues increased approximately \$2.3 million of which most is due to an increase in millage for debt service resulting in a \$2.0 million increase in ad valorem tax revenue and a \$360,000 increase in federal operating and capital grants.

Expenses decreased approximately \$3.0 million which was mostly attributable to fluctuations in the pension and OPEB valuations in the current year.

Financial Analysis of Governmental Funds

As noted earlier, the School Board uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the School Board's government funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School Board's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a School Board's net resources available for spending at the end of the fiscal year.

- As of the close of the current fiscal year, the School Board's governmental funds reported a combined ending fund balance of \$466,826; a decrease of \$758,907 in comparison with the prior fiscal year.
- The General Fund is the chief operating fund of the School Board. At the end of the current fiscal year, the deficit fund balance of the General Fund is \$551,419 of which \$9,000 is restricted for scholarships. The General Fund's fund balance decreased by approximately \$324,000 during the year ended June 30, 2019.
- The Special Revenue Funds, including nonmajor special revenue funds, have a total fund balance of \$362,812 of which \$34,191 is nonspendable, \$269,835 is restricted for food services, \$70,680 is restricted for salaries and related benefits and \$18,968 is restricted for instructional costs.
- The Debt Service Fund has a total fund balance of \$757,830 all of which is restricted for the payment of debt service.
- The Capital Projects Funds have a deficit fund balance of \$102,397 of which \$28 is restricted for construction projects.

General Fund Budgetary Highlights

In accordance with Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA-R.S 39:1301 et seq), the School Board must adopt a budget for the General Fund and all Special Revenue funds prior to September 15th. The original budget for the School Board was adopted on September 17, 2018.

Union Parish School Board Management's Discussion and Analysis (Unaudited)

The original General Fund Budget projected an ending fund balance of \$321,870. The budget was not amended during the year. The actual ending balance for the General Fund came in at a deficit of \$551,419.

Capital Assets and Debt Administration

Capital Assets: The School Board's investment in capital assets as of June 30, 2019, amounts to \$49,619,109 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment, and construction in progress. The table below shows the value at the end of the fiscal year.

<i>June 30,</i>	2019	2018
Land	\$ 377,071	\$ 378,351
Construction in progress	-	31,158,388
Buildings and improvements	47,162,724	16,223,572
Furniture and equipment	2,004,511	2,080,829
	<u>\$ 49,544,306</u>	<u>\$ 49,841,140</u>

Long-Term Debt: At the end of the current fiscal year, the School Board had total debt outstanding of \$42.6 million. Of the amount, \$39.3 million comprises debt back by the full faith and credit of the government. Under state statute, the School Board is legally restricted from incurring long-term bonded debt in excess of 35% of the assessed value of taxable property. At June 30, 2019, the School Board was within the legally restricted amount. The following table summarizes bonds outstanding at June 30, 2019 and 2018.

<i>June 30,</i>	2019	2018
General Obligation Bonds		
Series 2014	\$ 8,060,000	\$ 8,445,000
Series 2015	13,790,000	14,405,000
Series 2016	17,500,000	17,700,000
Limited Tax Revenue Bonds		
Series 2017	3,305,000	3,455,000
Total outstanding debt	<u>\$ 42,655,000</u>	<u>\$ 44,005,000</u>

Future Operations

At June 30, 2019, the General Fund had a deficit fund balance of \$551,419. The School Board adopted a General Fund budget for 2019-2020 with an operating surplus of \$60,709 which will result in a deficit fund balance at June 30, 2020 of \$490,710. The excess of revenues over expenditures is expected as a result of targeted budget cuts implemented in fiscal year 2020.

**Union Parish School Board
Management's Discussion and Analysis (Unaudited)**

Contacting the School Board's Financial Management

If you have questions about this report or need additional financial information, contact Marsha Andrews, CFO of Union Parish School Board, P.O. Box 308, Farmerville, LA 71241-0308, or call at (318) 368-9715.

BASIC FINANCIAL STATEMENTS

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

Union Parish School Board Statement of Net Position

	Primary Government Governmental Activities	Component Unit Downsville Community Charter, Inc.
<i>June 30, 2019</i>		
Assets		
Cash and cash equivalents	\$ 755,150	\$ 555,902
Restricted cash	-	66,373
Receivables		
Sales and use taxes	583,485	-
Federal and State grants	1,479,269	50,928
Other	55,652	3,524
Due from primary government	-	295,684
Inventory	34,191	-
Capital assets, net	49,544,306	554,709
Total assets	52,452,053	1,527,120
Deferred outflows of resources		
Deferred outflows related to pensions	5,614,568	-
Total deferred outflows of resources	5,614,568	-
Liabilities		
Accounts payable	972,611	11,289
Salaries and wages payable	1,440,428	228,485
Unearned revenue	27,882	-
Interest payable - bonds	460,687	-
Long-term liabilities		
Due within one year	1,976,077	12,875
Due in more than one year	93,519,773	39,665
Total liabilities	98,397,458	292,314
Deferred inflows of resources		
Deferred inflows related to pensions	4,166,137	-
Deferred inflows related to OPEB	4,822,083	-
Total deferred inflows of resources	8,988,220	-
Net position		
Net investment in capital assets	6,563,937	554,709
Restricted for		
Scholarship	9,000	-
School food service	269,835	-
Debt service	757,830	-
Salaries and related benefits	70,680	-
Instructional costs	18,968	-
School construction	28	-
School activity funds	-	66,373
Unrestricted	(57,009,335)	613,724
Total net position (deficit)	\$ (49,319,057)	\$ 1,234,806

The accompanying notes are an integral part of the financial statements

Union Parish School Board Statement of Activities

	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
<i>For the year ended June 30, 2019</i>						
Functions/programs						
Governmental Activities						
Instructional services						
Regular programs	\$ 13,441,113	\$ -	\$ 33,365	\$ -	\$ (13,407,748)	\$ -
Special education programs	1,608,768	-	507,880	-	(1,100,888)	-
Vocational programs	354,709	-	22,073	-	(332,636)	-
Other instructional programs	221,635	-	131,427	-	(90,208)	-
Special programs	2,192,292	-	2,431,911	-	239,619	-
Adult/continuing education	165,046	-	-	-	(165,046)	-
Support services						
Pupil support	1,288,441	-	552,731	-	(735,710)	-
Instructional staff support	1,479,279	-	570,111	-	(909,168)	-
General administration	1,068,818	-	-	-	(1,068,818)	-
School administration	895,145	-	-	-	(895,145)	-
Business services	384,314	-	42,059	-	(342,255)	-
Plant services	1,280,350	-	8,042	-	(1,272,308)	-
Student transportation services	2,696,637	-	99,741	-	(2,596,896)	-
Central services	123,467	-	-	-	(123,467)	-
Noninstructional services						
Food service operations	1,245,481	34,065	1,271,520	-	60,104	-
Facility acquisition and construction	-	-	-	87,354	87,354	-
Debt service						
Interest on long-term obligations	1,405,643	-	-	-	(1,405,643)	-
Total Primary Government	\$ 29,851,138	\$ 34,065	\$ 5,670,860	\$ 87,354	\$ (24,058,859)	\$ -
Component Unit						
Downsville Community Charter, Inc.	\$ 3,661,575	\$ 5,835	\$ 214,717	\$ -	\$ -	\$ (3,441,023)
General revenues						
Taxes						
Ad valorem taxes levied for						
General purposes					2,899,540	-
Debt service purposes					2,461,026	-
Sales taxes levied for						
General purposes					7,479,384	-
Grants and contributions not restricted to specific programs						
Minimum foundation program					13,178,490	3,597,442
State revenue sharing					71,369	-
Interest and investment earnings					17,952	1,103
Gain (loss) on disposals of assets					17,045	-
School Activity Funds					-	32,157
Other					1,089,264	5,546
Total general revenues					27,214,070	3,636,248
Changes in net position					3,155,211	195,225
Net position (deficit) at beginning of year					(52,474,268)	1,039,581
Net position (deficit) at end of year					\$ (49,319,057)	1,234,806

The accompanying notes are an integral part of the financial statements

FUND FINANCIAL STATEMENTS (FFS)

Union Parish School Board Governmental Funds – Balance Sheet

June 30, 2019	General	Title I	School Food Service	Debt Service	Nonmajor Governmental	Total
Assets						
Cash and cash equivalents	\$ 62,611	\$ -	\$ 344,652	\$ 306,455	\$ 41,433	\$ 755,151
Accounts receivable	250,147	366,703	18,128	-	1,483,428	2,118,406
Interfund receivables	2,042,206	-	-	451,375	-	2,493,581
Inventory	-	-	34,190	-	-	34,190
Total assets	\$ 2,354,964	\$ 366,703	\$ 396,970	\$ 757,830	\$ 1,524,861	\$ 5,401,328
Liabilities and fund balances						
Liabilities						
Accounts payable	\$ 837,352	\$ 20,348	\$ 31,111	\$ -	\$ 108,903	\$ 997,714
Salaries and wages payable	1,224,489	66,540	61,833	-	87,566	1,440,428
Interfund payables	844,542	279,815	-	-	1,369,224	2,493,581
Other liabilities	-	-	-	-	2,779	2,779
Total liabilities	2,906,383	366,703	92,944	-	1,568,472	4,934,502
Fund balances						
Nonspendable						
Inventory	-	-	34,191	-	-	34,191
Restricted for						
Scholarship	9,000	-	-	-	-	9,000
School food service	-	-	269,835	-	-	269,835
Debt service	-	-	-	757,830	-	757,830
Salaries and benefits	-	-	-	-	70,680	70,680
Instructional costs	-	-	-	-	18,968	18,968
School construction	-	-	-	-	28	28
Committed for						
Building and equipment repair	75,100	-	-	-	-	75,100
School buses and equipment	28,820	-	-	-	-	28,820
Unassigned	(664,339)	-	-	-	(133,287)	(797,626)
Total fund balances (deficits)	(551,419)	-	304,026	757,830	(43,611)	466,826
Total liabilities and fund balances (deficits)	\$ 2,354,964	\$ 366,703	\$ 396,970	\$ 757,830	\$ 1,524,861	\$ 5,401,328

The accompanying notes are an integral part of the financial statements.

Union Parish School Board Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

Total fund balances - governmental funds \$ 466,826

The cost of capital assets (land, buildings, furniture and equipment) purchased or constructed is reported as an expenditure in government 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 allocated over their estimated useful lives (as depreciation expense) to the various programs is reported as governmental activities in the Statement of Activities. Because depreciation expense does not affect financial resources, it is not reported in governmental funds.

Cost of capital assets	59,985,457	
Accumulated depreciation	<u>(10,441,151)</u>	49,544,306

Deferred outflows of resources related to pensions are not due and payable in the current period and accordingly are not reported in the governmental funds. 5,614,568

Deferred inflows of resources related to pensions are not available to pay current period expenditures and therefore are not reported in the governmental funds. (4,166,137)

Deferred inflows of resources related to OPEB are not available to pay current period expenditures and therefore are not reported in the governmental funds. (4,822,083)

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.

Long-term liabilities		
Net pension liability	(22,119,049)	
Total OPEB liability	(29,490,423)	
General obligation bonds payable	(39,350,000)	
Limited revenue bonds payable	(3,305,000)	
Bond premium	(325,372)	
Interest payable	(460,687)	
Compensated absences payable	<u>(906,006)</u>	(95,956,537)

Net Position (Deficit) \$ (49,319,057)

Union Parish School Board
Governmental Funds - Statement of Revenues,
Expenditures, and Changes in Fund Balances

<i>For the year ended June 30, 2019</i>	General	Title I	School Food Service	Debt Service	Nonmajor Governmental	Total
REVENUES						
Local sources						
Ad valorem taxes	\$ 2,899,540	\$ -	\$ -	\$ 2,461,026	\$ -	\$ 5,360,566
Sales and use taxes	2,493,128	-	-	-	4,986,256	7,479,384
Earnings on investments	10,299	-	3,058	1,108	3,487	17,952
Cash payments for meals	-	-	34,065	-	-	34,065
Other local revenue	1,173,449	-	907	-	1,001	1,175,357
State sources						
State equalization	13,153,490	-	25,000	-	-	13,178,490
Revenue sharing	71,369	-	-	-	-	71,369
Other restricted revenue	33,365	-	-	-	265,224	298,589
Federal sources						
Federal restricted grants-in-aid	-	1,537,589	1,266,875	-	2,570,516	5,374,980
Other federal support	80,000	-	4,645	-	-	84,645
Total revenues	19,914,640	1,537,589	1,334,550	2,462,134	7,826,484	33,075,397
EXPENDITURES						
Current						
Instructional services						
Regular programs	13,079,291	-	-	-	871,252	13,950,543
Special education programs	1,173,457	-	-	-	674,775	1,848,232
Vocational programs	363,366	-	-	-	62,811	426,177
Other instructional programs	134,066	99,173	-	-	32,954	266,193
Special programs	78,141	1,077,527	-	-	1,206,902	2,362,570
Adult/Continuing education programs	154,077	-	-	-	22,730	176,807
Support services						
Pupil support services	872,115	35,950	-	-	619,348	1,527,413
Instructional staff support	1,004,303	158,795	-	-	469,119	1,632,217
General administration	965,208	-	-	74,784	63,196	1,103,188
School administration	930,058	-	-	-	112,842	1,042,900
Business services	363,681	38,892	-	-	25,391	427,964
Plant services	1,173,435	-	-	-	170,032	1,343,467
Student transportation services	2,456,152	-	-	-	273,386	2,729,538
Central services	126,784	-	-	-	10,161	136,945
Other support services	16,500	-	-	-	-	16,500
Noninstructional services						
Food service operations	89,461	-	1,145,247	-	124,355	1,359,063
Debt service						
Principal	150,000	-	-	1,200,000	-	1,350,000
Interest	131,525	-	-	1,297,488	-	1,429,013
Capital outlay	206,850	11,454	-	-	586,181	804,485
Total expenditures	23,468,470	1,421,791	1,145,247	2,572,272	5,325,435	33,933,215
Excess (deficiency) of revenues over expenditures	(3,553,830)	115,798	189,303	(110,138)	2,501,049	(857,818)
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of assets	98,911	-	-	-	-	98,911
Transfers in	3,258,008	-	-	-	149,705	3,407,713
Transfers out	(127,163)	(115,798)	-	-	(3,164,752)	(3,407,713)
Total other financing sources (uses)	3,229,756	(115,798)	-	-	(3,015,047)	98,911
Net change in fund balances	(324,074)	-	189,303	(110,138)	(513,998)	(758,907)
Fund balances (deficits) at beginning of year	(227,345)	-	114,723	867,968	470,387	1,225,733
Fund balances (deficits) at end of year	\$ (551,419)	\$ -	\$ 304,026	\$ 757,830	\$ (43,611)	\$ 466,826

The accompanying notes are an integral part of the financial statements.

Union Parish School Board

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

Total net change in fund balances - Governmental Funds \$ (758,907)

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in the 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 outlay exceeded depreciation in the current period.

Capital assets:

Capital outlays	804,485	
Depreciation	<u>(1,019,453)</u>	(214,968)

Some revenues will not be collected within 60 days after the close of the School Board's fiscal year-end fiscal year-end are not considered as "available" revenue in the governmental funds. In the Statement of Activities, presented on the accrual basis, these revenues are recognized.

Prior year insurance claim not received within 60 days of prior fiscal year end recognized as current year revenue in the governmental funds (161,850)

In the statement of activities, the gain or loss on the disposal of capital assets is reported, whereas in the governmental funds, disposals are not reported. Thus, the change in net position differs from the change in fund balance by the net book value of the disposed capital assets.

(81,866)

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, interest expense is recognized as the interest accrues, regardless of when it is due.

Excess of interest accrued over interest paid 4,068

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

Repayment of bond debt 1,350,000

Change in deferred inflows of resources - pension plans (1,816,710)

Change in deferred outflows of resources - pension plans 1,674,995

Change in deferred inflows of resources - other post-employment benefits (OPEB) (4,822,083)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Net change in net other post employment benefits (OPEB) liability 5,042,908

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

Net change in net pension liability 3,101,101

In the Statement of Activities, certain operating expenses - 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).

This year, vacation and sick leave earned exceeded the amounts used. (180,779)

Bond premiums are reported as other financing sources in the governmental funds and thus contribute to the changes in fund balance. In the Statement of Net Position, however, bond premiums increase long-term debt and are amortized over the life of the bonds in the Statement of Activities.

Amortization of bond premium 19,302

Change in net position of governmental activities \$ 3,155,211

The accompanying notes are an integral part of the financial statements.

**Union Parish School Board
Fiduciary Fund – Agency Funds
Statement of Fiduciary Assets and Liabilities**

<i>June 30, 2019</i>	School Activity Funds
Assets	
Cash and cash equivalents	\$ 255,650
Liabilities	
Deposits due others	\$ 255,650

The accompanying notes are an integral part of the financial statements.

Union Parish School Board
Notes to the Basic Financial Statements
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Union Parish School Board Notes to the Basic Financial Statements

NOTE 1: Summary of Significant Accounting Policies

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

A. Reporting Entity

The School Board was created by Louisiana Revised Statute LSA R.S. 17:51 to provide public education to children within Union 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 9 members who are elected from 9 districts for a period of 4 years.

The School Board operates 2 schools within the parish with a total enrollment of approximately 1,500 students, including Pre-K. In conjunction with the regular educational programs, some of these schools offer special and/or adult education programs. In addition, the School Board provides transportation and school food services for the students.

Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, establishes the criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Because the School Board has a separately elected governing body and is legally separate and fiscally independent, the School Board is a separate governmental reporting entity. For financial reporting purposes, the School Board's financial statements include all funds, schools, agencies and committees for which the School Board is financially accountable. Based on these criteria, the School Board has determined that the following component units should be considered as part of the School Board reporting entity:

Downsville Community Charter, Inc. is included in the reporting entity, because they are fiscally dependent on the school system for the majority of its revenue. The School Board has the authority to revoke the charter and exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Downsville Community Charter, Inc. is established as a 501(c)3 not-for-profit corporation to operate Downsville Community Charter School. As such, it follows the guidance of Financial Standards Accounting Board (FASB) Accounting Standards Codification (ASC) 958-205, *Financial Statements of Not-for Profit Organizations*.

Throughout the year, Union Parish School Board paid for expenses related to Downsville Community Charter, Inc. As a result, there were transactions throughout the year between the School Board and the discretely presented component unit.

Union Parish School Board
Notes to the Basic Financial Statements

NOTE 1: Summary of Significant Accounting Policies (Continued)

Below is a summary of amounts reimbursed to the Union Parish School Board from the discretely presented component unit for the 2018-2019 school year:

	Downsville Community Charter, Inc.
JPAMS	11,472
Internet / Telephone	21,636
Special Education Oversight	15,144
Lease of Property	1,200
School Accounting	26,508
Total	\$ 75,960

Copies of the audit report for Downsville Community Charter, Inc. may be obtained from the School Board.

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

B. Basis of Accounting and Measurement Focus

Government-Wide Financial Statements (GWFS)

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

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

General Revenues

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

Union Parish School Board Notes to the Basic Financial Statements

NOTE 1: Summary of Significant Accounting Policies (Continued)

Program Revenues

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

Allocation of Indirect Expenses

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

Fund Financial Statements (FFS)

Governmental Funds

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

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

Union Parish School Board Notes to the Basic Financial Statements

NOTE 1: Summary of Significant Accounting Policies (Continued)

C. Fund Accounting

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

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

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

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

General Fund – The General Fund is the general operating fund of the School Board. It accounts for all financial resources except those required to be accounted for in another fund and is always a major fund. The General Fund, as in past years also includes the Payroll Fund, Sales Tax 2014 Fund and the Michaela Bennett Scholarship Fund.

Special Revenue Funds – Special Revenue Funds account for and report the proceeds of specific revenue sources (other than special assessments) that are legally restricted or committed to expenditures for specified purposes other than debt service or capital projects. The term “proceeds of specific revenue sources” establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. The School Board has 2 major Special Revenue Funds as follows:

Title I, which accounts for Title I of the Elementary and Secondary Education Act (ESEA) is a federally financed program which provides for the needs of children who are at risk of not meeting challenging academic standards and who reside in areas of high concentrations of children from low-income families.

School Food Service, which is designed to assist in providing a nutritious breakfast and lunch service for school students and to encourage the domestic consumption of nutritious agricultural commodities.

**Union Parish School Board
Notes to the Basic Financial Statements**

The School Board also has 7 nonmajor special revenue funds.

Union Parish School Board Notes to the Basic Financial Statements

NOTE 1: Summary of Significant Accounting Policies (Continued)

Debt Service Fund – The Debt Service Fund accounts for the servicing of debt payments including principal and interest. The bonds were issued to renovate, construct, and improve school buildings, equipment, and furnishings. The bond issuances are financed by ad valorem tax on property within the legal boundaries of the district. The School Board has 1 Debt Service Fund.

Capital Projects Funds – Capital Projects Funds account for and report financial resources that are restricted, committed, or assigned to expenditures for capital expenditures, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments. The School Board has 3 nonmajor Capital Projects Funds.

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

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

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

Component Unit – The discretely presented component unit of the School Board is Downsville Community Charter, Inc., which is accounted for as a separate not-for-profit organization.

D. Cash and Cash Equivalents

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

E. Short-Term Interfund Receivables and Payables

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

Union Parish School Board
Notes to the Basic Financial Statements

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Eliminations and Reclassifications

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

G. Inventory and Prepaid Items

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

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

H. Capital Assets

Capital assets, which include land, buildings and improvements, furniture and equipment, intangibles, and construction-in-progress are reported in the Government-wide Financial Statements. The School Board considers assets, other than intangibles, with an initial individual cost of more than \$5,000 and an estimated useful life of more than 1 year as a capital asset. Intangibles, such as software, with an initial individual cost of \$100,000 or are considered a capital asset.

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

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

Buildings and improvements	10 - 50 years
Furniture and equipment	3 - 10 years
Intangibles (software)	3 - 10 years

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

Union Parish School Board
Notes to the Basic Financial Statements

NOTE 1: Summary of Significant Accounting Policies (Continued)

I. Unearned Revenue

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

J. Interfund Transactions

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

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

K. Compensated Absences

Twelve-month full-time employees earn ten days or more of cumulative vacation leave each year, based upon years of service. For the purpose of calculating and apportioning annual leave, the "leave year" shall run from July 1st to June 30th. No more than 15 days of vacation leave may be accumulated as of June 30th. Upon termination, resignation, or retirement, any unused annual leave shall be paid at the employee's rate of pay. The maximum number of days the system shall pay an employee is 25 days.

All 12 month employees earn from 12 to 18 days of sick leave each year, depending upon the length of service. Sick leave can be accumulated without limitation. Upon retirement or death, unused accumulated sick leave of up to 25 days is paid to the employee or the employee's estate at the employee's current rate of pay. Under the Louisiana Teachers' Retirement System, and the Louisiana School Employees' Retirement System, all unpaid leave is used in the retirement benefit computation as earned service.

Union Parish School Board
Notes to the Basic Financial Statements

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

GASB Statement 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both the following conditions are met:

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

GASB Statement 16 provides that a liability for sick leave should be accrued using one of the following termination approaches:

- A. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments or funerals.
- B. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments. The School Board uses this approach to accrue the liability for sick leave. The School Board makes the assumption that employees who have a minimum experience of 10 years will become eligible in the future to receive their accrued sick leave.

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

L. Long-Term Liabilities

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

Union Parish School Board Notes to the Basic Financial Statements

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

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

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

M. Deferred Outflows and Deferred Inflows of Resources

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

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

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

Union Parish School Board
Notes to the Basic Financial Statements

NOTE 1: Summary of Significant Accounting Policies (Continued)

N. Equity Classifications

Government-Wide Financial Statements

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

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

The following net positions are considered restricted:

- Debt service resources from sales and use taxes and ad valorem taxes levied specifically to meet the principal and interest payments of various general obligation and revenue bond issues via an approved public referendum in accordance with state law and bond covenants with investors.
- Available resources from sales taxes specifically dedicated by taxing propositions approved by voters.
- Unrestricted Net Position – All other net positions that do not meet the definition of “restricted” or “net investment in capital assets”.

Sometimes the School Board will make expenditures for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as *restricted* – net position and *unrestricted* – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School Board’s practice to consider *restricted* – net position to have been depleted before *unrestricted* – net position is applied.

Union Parish School Board Notes to the Basic Financial Statements

NOTE 1: Summary of Significant Accounting Policies (Continued)

Fund Financial Statements

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

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

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

Union Parish School Board
Notes to the Basic Financial Statements

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

O. Sales and Use Taxes

On May 19, 1979, the voters of Union Parish approved a one percent sales and use tax to be collected within Union Parish. The sales and use tax is collected by the Lincoln Parish Sales Tax Commission and remitted to the Union Parish School Board. The funds are then deposited in the sales tax special revenue fund.

On January 20, 2001, the voters of Union Parish approved a one percent sales and use tax to be collected within Union Parish. The tax is for an indefinite period of time. Eighty-five percent of the proceeds from the tax are dedicated for salaries and benefits of teachers and other school employees. The remaining fifteen percent is dedicated for constructing, improving, maintaining, and operating public schools. The School Board has the authority to fund a portion of the sales tax into bonds.

On May 3, 2014, the voters of Union Parish approved a one percent sales tax to be collected within Union Parish. The tax is for an indefinite period of time. The proceeds from the tax are to be used for the purpose of operating and maintaining schools and school related facilities, including paying salaries and benefits of teachers and other school personnel.

P. Encumbrances

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

Q. Levied Taxes

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

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

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

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

Union Parish School Board Notes to the Basic Financial Statements

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

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

R. Use of Estimates

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

S. Budget and Budgetary Accounting

The School Board utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

In September, the Business Manager submits to the School Board proposed annual appropriated budgets for the General Fund, Special Revenue Funds, and Debt Service Funds for the fiscal year commencing the prior July 1. A public hearing is conducted to obtain taxpayer comments. Prior to September 15, the School Board legally enacts the budget through adoption. The only legal requirement is that the School Board adopt a balanced budget; that is total budgeted expenditures and other financing sources (including fund balance) must equal or exceed total budgeted expenditures and other financing uses. The budget is revised periodically throughout the school year, when deemed appropriate, but a balanced budget is always approved.

The General Fund budget is adopted on a basis consistent with GAAP. Unencumbered appropriations in the General Fund lapse at the end of the fiscal year, whereas, encumbered appropriations are carried forward to the following year. Budgeted amounts are as originally adopted or as amended by the School Board.

Union Parish School Board Notes to the Basic Financial Statements

NOTE 1: Summary of Significant Accounting Policies (Continued)

The Special Revenue Funds have annual appropriated budgets adopted on a basis consistent with GAAP. Except for grant-oriented funds, unencumbered appropriations lapse at the end of the fiscal year. Encumbered appropriations are utilized when goods or services are received. Grant-oriented fund budgets are adopted at the time the grant applications are approved by the grantor. Separate annual budgets are adopted for unencumbered appropriation of grant-oriented Special Revenue Funds at the beginning of the following fiscal year.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds and the Debt Service Fund. All budgets are operational at the departmental or project level. The Superintendent and the Business Manager of the School Board are authorized to transfer budget amounts between line item activity and between any functions of an individual fund; however, any supplemental appropriations that amend the total expenditures of any fund require School Board resolution. The effects of budget revisions passed during the year were insignificant to the budgets as originally approved.

T. Recently Issued Accounting Pronouncements

GASB Statement 84. *Fiduciary Activities*. This standard defines and establishes criteria for identifying and reporting fiduciary activities. The focus of the criteria is on whether (1) the School Board controls the assets in a fiduciary activity and (2) there are separate identifiable beneficiaries with whom a fiduciary relationship exists. The standard is effective for annual reporting periods beginning after December 15, 2019. The School Board will include the requirements of this standard, as applicable, in its June 30, 2021 financial statements. The effect of this standard or its applicability to the School Board are unknown at this time.

GASB Statement 88. *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. This standard improved the information disclosed in notes to governmental financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing debt. The standard is effective for annual reporting periods beginning after June 15, 2019. The School Board will include the requirements of this standard, as applicable, in its June 30, 2020 financial statements. The effect of this standard or its applicability to the School Board are unknown at this time.

Union Parish School Board
Notes to the Basic Financial Statements

NOTE 2: Stewardship, Compliance, and Accountability

Deficit Fund Balance

Fund	Fund Deficit
Major Fund	\$ (551,419)
General Fund	
Nonmajor - Special Revenue Fund	
2001 Sales Tax Fund	\$ (30,862)
Nonmajor - Capital Projects Fund	
Safe Room Project	\$ (102,425)

The General Fund reported a fund deficit of \$551,419 for the year ended June 30, 2019. This deficit is due to unexpected decreases in revenue and unexpected expenditures in fiscal year 2019 and will be eliminated or reduced during fiscal years 2020 and 2021 by a reduction of expenditures.

The 2001 Sales Tax Fund reported a fund deficit of \$30,862 for the year ended June 30, 2019. This deficit is due to unexpected expenditures in fiscal year 2019 and will be eliminated or reduced during fiscal year 2020 by a reduction of expenditures.

The deficit in the Safe Room Project was created due to an overspending of the grant. The \$102,425 balance is being requested from Homeland Security, but additional funding is not specifically known. Should part or all of this remaining balance be uncollected, the General Fund will cover the remaining unfunded amount.

NOTE 3: Cash and Cash Equivalents

Custodial credit risk - deposits. The School Board's cash and cash equivalents consist of deposits with financial institutions. The following is a schedule of the School Board's cash and cash equivalents at June 30, 2019. Differences between School Board balances and the bank balances arise because of the net effect of deposits-in-transit and outstanding checks.

Union Parish School Board
Notes to the Basic Financial Statements

NOTE 3: Cash and Cash Equivalents (Continued)

	Book Balance	Bank Balance
Cash		
Governmental Funds		
Demand deposits - checking	\$ 755,150	\$ 1,498,372
Agency Funds		
Demand deposits - checking	232,992	235,275
Total cash	988,142	1,733,647
Cash Equivalents		
Agency Funds		
Certificates of Deposit	22,658	22,658
Total cash equivalents	22,658	22,658
Total cash and cash equivalents	\$ 1,010,800	\$ 1,756,305

The School Board's deposits are collateralized as follows:

Federal Deposit Insurance	\$ 250,000
Pledged Securities	1,506,305
Total collateralized deposits	\$ 1,756,305

Louisiana Revised Statute 39:1225 requires the School Board to insure its bank balances from loss against custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the School Board's deposits may not be returned. The School Board had bank balances of \$1,756,211, of which \$250,000 were insured by federal depository insurance (FDIC) and \$1,506,211 were covered by securities held as collateral by the trust department of agents of custodial banks in the name of the School Board at year-end.

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

Interest rate risk. The School Board's policy does not address interest rate risk.

Union Parish School Board
Notes to the Basic Financial Statements

NOTE 4: Receivables

The receivables of \$2,118,406 at June 30, 2019, as reported in the Fund Financial Statements are as follows:

<i>June 30, 2019</i>	Sales and Use Tax	Grantor Agencies	Other	Total
Major Funds				
General Fund	\$ 194,495	\$ -	\$ 55,652	\$ 250,147
School Lunch Fund	-	18,128	-	18,128
Title I Fund	-	366,703	-	366,703
Total major funds	194,495	384,831	55,652	634,978
Non-Major Funds				
Special Revenue Funds				
1979 Sales Tax	194,495	-	-	194,495
2001 Sales Tax	194,495	-	-	194,495
Special Education	-	218,924	-	218,924
TANF	-	185,093	-	185,093
Carl Perkins	-	4,695	-	4,695
21st Century	-	171,759	-	171,759
Other Miscellaneous	-	513,967	-	513,967
Total non-major funds	388,990	1,094,438	-	1,483,428
Total	\$ 583,485	\$ 1,479,269	\$ 55,652	\$ 2,118,406

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

Union Parish School Board
Notes to the Basic Financial Statements

NOTE 5: Capital Assets

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 378,351	\$ -	\$ 1,280	\$ 377,071
Construction in progress	31,158,388	572,745	31,731,133	-
Total capital assets not being depreciated	31,536,739	572,745	31,732,413	377,071
Capital assets being depreciated				
Buildings and improvements	22,017,088	31,731,133	710,278	53,037,943
Furniture and equipment	6,601,444	231,740	262,741	6,570,443
Total capital assets being depreciated	28,618,532	31,962,873	973,019	59,608,386
Less accumulated depreciation				
Building and improvements	5,793,516	714,642	632,939	5,875,219
Furniture and equipment	4,520,615	304,811	259,494	4,565,932
Total accumulated depreciation	10,314,131	1,019,453	892,433	10,441,151
Total capital assets being depreciated, net	18,304,401	30,943,420	80,586	49,167,235
Governmental activities capital assets, net	\$ 49,841,140	\$ 31,516,165	\$ 31,812,999	\$ 49,544,306

Depreciation expense was charged to governmental activities as follows:

Instructional services:	
Regular programs	\$ 714,642
Special education programs	631
Special programs	3,141
Support services:	
Plant services	17,271
Student transportation services	279,938
Noninstructional services:	
Food service operations	3,830
Total depreciation expense	\$ 1,019,453

Union Parish School Board Notes to the Basic Financial Statements

NOTE 6: Pension Plans

General Information about the Pension Plans

Plan Descriptions

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

Benefits Provided

TRSL

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

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

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

Union Parish School Board Notes to the Basic Financial Statements

NOTE 6: Pension Plans (Continued)

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

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

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

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

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

Union Parish School Board Notes to the Basic Financial Statements

NOTE 6: Pension Plans (Continued)

The Optional Retirement Plan (ORP) was established for academic employees of public institutions of higher education who are eligible for membership in TRSL. This plan was designed to provide certain academic and unclassified employees of public institutions of higher education an optional method of funding for their retirement. The ORP is a defined contribution pension plan which provides for portability of assets and full and immediate vesting of all contributions submitted on behalf of the affected employees to the approved providers.

These providers are selected by the TRSL Board of Trustees. Monthly employer and employee contributions are invested as directed by the employee to provide the employee with future retirement benefits. The amount of these benefits is entirely dependent upon the total contributions and investment returns accumulated during the employee's working lifetime. Employees in eligible positions of higher education can make an irrevocable election to participate in the ORP rather than TRSL and purchase annuity contracts—fixed, variable, or both—for benefits payable at retirement.

LSERS

LSERS provides retirement, deferred retirement option (DROP), disability, and survivor's benefits. Membership is mandatory for all persons employed by a Louisiana Parish or City School Board who work more than 20 hours per week or for part-time employees who have 10 years of creditable service in LSERS as a school bus driver, school janitor, school custodian, school maintenance employee, school bus aide, monitor or attendant, or any other regular school employee who actually works on a school bus helping with the transportation of school children. If a person is employed by and is eligible to be a member of more than one public agency within the state, he must be a member of each such retirement system. Members are vested after 10 years of service or 5 years if enrolled after June 30, 2010. All temporary, seasonal and part-time employees as defined in federal Regulations 26 CFR 31:3121(b)(7)-2 are not eligible for membership in the Plan. Any part-time employees who work 20 hours or less per week and who are not vested will be refunded their contributions.

Union Parish School Board
Notes to the Basic Financial Statements

NOTE 6: Pension Plans (Continued)

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

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

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

Union Parish School Board
Notes to the Basic Financial Statements

NOTE 6: Pension Plans (Continued)

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

Contributions

TRSL

The employer contribution rate is established annually under LA R.S. 11:101 - 11:104 by the Public Retirement Systems Actuarial Committee (PRSACX) taking into consideration the recommendation of the System's actuary. Each sub plan pays a separate actuarially determined employer contribution rate. However, all assets of TRSL are used for the payment of benefits for all classes of members, regardless of their plan. The rates in effect during the fiscal year ended June 30, 2019 are as follows:

TRSL Sub Plan	Contribution Rates	
	School Board	Employees
K-12 Regular Plan	26.7%	8.0%
Lunch Plan A	26.7%	9.1%
Lunch Plan B	26.7%	5.0%

The School Board's contractually required composite contribution rate for the year ended June 30, 2019 was 26.4% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the School Board were \$2,991,394 for the year ended June 30, 2019.

LSERS

Contributions for members are established by state statute at 7.5% of their annual covered salary for members employed prior to July 1, 2010 and 8.0% for members employed subsequent to July 1, 2010. Contributions for all participating school boards are actuarially determined as required by Act 81 of 1988 but cannot be less than the rate required by the Constitution. The actuarial required contribution rate for June 30, 2019 was 28.4%. The actual employer rate for the year ended June 30, 2019 was 28.0%. A difference may exist due to the State Statute that requires the rate to be calculated in advance. Contributions to the pension plan from the School Board were \$514,731 for the year ended June 30, 2019.

Union Parish School Board
Notes to the Basic Financial Statements

NOTE 6: Pension Plans (Continued)

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

The net pension liabilities were measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School Board's proportion of the net pension liability for TRSL was based on a projection of the School Board's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Schools Board's proportion of the net pension liability of LSERS was based on the School Board's historical contributions.

The following table reflects the School Board's proportionate share of the Net Pension Liability for each of the pension plans, the proportion at June 30, 2019 and the change compared to the June 30, 2018 proportion.

	Net Pension Liability at June 30, 2019	Proportion at June 30, 2019	Increase (Decrease) to June 30, 2018 Proportion
TRSL	\$ 18,825,179	0.191546%	-0.021109%
LSERS	3,293,870	0.492993%	-0.041290%
	<u>\$ 22,119,049</u>		

The following table reflects the School Board's recognized pension expense plus the School Board's amortization of change in proportionate share and difference between employer contributions and proportionate share of contributions for each of the pension plans for the year ended June 30, 2019.

	Pension Expense	Amortization	Total
TRSL	\$ 1,244,121	\$ (694,241)	\$ 549,880
LSERS	76,624	(4,008)	72,616
	<u>\$ 1,320,745</u>	<u>\$ (698,249)</u>	<u>\$ 622,496</u>

Union Parish School Board
Notes to the Basic Financial Statements

NOTE 6: Pension Plans (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
TRSL		
Differences between expected and actual experience	\$ -	\$ (620,140)
Changes in assumptions	1,209,579	-
Net difference between projected and actual earnings on pension plan investments	-	(1,213,248)
Changes in proportion and differences between employer contributions and proportionate share of contributions	694,690	(2,019,513)
Employer contributions subsequent to the measurement date	2,991,394	-
Total TRSL	\$ 4,895,663	\$ (3,852,901)

	Deferred Outflows of Resources	Deferred Inflows of Resources
LSERS		
Differences between expected and actual experience	\$ -	\$ (90,896)
Changes in assumptions	138,765	-
Net difference between projected and actual earnings on pension plan investments	65,409	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	(222,340)
Employer contributions subsequent to the measurement date	514,731	-
Total LSERS	\$ 718,905	\$ (313,236)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
TRSL	\$ 4,895,663	\$ (3,852,901)
LSERS	718,905	(313,236)
	\$ 5,614,568	\$ (4,166,137)

Union Parish School Board
Notes to the Basic Financial Statements

NOTE 6: Pension Plans (Continued)

Deferred outflows of resources related to pensions resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ending June 30, 2020. The following table lists the pension contributions made subsequent to the measurement period for each pension plan:

	Subsequent Contributions
TRSL	\$ 2,991,394
LSERS	514,731
	\$ 3,506,125

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

Year ending June 30:	TRSL	LSERS	Total
2020	\$ (195,938)	\$ 5,298	\$ (190,640)
2021	(478,025)	(30,213)	(508,238)
2022	(841,716)	(99,465)	(941,181)
2023	(432,953)	15,318	(417,635)
	\$ (1,948,632)	\$ (109,062)	\$ (2,057,694)

Actuarial Assumptions

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

	TRSL	LSERS
Valuation Date	June 30, 2018	June 30, 2018
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Approach	Closed	
Actuarial Assumptions:		
Expected Remaining Service Lives	5 years	3 years
Investment Rate of Return	7.65% net of investment expenses	7.0625% net of investment expenses
Inflation Rate	2.50% per annum	2.50%
Projected Salary Increases	3.3% - 4.8% varies depending on duration of service	2013-2017 experience study, 3.25%

Union Parish School Board
Notes to the Basic Financial Statements

NOTE 6: Pension Plans (Continued)

	TRSL	LSERS
Actuarial Assumptions:		
Cost of Living Adjustments	None	The present value of future retirement benefits is based on benefits currently being paid by the system and includes previously granted cost of living increases. The present value and accrued liabilities include one future COLA, though not yet authorized by the legislature by including the recognition of the existing balance in the Experience Account together with the present value of future contributions to the Account up to the maximum permissible value of the Account based upon current amount limitations.
Mortality	Active members – RP-2014 White Collar Employee tables, adjusted by 1.010 for males and by 0.997 for females. Non-Disabled retiree/inactive members – RP-2014 White Collar Healthy Annuitant tables, adjusted by 1.366 for males and by 1.189 for females. Disability retiree mortality – RP-2014 Disability tables, adjusted by 1.111 for males and by 1.134 for females. These base tables are adjusted from 2014 to 2018 using the MP-2017 generational improvement table, with continued future mortality improvement projected using the MP-2017 generational mortality improvement tables.	RP-2014 Healthy Annuitant Tables RP-2014 Sex Distinct Employee Tables RP-2014 Sex Distinct Disabled Tables

**Union Parish School Board
Notes to the Basic Financial Statements**

NOTE 6: Pension Plans (Continued)

	TRSL	LSERS
Actuarial Assumptions: Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a 5-year (July 1, 2012 – June 30, 2017) experience study of the System’s members.	Termination, disability, and retirement assumptions were projected based on a five-year (2008-2012) experience study of the System's members.

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

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

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

Union Parish School Board
Notes to the Basic Financial Statements

NOTE 6: Pension Plans (Continued)

The following table provides a summary of the best estimates of arithmetic real rates of return for each major asset class included in each of the pension plans' target asset allocation as of June 30, 2019:

Asset Class	Target Allocation		Long-Term Expected Portfolio Real Rate of Return	
	TRSL	LSERS	TRSL	LSERS
Domestic equity	27.0%	51.0%	4.01%	7.11%
International equity	19.0%	-	4.90%	-
Domestic fixed income	13.0%	30.0%	1.36%	2.97%
International fixed income	5.5%	-	2.35%	-
Alternative investments	25.5%	13.0%	8.39%	6.37%
Other private assets	10.0%	-	3.57%	-
Real assets	-	6.0%	-	7.50%
Total	100.0%	100.0%	N/A	5.76%
Expected inflation				2.00%
Expected Arithmetic Nominal Return				7.76%

Discount Rate

The discount rates used to measure the total pension liability for TRSL and LSERS were 7.65% and 7.0625%, respectively, for the year ended June 30, 2019.

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and member rate. Based on those assumptions, each of the pension plans' fiduciary net positions were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Union Parish School Board
Notes to the Basic Financial Statements

NOTE 6: Pension Plans (Continued)

Sensitivity of the School Board’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1.0% Decrease	Current Discount Rate	1.0% Increase
TRSL			
Discount rate	6.65%	7.65%	8.65%
Share of NPL	\$ 24,938,805	\$ 18,825,179	\$ 13,668,017
LSERS			
Discount rate	6.0625%	7.0625%	8.0625%
Share of NPL	\$ 4,521,704	\$ 3,293,870	\$ 2,244,318

Support of Non-employer Contributing Entities

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The School Board recognizes revenue in an amount equal to their proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended June 30, 2019, the School Board recognized revenue as a result of support received from non-employer contributing entities of \$75,757 for its participation in TRSL. LSERS does not receive support from non-employer contributing entities and, as a result, no revenue was recorded for LSERS for the year ended June 30, 2019.

Pension Plans Fiduciary Net Position

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

Union Parish School Board
Notes to the Basic Financial Statements

NOTE 6: Pension Plans (Continued)

Payables to the Pension Plan

As of June 30, 2019, the School Board had payables due to the pension plans totaling \$730,386. Payables are the School Board's legally required contributions to the pension plans. Outstanding balances will be applied the School Board's required monthly contributions. The balance due to each of the pension plans is as follows:

	Payables
TRSL	\$ 611,746
LSERS	118,640
Total	\$ 730,386

NOTE 7: Postemployment Health Care and Life Insurance Benefits

General Information about the OPEB Plan

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

Benefits Provided – Medical benefits are provided through the Louisiana Office of Group Benefits (OGB) and involve several statewide networks and one HMO with a premium structure by region. The plan is a single employer defined benefit OPEB plan for financial reporting purposes and for this valuation. Medical benefits are provided to employees upon actual retirement. Employees have been assumed to be covered by the Teachers' Retirement System of Louisiana (TRSL), whose retirement eligibility (D.R.O.P. entry) provisions as follows: 30 years of service at any age; age 55 and 25 years of service; or, age 60 and 5 years of service. Employees who have entered the system on and after January 1, 2011 must be at least age 60 to be eligible for retirement (D.R.O.P. entry) without a reduction in retirement benefits.

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

Union Parish School Board
Notes to the Basic Financial Statements

NOTE 7: Postemployment Health Care and Life Insurance Benefits (Continued)

Employees covered by benefit terms – At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	175
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	213
	388

Total OPEB Liability

The School Board’s total OPEB liability of \$29,490,423 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

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

Inflation	2.5%	
Salary increases	4.0% including inflation	
Discount rate	3.88% annually (Beginning of Year to Determine ADC)	
	3.50% annually (As of End of Year Measurement Date)	
Healthcare cost trend rates	Flat 5.5% annually	

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

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2009 to June 30, 2019.

Union Parish School Board
Notes to the Basic Financial Statements

NOTE 7: Postemployment Health Care and Life Insurance Benefits (Continued)

Changes in the Total OPEB Liability

Balance at June 30, 2018	\$ 34,533,331
Changes for the year:	
Service cost	568,857
Interest	1,311,336
Difference between expected and actual experience	(2,870,829)
Changes in assumptions	(2,754,934)
Benefit payments and net transfers	(1,297,338)
Net changes	(5,042,908)
Balance as of June 30, 2019	\$ 29,490,423

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

	1.0% Decrease (2.50%)	Current Discount Rate (3.50%)	1.0% Increase (4.50%)
Total OPEB liability	\$ 33,855,161	\$ 29,490,423	\$ 25,969,912

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

	1.0% Decrease (4.50%)	Current Trend Rate (5.50%)	1.0% Increase (6.50%)
Total OPEB liability	\$ 25,944,685	\$ 29,490,423	\$ 33,832,277

Union Parish School Board
Notes to the Basic Financial Statements

NOTE 7: Postemployment Health Care and Life Insurance Benefits (Continued)

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

For the year ended June 30, 2019, the School Board recognized OPEB expense of \$1,076,513. At June 30, 2019, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (2,460,711)
Changes in assumptions	-	(2,361,372)
Total	\$ -	\$ (4,822,083)

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:

2020	\$ (803,680)
2021	\$ (803,680)
2022	\$ (803,680)
2023	\$ (803,680)
2024	\$ (803,680)
Thereafter	\$ (803,680)

NOTE 8: Agency Fund Deposits Due Others (FFS level only)

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

	Beginning Balance	Additions	Deletions	Ending Balance
Agency Funds:				
School Activity Funds	\$ 237,235	\$ 679,074	\$ 660,659	\$ 255,650

Union Parish School Board
Notes to the Basic Financial Statements

NOTE 9: General Long-Term Obligations

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

Original Issue	Original Borrowing	Interest Rate	Maturity Date	Principal Outstanding	Interest to Maturity
General Obligation Bonds					
Series 2014	\$ 9,800,000	2.00 - 4.00%	3/1/2034	\$ 8,060,000	\$ 2,245,012
Series 2015	\$ 15,000,000	2.25 - 5.00%	3/1/2035	13,790,000	3,922,477
Series 2016	\$ 17,700,000	3.00 - 4.00%	3/1/2036	17,500,000	5,733,788
Limited Tax Revenue Bonds					
Series 2017	\$ 3,600,000	3.00 - 4.25%	3/1/2036	3,305,000	1,239,051
Total				\$ 42,655,000	\$ 13,140,328

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

<i>Year Ending June 30,</i>	Principal	Interest	Total
2020	\$ 1,445,000	\$ 1,350,738	\$ 2,795,738
2021	1,485,000	1,295,313	2,780,313
2022	1,585,000	1,236,887	2,821,887
2023	1,680,000	1,183,642	2,863,642
2024	1,785,000	1,133,124	2,918,124
2025-2029	13,185,000	4,579,628	17,764,628
2030-2034	16,570,000	2,217,797	18,787,797
2035-2036	4,920,000	143,199	5,063,199
Total	\$ 42,655,000	\$ 13,140,328	\$ 55,795,328

All principal and interest requirements are funded in accordance with Louisiana law by the annual ad valorem tax levy on taxable property within the parish. At June 30, 2019, the School Board has accumulated \$757,830 in the Debt Service Fund for future debt service requirements.

Union Parish School Board
Notes to the Basic Financial Statements

NOTE 9: General Long-Term Obligations (Continued)

General Obligation Bonds

The School Board issued \$9,800,000 of General Obligation bonds. Series 2014 on July 24, 2014, which was the first part of a \$42,500,000 bond issue. The principal and interest are to be paid March 1, 2015 through March 1, 2034. The School Board issued a second portion of the \$42,500,000 bond issue in the amount of \$15,000,000 on March 26, 2015. The interest is to be paid September 1, 2015 through March 1, 2035. Principal is to be paid March 1, 2018 through March 1, 2035. The School Board issued the third and last portion of the \$42,500,000 bond issue in the amount of \$17,700,000 on March 22, 2016. The interest is to be paid September 1, 2016 through March 1, 2036. Principal is to be paid March 1, 2019 through March 1, 2036. The proceeds, as stated in the official bond issue, are to be used by the School Board "for the purpose of (i) acquiring and/or improving lands for building sites and playgrounds, including construction of necessary sidewalks and streets adjacent within and for the District, and acquiring the necessary equipment and furnishings therefor, and specifically for those facilities, technology and security initiatives set forth in the Capital Improvement Plan approved by the School Board on January 13, 2014, and (ii) paying the costs of issuance of the bonds". All principal and interest requirements are funded in accordance with Louisiana law by the annual ad valorem tax levy on taxable property within the parish.

Pledged Revenue

In January 2017 the School Board issued \$3,600,000 in Limited Tax Revenue Bonds for the purpose of acquiring, constructing, improving, equipping and furnishing school buildings and other school related facilities, including school buses and vehicles, and paying the costs incurred in connection with the issuance, thereof. The School Board has pledged, as security for both bonds, a portion of the 3.55 mills Constitutional ad valorem tax. The bonds are payable solely from the constitutional tax collected and are payable through fiscal year end 2036. Total principal and interest to be paid on the bond is \$3,600,000 and \$1,569,950, respectively. For the year ended June 30, 2019 the School Board received \$531,668 from the collection of the tax and paid \$150,000 and \$129,276 in debt service principal and interest, respectively. The annual required principal and interest payments are estimated to be 48% of the tax revenue over the next 17 years.

Union Parish School Board
Notes to the Basic Financial Statements

NOTE 9: General Long-Term Obligations (Continued)

The following is a summary of governmental activities long-term obligation transactions for the year ending June 30, 2019:

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 40,550,000	\$ -	\$ 1,200,000	\$ 39,350,000	\$ 1,290,000
Limited tax revenue bond	3,455,000	-	150,000	3,305,000	155,000
Other liabilities:					
Bond premium	344,674	-	19,302	325,372	19,302
Compensated absences	725,227	692,554	511,775	906,006	511,775
Net pension liability	25,220,150	-	3,101,101	22,119,049	-
Other post employment benefits	34,533,331	-	5,042,908	29,490,423	-
Total long-term obligations	\$ 104,828,382	\$ 692,554	\$ 10,025,086	\$ 95,495,850	\$ 1,976,077

Compensated absences, net pension liabilities and OPEB liabilities attributable to the governmental activities will be liquidated mainly by the General Fund.

NOTE 10: Deferred Outflows of Resources and Deferred Inflows of Resources

The balances of deferred outflows and inflows of resources as of June 30, 2019 consist of:

	Deferred Outflows	Deferred Inflows
Net Pension Liabilities:		
Teachers' Retirement System of Louisiana (TRSL)	\$ 4,895,663	\$ 3,852,901
Louisiana School Employees' Retirement System (LSERS)	718,905	313,236
Other Post-employment Benefits	-	4,822,083
Total	\$ 5,614,568	\$ 8,988,220

Union Parish School Board
Notes to the Basic Financial Statements

NOTE 11: Interfund Assets / Liabilities (FFS level only)

Individual balances due to/from other funds at June 30, 2019 were as follows:

	Due From	Due To
Major Funds		
General Fund	\$ 2,042,206	\$ 844,542
Special Revenue:		
Title I	-	279,815
Debt Service	451,375	-
Non-major Funds		
Special Revenue:		
1979 Sales Tax	-	122,582
2001 Sales Tax	-	219,490
Special Education	-	194,207
TANF	-	143,702
Carl Perkins	-	4,695
21st Century	-	102,452
Other Miscellaneous	-	479,671
Capital Projects:		
Safe Room Project	-	102,425
Total	\$ 2,493,581	\$ 2,493,581

The majority of balances due are for cash deficits due to timing differences in receiving reimbursements from grantors for expenditure reimbursement grants after the fiscal year ended and a limited number of temporary transfers during the year. The General Fund pays the obligations of expenditure reimbursement grants until a claim is filed and payment is received. Indirect cost balances represent the outstanding indirect cost payments due to the General Fund for the expenditures on outstanding grant reimbursement claims filed but not yet received from grantors by year end. The cash deficits in the two sales tax accounts will be covered by receivables due to those funds. All interfund transactions will be completed during the 2019-2020 fiscal year. The cash deficit in the Safe Room Project was created due to an overspending of the grant. The remaining \$102,425 balance is being requested but additional funding is not specifically known. Should part or all this remaining balance be uncollected, the General Fund will cover the remaining unfunded amount.

Union Parish School Board
Notes to the Basic Financial Statements

NOTE 12: Interfund Transfers (FFS level only)

Transfers to/from other funds for the year ended June 30, 2019 were as follows:

Operating Transfers	Tranfers		Net
	In	Out	
Major Funds			
General Fund	\$ 3,258,008	\$ (127,163)	\$ 3,130,845
Special Revenue:			
Title I	-	(115,798)	(115,798)
Nonmajor Funds			
Special Revenue:			
1979 Sales Tax	96,314	(1,511,193)	(1,414,879)
2001 Sales Tax	-	(1,511,193)	(1,511,193)
Special Education	-	(52,427)	(52,427)
21st Century	-	(28,418)	(28,418)
Other Miscellaneous	-	(38,979)	(38,979)
Capital Projects:			
Construction Fund #3	-	(22,542)	(22,542)
Construction Fund #4	53,391	-	53,391
Total	\$ 3,407,713	\$ (3,407,713)	\$ -

The \$1,511,193 transfer from the Nonmajor Special Revenue Fund 1979 Sales Tax to the General Fund was to transfer \$1,142,921 for the local effort that went to the charter school from the MFP and a \$368,272 transfer for administrative costs. This is local revenue paid to charter schools through MFP based on prior year.

The \$1,511,193 transfer from the Nonmajor Special Revenue Fund 2001 Sales Tax to the General Fund was to transfer \$1,142,921 for the local effort that went to the charter school from the MFP and a \$368,272 transfer for maintenance and operations.

The \$96,314 transfer from the General Fund's 2014 Sales Tax (which is included as part of the General Fund) to the Nonmajor Special Revenue Fund 1979 Sales Tax was to average out the salaries and benefits disbursed between these two sales taxes. Both taxes are for salaries and benefits.

The \$115,798 transfer from the Major Special Revenue Fund Title I and transfers totaling \$119,824 from the Nonmajor Special Revenue Funds Special Education, 21st Century and Other Miscellaneous to the General Fund were to transfer indirect costs reimbursed by federal programs.

Union Parish School Board
Notes to the Basic Financial Statements

NOTE 12: Interfund Transfers (FFS level only) (Continued)

The \$30,849 transfer from General Fund and \$22,542 transfer from Nonmajor Capital Projects Fund Construction Fund #3 totaling \$53,391 to the Nonmajor Capital Projects Fund Construction Fund #4 were to fund construction costs for the Union Parish High School Field House and Stadium Renovation.

NOTE 13: Ad Valorem Taxes

The Sheriff on Union Parish, as provided by State law, bills and collects property taxes on behalf of the School Board using the assessed values determined by the tax assessor of Union Parish.

Below is the property tax calendar in effect for the year ended June 30, 2019:

Property Tax Calendar

Millage rates adopted	July 9, 2018
Levy date	October 3, 2018
Tax bills mailed	October 11, 2018
Due date	December 31, 2018
Lien date	January 1, 2019
Tax Sale - 2018 delinquent property	June 5, 2019

A revaluation of all property is required after 1978 to be completed no less than every four years. The last revaluation was completed for the tax roll of January 1, 2016. Total assessed value was \$188,040,102 in calendar year 2018. Louisiana state law exempts the first \$75,000 of assessed value of a taxpayer's primary residence from parish property taxes. The homestead exemption was \$35,059,895 of the assessed value in calendar year 2018.

The tax roll is prepared by the parish tax assessor in November of each year. The collection of the property taxes occurs in December, and January and February of the following year. As a result, substantially no property taxes are reflected as receivable for 2019 on the accompanying balance sheet because most are not available within 60 days of the School Board's year-end.

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

Union Parish School Board
Notes to the Basic Financial Statements

NOTE 13: Ad Valorem Taxes (Continued)

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

	Adjusted Maximum Millage	Levied Millage	Expiration Date
Parish-wide taxes:			
Constitutional	3.55	3.55	Statutory
Operations and maintenance	15.00	15.00	2022
Bonds	Variable	16.50	2033

NOTE 14: Litigation and Contingencies

The School Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the School Board purchases commercial insurance.

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

The School Board participates in a number of state and federal assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under the terms of the grants. Management of the School Board believes that the amount of disallowances, if any, which may arise from such audits would not be material to the financial statements.

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

NOTE 15: Risk Management

The School Board is at risk for property damage, liability, and theft which are covered by commercial insurance policies. Settled claims resulting from those risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Union Parish School Board

Notes to the Basic Financial Statements

NOTE 16: On-Behalf Payments

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

The Parish Tax Collector makes pension contributions to the Teachers' Retirement System of Louisiana on behalf of the School Board. These remittances are a portion of the property taxes and state revenue sharing collected which are statutorily set aside for teachers' retirement. The basis for recognizing the revenues and expenditures is the actual contributions made by the Tax Collector's office. For the 2019 fiscal year, the Tax Collector paid the Teachers' Retirement System of Louisiana \$121,115 on behalf of the School Board. This amount was recognized as ad valorem revenue and a reduction in the School Board's required contributions.

NOTE 17: Economic Dependency

The Minimum Foundation Funding provided by the state to all public school systems in Louisiana is primarily based on the October 1 student count. The state provided \$13,178,490 to the School Board, which represents approximately 40% of the School Board's total revenue for the year. Sales taxes were \$7,479,384, approximately 23% of total revenues. Federal revenues accounts for another \$5,459,625, approximately 17%, of total revenues. Ad valorem taxes were \$5,360,566, approximately 16% of total revenues.

NOTE 18: Subsequent Events

The School Board has evaluated subsequent events through October 29, 2020, the date which the financial statements were available for issue. The following events occurred:

In January 2020, the World Health Organization has declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact to the School Board, its performance, and its financial results.

**REQUIRED SUPPLEMENTARY INFORMATION
(PART B)**

Union Parish School Board Budgetary Comparison Schedule – General Fund (Unaudited)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Over (Under)
	Original Budget	Final Budget		
<i>For the year ended June 30, 2019</i>				
Budgetary Fund Balance, Beginning	\$ -	\$ -	\$ (227,345)	\$ (227,345)
Resources (inflows)				
Local sources				
Ad valorem tax	2,890,000	2,890,000	2,899,540	9,540
Sales and use tax	2,463,700	2,463,700	2,493,128	29,428
Interest earnings	16,020	16,020	10,299	(5,721)
Other	936,442	936,442	1,173,449	237,007
State sources				
Equalization	13,657,637	13,657,637	13,153,490	(504,147)
Revenue sharing	72,000	72,000	71,369	(631)
Other	32,189	32,189	33,365	1,176
Federal sources				
	-	-	80,000	80,000
Other sources				
Proceeds from sale of assets	-	-	98,911	98,911
Transfers in	3,953,643	3,953,643	3,258,008	(695,635)
Total resources	24,021,631	24,021,631	23,271,559	(750,072)
Amounts available for appropriations	24,021,631	24,021,631	23,044,214	(977,417)
Charges to appropriations (outflows)				
Current				
Instruction				
Regular programs	12,654,353	12,654,353	13,079,291	424,938
Special education programs	1,141,420	1,141,420	1,173,457	32,037
Vocational programs	366,159	366,159	363,366	(2,793)
Other instructional programs	191,850	191,850	134,066	(57,784)
Special programs	17,095	17,095	78,141	61,046
Adult/Continuing education programs	151,826	151,826	154,077	2,251
Support Services				
Pupil support services	965,431	965,431	872,115	(93,316)
Instructional staff support	912,387	912,387	1,004,303	91,916
General administration	1,199,149	1,199,149	965,208	(233,941)
School administration	994,726	994,726	930,058	(64,668)
Business services	357,377	357,377	363,681	6,304
Plant services	257,155	257,155	1,173,435	916,280
Student transportation services	2,265,287	2,265,287	2,456,152	190,865
Central services	115,932	115,932	126,784	10,852
Other support services	-	-	16,500	16,500
Food service operations	141,328	141,328	89,461	(51,867)
Community service programs	16,500	16,500	-	(16,500)
Capital outlay	-	-	206,850	206,850
Debt service				
Principal retirement	150,000	150,000	150,000	-
Interest and bank charges	131,525	131,525	131,525	-
Other uses				
Transfers out	1,670,261	1,670,261	127,163	(1,543,098)
Total charges to appropriations	23,699,761	23,699,761	23,595,633	(104,128)
Budgetary Fund Balances, Ending	\$ 321,870	\$ 321,870	\$ (551,419)	\$ (873,289)

See notes to budgetary comparison schedules.

Union Parish School Board
Budgetary Comparison Schedule – School Food Service (Unaudited)
June 30, 2019

<i>For the year ended June 30, 2019</i>	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Over (Under)
	Original Budget	Final Budget		
Budgetary Fund Balance, Beginning	\$ -	\$ -	\$ 114,723	\$ 114,723
Resources (inflows)				
Local sources				
Food services	26,544	26,544	34,972	8,428
Interest earnings	2,945	2,945	3,058	113
State sources				
Equalization	25,000	25,000	25,000	-
Federal sources				
Federal restricted grants-in-aid	1,345,017	1,345,017	1,266,875	(78,142)
Other federal support	-	-	4,645	4,645
Total resources	1,399,506	1,399,506	1,334,550	(64,956)
Amounts available for appropriations	1,399,506	1,399,506	1,449,273	49,767
Charges to appropriations (outflows)				
Current				
Non-Instructional services				
Food service operations	1,315,934	1,315,934	1,145,247	(170,687)
Total charges to appropriations	1,315,934	1,315,934	1,145,247	(170,687)
Budgetary Fund Balances, Ending	\$ 83,572	\$ 83,572	\$ 304,026	\$ 220,454

See notes to budgetary comparison schedules.

Union Parish School Board
Notes to Budgetary Comparison Schedules (Unaudited)
June 30, 2019

Note A – Budgets

General Budget Practices

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

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

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

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

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

Encumbrances

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

Budget Basis of Accounting

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

Union Parish School Board
Notes to Budgetary Comparison Schedules (Unaudited)
June 30, 2019

Note B - Budget to GAAP Reconciliation

Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures

	<u>General Fund</u>
<u>Sources/inflows of resources:</u>	
Actual amounts (budgetary basis) "available for appropriation" from the Budgetary Comparison Schedule	\$ 23,044,214
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	227,345
Other financing sources including proceeds from sale of assets, proceeds from issuance of debt and transfers in of indirect costs from other funds	(3,356,919)
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 19,914,640
 <u>Charges to appropriations:</u>	
Actual amounts (budgetary basis) "Total charges to appropriations" from the Budgetary Comparison Schedule	\$ 23,595,633
Other financing uses including transfers out to other funds	(127,163)
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 23,468,470

Union Parish School Board
Notes to Budgetary Comparison Schedules (Unaudited)
June 30, 2019

Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures

	School Food Service
<u>Sources/inflows of resources:</u>	
Actual amounts (budgetary basis) "available for appropriation" from the Budgetary Comparison Schedule	\$ 1,449,273
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(114,723)
<hr/>	
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 1,334,550</u>
<u>Charges to appropriations:</u>	
Actual amounts (budgetary basis) "Total charges to appropriations" from the Budgetary Comparison Schedule	\$ 1,145,247
<hr/>	
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 1,145,247</u>

Union Parish School Board
Schedule of Employer's Proportionate Share of the Net Pension Liability
June 30, 2019

Fiscal Year*	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Employer's covered payroll	Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
Teachers' Retirement System of Louisiana					
2019	0.19155%	\$ 18,825,179	\$ 9,783,582	192%	68.2%
2018	0.21266%	\$ 21,801,129	\$ 9,971,918	219%	65.6%
2017	0.20997%	\$ 24,644,621	\$ 9,822,997	251%	59.9%
2016	0.21349%	\$ 22,954,568	\$ 9,618,647	239%	62.5%
2015	0.21472%	\$ 21,947,396	\$ 9,431,930	233%	63.7%
Louisiana School Employees' Retirement System					
2019	0.49299%	\$ 3,293,870	\$ 1,423,448	231%	74.4%
2018	0.53428%	\$ 3,419,021	\$ 1,527,078	224%	75.0%
2017	0.55072%	\$ 4,154,326	\$ 1,556,008	267%	70.1%
2016	0.59990%	\$ 3,804,115	\$ 1,631,239	233%	74.5%
2015	0.53912%	\$ 3,130,378	\$ 1,512,152	207%	76.2%

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

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

Union Parish School Board
Schedule of Employer's Contributions to Pension Plans
June 30, 2019

Fiscal Year*	(a) Statutorily Required Contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution Deficiency (Excess)	Employer's covered payroll	Contributions as a percentage of covered payroll
Teachers' Retirement System of Louisiana					
2019	\$ 2,991,394	\$ 2,991,394	\$ -	\$ 11,203,721	26.7%
2018	\$ 2,600,954	\$ 2,600,954	\$ -	\$ 9,783,582	26.6%
2017	\$ 2,661,271	\$ 2,661,271	\$ -	\$ 9,971,918	26.7%
2016	\$ 2,711,221	\$ 2,711,221	\$ -	\$ 9,822,997	28.0%
2015	\$ 2,498,570	\$ 2,498,570	\$ -	\$ 9,618,647	27.0%
Louisiana School Employees' Retirement System					
2019	\$ 514,731	\$ 514,731	\$ -	\$ 1,838,325	28.0%
2018	\$ 392,872	\$ 392,872	\$ -	\$ 1,423,448	27.6%
2017	\$ 417,602	\$ 417,602	\$ -	\$ 1,527,078	27.3%
2016	\$ 469,914	\$ 469,914	\$ -	\$ 1,556,008	33.0%
2015	\$ 531,017	\$ 531,017	\$ -	\$ 1,631,239	30.2%

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

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

Union Parish School Board

Notes to Required Supplementary Information for Pension Plans

Changes of Benefit Terms

Teachers' Retirement System of Louisiana

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

There were no changes of benefit terms for the actuarial valuation for the year ended June 30, 2017.

For the year ended June 30, 2016, members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after 7/1/15 may retire with a 2.5% benefit factor after attaining age 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.

Louisiana School Employees' Retirement System

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

There were no changes of benefit terms for the actuarial valuation for the year ended June 30, 2017.

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 of Assumptions

Teachers' Retirement System of Louisiana

For the actuarial valuation for the year ended June 30, 2018, the discount decreased from 7.70% to 7.65%, and projected salary increases decreased from 3.5%-10.0% to 3.3%-4.8%.

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

Louisiana School Employees' Retirement System

For the actuarial valuation for the year ended June 30, 2018, the discount rate was decreased from 7.125% to 7.0625%, the inflation rate was decreased from 2.625% to 2.50% and salary increases were decreased from a range of 3.075% to 5.375% to 3.25%.

There were no changes of assumptions for the actuarial valuation for the year ended June 30, 2017.

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

Union Parish School Board
Schedule of Changes in Total OPEB Liability and Related Ratios

<i>For the Year Ended June 30,</i>	2019	2018
Total OPEB Liability		
Service cost	\$ 568,857	\$ 1,095,780
Interest	1,311,336	1,317,630
Changes of benefit terms	-	-
Differences between expected and actual experience	(2,870,829)	-
Changes of assumptions	(2,754,934)	-
Benefit payments	(1,297,338)	(1,487,674)
Net change in total OPEB liability	(5,042,908)	925,736
Total OPEB liability - beginning	34,533,331	33,607,595
Total OPEB liability - ending (a)	\$ 29,490,423	\$ 34,533,331

Plan fiduciary net position as a percentage of the total OPEB liability 0% 0%

Covered-employee payroll \$ 8,735,894 \$ 7,495,423

Total OPEB liability as a percentage of covered payroll 337.58% 460.73%

Notes to Schedule:

Discount Rates: 3.50% 3.88%

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

Changes of benefit terms. There were no changes of benefits terms for the year ended June 30, 2019.

Changes of assumption. There were no changes of assumptions for the year ended June 30, 2019.

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

OTHER SUPPLEMENTARY INFORMATION

NONMAJOR FUNDS

**Union Parish School Board
Nonmajor Governmental Funds – Combining Balance Sheet**

<i>June 30, 2019</i>	Special Revenue	Capital Projects	Total
Assets			
Cash and cash equivalents	\$ 41,405	\$ 28	\$ 41,433
Accounts receivable	1,483,428	-	1,483,428
Total assets	\$ 1,524,833	\$ 28	\$ 1,524,861
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 108,903	\$ -	\$ 108,903
Salaries and wages payable	87,566	-	87,566
Interfund payables	1,266,799	102,425	1,369,224
Other liabilities	2,779	-	2,779
Total liabilities	1,466,047	102,425	1,568,472
Fund Balances			
Restricted for			
Salaries and related benefits	70,680	-	70,680
Instructional costs	18,968	-	18,968
School construction	-	28	28
Unassigned	(30,862)	(102,425)	(133,287)
Total fund balances (deficits)	58,786	(102,397)	(43,611)
Total liabilities and fund balances (deficits)	\$ 1,524,833	\$ 28	\$ 1,524,861

Union Parish School Board
Nonmajor Governmental Funds – Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances

<i>For the year ended June 30, 2019</i>	Special Revenue	Capital Projects	Total
Revenues			
Local Sources			
Sales and use tax	\$ 4,986,256	\$ -	\$ 4,986,256
Interest	1,952	1,535	3,487
Other local revenue	1,000	1	1,001
State Sources			
Other restricted revenue	265,224	-	265,224
Federal Sources			
Restricted grants-in-aid	2,483,162	87,354	2,570,516
Total revenues	7,737,594	88,890	7,826,484
Expenditures			
Current			
Instructional			
Regular programs	871,252	-	871,252
Special education programs	674,775	-	674,775
Vocational programs	62,811	-	62,811
Other instructional programs	32,954	-	32,954
Special programs	1,206,902	-	1,206,902
Adult/Continuing education programs	22,730	-	22,730
Support Services			
Pupil support services	619,348	-	619,348
Instructional staff	469,119	-	469,119
General administration	63,196	-	63,196
School administration	112,842	-	112,842
Business services	25,391	-	25,391
Plant services	72,020	98,012	170,032
Student transportation services	273,386	-	273,386
Central services	10,161	-	10,161
Noninstructional			
Food service operations	124,355	-	124,355
Capital outlay	6,310	579,871	586,181
Total expenditures	4,647,552	677,883	5,325,435
Excess (Deficiency) of Revenues			
Over Expenditures	3,090,042	(588,993)	2,501,049
Other Financing Sources (Uses)			
Transfers in	96,314	53,391	149,705
Transfers out	(3,142,210)	(22,542)	(3,164,752)
Total other financing sources (Uses)	(3,045,896)	30,849	(3,015,047)
Net Change in Fund Balances	44,146	(558,144)	(513,998)
Fund balances (deficits) at beginning of year	14,640	455,747	470,387
Fund balances (deficits) at end of year	\$ 58,786	\$ (102,397)	\$ (43,611)

SPECIAL REVENUE FUNDS

Union Parish School Board
Nonmajor Special Revenue Funds – Combining Balance Sheet

<i>June 30, 2019</i>	1979 Sales Tax	2001 Sales Tax	Special Education	TANF	Carl Perkins	21st Century	Other Miscellaneous	Total
Assets								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,034	\$ 40,371	\$ 41,405
Accounts receivable	194,495	194,495	218,924	185,093	4,695	171,759	513,967	1,483,428
Total assets	\$ 194,495	\$ 194,495	\$ 218,924	\$ 185,093	\$ 4,695	\$ 172,793	\$ 554,338	\$ 1,524,833
Liabilities and Fund Balances								
Liabilities								
Accounts payable	\$ -	\$ -	\$ 6,600	\$ 4,484	\$ -	\$ 69,307	\$ 28,512	\$ 108,903
Salaries and wages payable	1,233	5,867	18,117	34,128	-	-	28,221	87,566
Interfund payables	122,582	219,490	194,207	143,702	4,695	102,452	479,671	1,266,799
Other liabilities	-	-	-	2,779	-	-	-	2,779
Total liabilities	123,815	225,357	218,924	185,093	4,695	171,759	536,404	1,466,047
Fund balances								
Restricted for								
Salaries and related benefits	70,680	-	-	-	-	-	-	70,680
Instructional costs	-	-	-	-	-	1,034	17,934	18,968
Unassigned	-	(30,862)	-	-	-	-	-	(30,862)
Total fund balances (deficits)	70,680	(30,862)	-	-	-	1,034	17,934	58,786
Total liabilities and fund balances (deficits)	\$ 194,495	\$ 194,495	\$ 218,924	\$ 185,093	\$ 4,695	\$ 172,793	\$ 554,338	\$ 1,524,833

Union Parish School Board
Nonmajor Special Revenue Funds – Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances

<i>For the year ended June 30, 2019</i>	1979 Sales Tax	2001 Sales Tax	Special Education	TANF	Carl Perkins	21st Century	Other Miscellaneous	Total
Revenues								
Local Sources								
Sales and use tax	\$ 2,493,128	\$ 2,493,128	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,986,256
Interest	777	1,175	-	-	-	-	-	1,952
Other local revenue	-	-	-	-	-	1,000	-	1,000
State Sources								
Other restricted revenues	-	-	-	143,154	-	-	122,070	265,224
Federal Sources								
Restricted grants-in-aid	-	-	919,096	167,553	23,404	438,698	934,411	2,483,162
Total revenues	2,493,905	2,494,303	919,096	310,707	23,404	439,698	1,056,481	7,737,594
Expenditures								
Current								
Instructional								
Regular programs	429,201	442,051	-	-	-	-	-	871,252
Special education programs	99,038	102,365	459,816	-	-	-	13,556	674,775
Vocational programs	20,094	20,644	-	-	22,073	-	-	62,811
Other instructional programs	5,011	5,150	18,019	-	-	-	4,774	32,954
Special programs	-	-	885	310,707	-	-	895,310	1,206,902
Adult/Continuing education programs	10,702	12,028	-	-	-	-	-	22,730
Support Services								
Pupil support services	68,553	69,432	97,066	-	-	384,297	-	619,348
Instructional staff	44,617	43,873	284,573	-	1,331	-	94,725	469,119
General administration	33,415	29,781	-	-	-	-	-	63,196
School administration	57,937	54,905	-	-	-	-	-	112,842
Business services	12,524	12,867	-	-	-	-	-	25,391
Plant services	32,615	31,884	-	-	-	7,521	-	72,020
Student transportation services	128,502	126,422	-	-	-	18,462	-	273,386
Central services	5,011	5,150	-	-	-	-	-	10,161
Noninstructional								
Food service operations	61,126	63,229	-	-	-	-	-	124,355
Capital outlay	-	-	6,310	-	-	-	-	6,310
Total expenditures	1,008,346	1,019,781	866,669	310,707	23,404	410,280	1,008,365	4,647,552
Excess (Deficiency) of Revenues								
Over Expenditures	1,485,559	1,474,522	52,427	-	-	29,418	48,116	3,090,042
Other Financing Sources (Uses)								
Transfers in	96,314	-	-	-	-	-	-	96,314
Transfers out	(1,511,193)	(1,511,193)	(52,427)	-	-	(28,418)	(38,979)	(3,142,210)
Total other financing sources (Uses)	(1,414,879)	(1,511,193)	(52,427)	-	-	(28,418)	(38,979)	(3,045,896)
Net Change in Fund Balances	70,680	(36,671)	-	-	-	1,000	9,137	44,146
Fund balances (deficits) at beginning of year	-	5,809	-	-	-	34	8,797	14,640
Fund balances (deficits) at end of year	\$ 70,680	\$ (30,862)	\$ -	\$ -	\$ -	\$ 1,034	\$ 17,934	\$ 58,786

Union Parish School Board
Nonmajor Special Revenue Funds – Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances

CAPITAL PROJECTS FUNDS

**Union Parish School Board
Nonmajor Capital Project Funds – Combining Balance Sheet**

<i>June 30, 2019</i>	Capital Projects			
	Construction Fund #3	Construction Fund #4	Fund - Safe Room Project	Total
Assets				
Cash and cash equivalents	\$ 7	\$ 21	\$ -	\$ 28
Total assets	\$ 7	\$ 21	\$ -	\$ 28
Liabilities and Fund Balances				
Liabilities				
Interfund payables	\$ -	\$ -	\$ 102,425	\$ 102,425
Total liabilities	-	-	102,425	102,425
Fund Balances				
Restricted for				
School construction	7	21	-	28
Unassigned	-	-	(102,425)	(102,425)
Total fund balances (deficits)	7	21	(102,425)	(102,397)
Total liabilities and fund balances (deficits)	\$ 7	\$ 21	\$ -	\$ 28

Union Parish School Board
Nonmajor Capital Project Funds – Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances

<i>For the year ended June 30, 2019</i>	Construction Fund #3	Construction Fund #4	Capital Projects Fund - Safe Room Project	Total
Revenues				
Local sources				
Interest	\$ 437	\$ 1,098	\$ -	\$ 1,535
Other	-	-	1	1
Federal sources				
Restricted grants-in-aid	-	-	87,354	87,354
Total revenues	437	1,098	87,355	88,890
Expenditures				
Current				
Support services				
Plant services	14,008	84,004	-	98,012
Capital outlay	160,000	419,871	-	579,871
Total expenditures	174,008	503,875	-	677,883
Excess (deficiency) of revenues over expenditures	(173,571)	(502,777)	87,355	(588,993)
Other Financing Sources (Uses)				
Transfers in	-	53,391	-	53,391
Transfers out	(22,542)	-	-	(22,542)
Total other financing sources (Uses)	(22,542)	53,391	-	30,849
Net change in fund balances	(196,113)	(449,386)	87,355	(558,144)
Fund balances (deficits) at beginning of year	196,120	449,407	(189,780)	455,747
Fund balances (deficits) at end of year	\$ 7	\$ 21	\$ (102,425)	\$ (102,397)

Union Parish School Board
Agency Funds – Combining Schedule of Changes in Assets and Liabilities –
School Activity Funds

<i>For the year ended June 30, 2019</i>	Beginning Balance	Additions	Deductions	Ending Balance
Assets				
Cash and cash equivalents	\$ 237,235	\$ 679,074	\$ 660,659	\$ 255,650
Liabilities				
Deposits due others	\$ 237,235	\$ 679,074	\$ 660,659	\$ 255,650

Union Parish School Board
Agency Funds – Combining Schedule of Changes in Deposits Due Others –
School Activity Funds

<i>For the year ended June 30, 2019</i>	Beginning Balance	Additions	Deductions	Ending Balance
Union Elementary	49,436	104,890	97,407	56,919
Union Parish Junior High	46,632	241	46,873	-
Union Parish High	141,167	573,943	516,379	198,731
Cash and cash equivalents	\$ 237,235	\$ 679,074	\$ 660,659	\$ 255,650

**Union Parish School Board
Schedule of Compensation Paid to Board Members
For the Year Ended June 30, 2019**

The schedule of compensation paid to the School Board members is presented 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 \$550 per month and the president receives an additional \$50 per month for performing the duties of this office. School Board members are also reimbursed for travel at a rate of \$0.53 per mile.

Member	District	Compensation
Sharon Dixson	1	\$ 6,632
Roger Reeves, Jr.	2	6,632
Tommy Bennett	3	6,632
Judy Mabry	4	6,632
Shannon Barkley, President	5	7,200
Donna Cranford	6	6,632
Sharon Stewart	7	6,632
Challana Ray Dean	8	6,632
Clyde Hays, Vice President	9	6,632
Total		\$ 60,256

Union Parish School Board
Schedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended June 30, 2019

Agency Head Name: Ted Reeves, Superintendent

Purpose	Amount
Salary	\$ 124,930
Benefits - retirement	33,346
Benefits - PIPS	1,297
Benefits - medicare	1,822
Dues	525
Registration fees	495
Conference travel	4,199
<hr/>	
Total compensation	\$ 166,614

SINGLE AUDIT INFORMATION



1100 North 18th Street, Suite 200
Monroe, LA 71201
T 318.387.2672 F 318.322.8866

Keeping you on course!

**Independent Auditors' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
In Accordance With *Government Auditing Standards***

Board Members
Union Parish School Board
Farmerville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of the Union Parish School Board (the School Board), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements, and have issued our report thereon dated October 29, 2020. Our report includes a reference to other auditors who audited the financial statements of the aggregate discretely presented component unit, as described in our report on the School Board's financial statements. The report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2019-001 to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2019-002, 2019-003, 2019-004 and 2019-005 to be significant deficiencies.

Compliance and Other Matters

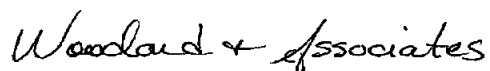
As part of obtaining reasonable assurance about whether the School Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2019-006, 2019-007 and 2019-008.

The School Board's Response to Findings

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

Purpose of this Report

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



Woodard & Associates, APAC

Monroe, Louisiana
October 29, 2020



1100 North 18th Street, Suite 200
Monroe, LA 71201
T 318.387.2672 F 318.322.8866

Keeping you on course!

**Independent Auditors' Report on Compliance for
Each Major Program and on Internal
Control over Compliance Required by the *Uniform Guidance***

Board Members
Union Parish School Board
Farmerville, Louisiana

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

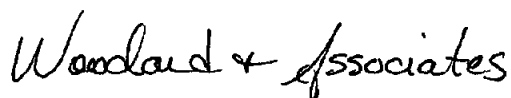
Management of the School Board is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Board's internal control over compliance 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Purpose of this Report

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 these reports 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.



Woodard & Associates, APAC

Monroe, Louisiana
October 29, 2020

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

Federal Agency Pass-through Grantor Program Title	CFDA Number	Pass Through Grant Number	Expenditures	Payments to Subrecipients
Pass Through Programs:				
United States Department of Agriculture (USDA)				
Child Nutrition Cluster				
Passed through Louisiana Department of Agriculture and Forestry				
Non Cash Assistance (Commodities)				
National School Lunch Program	10.555	N/A	60,248	-
Passed through Louisiana Department of Education				
Cash Assistance				
School Breakfast Program	10.553	N/A	340,356	-
National School Lunch Program	10.555	N/A	867,786	-
Summer Food Service Program for Children	10.559	N/A	18,146	-
Total Child Nutrition Cluster			1,286,536	-
<hr/>				
Child and Adult Care Food Program	10.558	N/A	40,587	-
Total United States Department of Agriculture			1,327,123	-
<hr/>				
United States Department of Education				
Passed through Louisiana Department of Education				
Title I Grants to Local Educational Agencies				
Title I Grants to Local Educational Agencies	84.010	28-18-T1-56	1,405,802	-
Title I Grants to Local Educational Agencies	84.010	28-18-DSS-56	7,141	-
Title I Grants to Local Educational Agencies	84.010	28-18-RD18-56	378,995	-
Title I Grants to Local Educational Agencies	84.010	28-19-RD	5,612	-
Total Title I Grants to Local Educational Agencies			1,797,550	-
<hr/>				
Preschool Development Grants				
Preschool Development Grants	84.419	28-17-RL-56	32,795	-
Preschool Development Grants	84.419	28-17-RM-56	119,021	-
Total Preschool Development Grants			151,816	-
<hr/>				
Special Education Cluster (IDEA)				
Special Education - Grants to States (IDEA, Part B)	84.027	28-18-B1-56	663,604	-
Special Education - Grants to States (IDEA, Part B)	84.027	28-18-B6-56	228,570	-
Special Education - Grants to States (IDEA, Part B)	84.027	28-18-RD18-56	38,474	-
Special Education - Grants to States (IDEA, Part B)	84.027	28-19-RH-56	3,389	-
Special Education - Preschool Grants (IDEA Preschool)	84.173	28-18-P1-56	26,037	-
Special Education - Preschool Grants (IDEA Preschool)	84.173	28-18-CY-56	885	-
Total Special Education Cluster (IDEA)			960,959	-

(Continued)

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

Federal Agency Pass-through Grantor Program Title	CFDA Number	Pass Through Grant Number	Expenditures	Payments to Subrecipients
Migrant Education - State Grant Program	84.011	28-18-M1-56	124,646	-
Twenty-First Century Community Learning Centers	84.287	28-18-2C-56	438,698	-
Supporting Effective Instruction State Grants	84.367	28-18-50-56	55,929	-
English Language Acquisition State Grants	84.365	28-18-S3-56	13,965	-
Student Support and Academic Enrichment Program	84.424	28-18-71-56	33,607	-
Small, Rural School Achievement (SRSA) Program	84.358	28-18-RE-56	38,078	-
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	28-18-02-56	23,404	-
Comprehensive Literacy Development	84.371	28-18-SR05-64	10,712	-
School Improvement Grants	84.377	28-17-TC07-56	199,559	-
Total United States Department of Education			3,848,923	-
United States Department of Health and Human Services				
Passed through Louisiana Department of Education				
Temporary Assistance for Needy Families (TANF) Cluster				
Temporary Assistance for Needy Families (TANF)	93.558	28-18-36-56	167,553	-
Total Temporary Assistance for Needy Families (TANF) Cluster			167,553	-
CCDF Cluster				
Child Care and Development Block Grant	93.575	28-17-CO-56	4,275	-
Total CCDF Cluster			4,275	-
Total United States Department of Health and Human Services			171,828	-
United States Department of Homeland Security				
Passed through Louisiana Governor's Office of Homeland Security and Emergency Preparedness				
Hazard Mitigation Grant Program	97.039	1603-440	87,354	-
Total United States Department of Homeland Security			87,354	-
Total Expenditures of Federal Awards			\$ 5,435,228	\$ -

(Concluded)

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

Note 1 - General

The accompanying Schedule of Expenditures of Federal Awards includes all Federal grant activity of the Union Parish School Board (the School Board) for the year ended June 30, 2019. The information 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, changes in net position, or cash flows of the School Board.

Note 2 - Basis of Accounting

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Amounts reported in the Schedule agree with the amounts reported in the related federal financial reports, except for the amounts in reports submitted as of a date subsequent to June 30, 2019.

Note 3 - Relationship to the Financial Statements

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

Major Funds:	
Title I	\$ 1,537,589
School Food Service	1,266,875
Nonmajor Special Revenue Funds:	
Special Education	919,096
TANF	167,553
Carl Perkins	23,404
21st Century	438,698
Other Miscellaneous	934,411
Nonmajor Capital Projects Funds:	
Safe Room Project	87,354
Revenue from federal restricted grants-in-aid per basic financial statements	5,374,980
Non cash assistance for commodities received not on the financial statements	60,248
Federal Expenditures per Schedule of Expenditures of Federal Awards	\$ 5,435,228

**Union Parish School Board
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019**

Note 4 - Noncash Programs

Included in the Child Nutrition Cluster National School Lunch Program, CFDA 10.555, is \$60,248 of non-cash awards in the form of commodities provided by the United States Department of Agriculture. The commodities received, which are noncash revenues, are valued using prices provided by the Louisiana Department of Agriculture and Forestry.

Note 5 - Federal Indirect Cost Rate

The School Board did not elect to use the 10% de minimis federal indirect cost rate allowed under the Uniform Guidance.

**Union Parish School Board
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X yes ___ no
- Significant deficiency(es) identified? X yes ___ none noted

Noncompliance material to financial statements noted? ___ yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ___ yes X no
- Significant deficiency(es) identified? ___ yes X none noted

Type of auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Part 200.516(a)? ___ yes X none noted

Identification of major federal programs:

Federal Program or Cluster	Federal CFDA number
Child Nutrition Cluster	
School Breakfast Program	10.553
National School Lunch Program	10.555
Summer Food Service Program for Children	10.559
Special Education Cluster (IDEA):	
Special Education - Grants to States (IDEA, Part B)	84.027
Special Education - Preschool Grants (IDEA Preschool)	84.173

Dollar threshold used to distinguish between type A and B programs was \$750,000 for major federal programs.

Auditee qualified as a low-risk auditee for federal purposes? ___ yes X no

**Union Parish School Board
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019**

Section II – Financial Statement Findings Reported in Accordance with *Government Auditing Standards*

2019-001 Schedule of Expenditures of Federal Awards Preparation and Review

Condition: The Schedule of Expenditures of Federal Awards prepared by the School Board included inaccurate information and was not properly reconciled to the underlying accounting records. The schedule was materially misstated. Federal programs were not properly identified and reported in the schedule.

Criteria: According to the Code of Federal Regulations Title 2 Grants and Agreements Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Subpart F— Audit Requirements, it is the auditee’s responsibility to prepare appropriate financial statements, including the Schedule of Expenditures of Federal Awards. The Schedule should be complete and accurate.

Cause: Policies and procedures are not in place to ensure complete and accurate reporting in the Schedule of Expenditures of Federal Awards. The schedule was not properly reviewed by an appropriate individual other than the preparer.

Effect: The School Board is not in compliance with the auditee responsibilities per the Code of Federal Regulations.

Recommendation: We recommend the School Board design and implement policies and procedures for preparation and review of the Schedule of Expenditures of Federal Awards to ensure the schedule is complete and accurate. In addition, we recommend that the policies and procedures include reconciling the schedule to underlying accounting records and independent review of the prepared schedule by an appropriate individual other than the preparer. We also recommend that the individual responsible for gathering data and reporting federal awards receive proper training on preparing the Schedule of Expenditures of Federal Awards.

Management Response: The Union Parish School Board has designed a procedure of preparation for the Schedule of Expenditures of Federal Awards. There will be a spreadsheet/checklist prepared at the beginning of each fiscal year, to record all grants awarded to the district. Each supervisor that applies for and receives a grant should forward all supporting documentation to accounting. The spreadsheet will contain the Federal Grantor/Pass-Through Grantor/Program Name, Catalog of Federal and Domestic Assistance Number (CFDA #), Pass-Through Grantor Number and Total Expenditures. In preparing the Schedule of Expenditures of Federal Awards, the Grants Bookkeeper will verify that all current year activities for all grants have been accurately recorded. The total revenue and expenditures reported on the SEFA will be reconciled to the grants’ general ledger. The Schedule of Expenditures of Federal Award will be reviewed by the CFO before submission to the auditors.

Anticipated completion date: October 9, 2020

**Union Parish School Board
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019**

Person responsible for corrective actions:

Marsha Andrews, CFO
Union Parish School Board
P.O. Box 308
Farmerville, Louisiana 71241-0308
Telephone: 318-368-9715
Fax: 318-368-3311

2019-002 Internal Controls over Payroll Disbursements

Condition: During testing of payroll cash disbursements it was noted that four employees were not paid in accordance with the approved salary schedule or other properly approved documentation. One employee was paid \$8,298 for additional Librarian duties. The supplement was not included in the salary schedule and there was no documented evidence on file that the supplement was approved. One employee was overpaid \$1,500 for a sales tax supplement in error. One employee was paid \$3,373 less than the approved salary per the salary schedule. This error was caught and corrected by the School Board after year end. One employee was overpaid \$41 for a supplement in error.

Criteria: Proper internal controls over payroll disbursements require that employees are paid in accordance with the Board approved salary schedule and that proper supporting documentation is retained for any additional pay during the year.

Cause: Policies and procedures are not in place to ensure that payroll disbursements are properly set up and employees are paid in accordance with the approved salary schedule or other properly approved supporting documentation.

Effect: There is potential for errors or fraud in the payroll cash disbursements process.

Recommendation: We recommend that the School Board implement policies and procedures to ensure payroll is properly set up and paid correctly.

Management Response: Controls have been instituted that will ensure that salaries are not advanced to employees, amounts are properly coded in the general ledger history, and proper amounts are paid to the employees.

Anticipated completion date: October 9, 2020

Person responsible for corrective actions:

Marsha Andrews, CFO
Union Parish School Board
P.O. Box 308
Farmerville, Louisiana 71241-0308
Telephone: 318-368-9715
Fax: 318-368-3311

**Union Parish School Board
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019**

2019-003 Retirement System Reporting

Condition: During testing of census data for retirement plans it was noted that actual earnings for four of the fifty employees tested were not reported properly to the retirement system. The pay for each of these employees was reduced for sick dockage due to exceeding the allowed number of sick days during the year. The School Board improperly reported contract wages to the retirement system rather than actual earnings reduced for sick dockage. It was also noted that the employee and employer contributions for retirement were calculated based on the contract salary rather than actual earnings. This resulted in overpayment of retirement contributions since actual earnings on which the contributions should have been calculated were less than contracted wages. For these four employees retirement wages were overstated \$2,259, excess employee contributions in the amount \$177 were withheld and remitted, and excess employer contributions in the amount of \$613 were remitted. This also resulted in excess service credit, a component of the defined benefit formula used to calculate a member's retirement benefit, since it is based on actual and full time contract earnings. It was also noted during testing that a significant amount of adjustments were required to be made manually outside of the payroll system due to various information not set up correctly or not exporting properly from the payroll system.

Criteria: Actual earnings in addition to contracted full time earnings should be reported to the retirement systems. Retirement contributions should be calculated based on actual earnings. According to Article VII Section 14 of the Louisiana Constitution the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private. Data should be set up properly in the payroll system to minimize the need for manual calculations and adjustments.

Cause: The School Board payroll software calculates employee and employer contributions based on contracted wages rather than actual earnings. The School Board was not reporting actual earnings to the retirement systems if they were less than the contracted earnings. The School Board was not recalculating contributions based on actual earnings to ensure they are properly calculated. Some data is not set up correctly in the payroll system.

Effect: Retirement system actual wages are overstated. Employee and employer retirement contributions were not properly calculated. Retirement system service credit is overstated. The School Board is in violation of Article VII Section 14 of the Louisiana Constitution. The more manual adjustments required to be made outside of the payroll system increases the possibility of human error and the potential for fraud. The School Board is also in violation of the retirement plan requirements for percentage of employee and employer contributions established by state statutes.

**Union Parish School Board
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019**

Recommendation: We recommend that the School Board ensure payroll codes and retirement system contribution calculations are properly set up in the payroll software. Until such time as the School Board is certain the system is set up correctly and contributions are calculated properly, we recommend that the School Board manually check each employee and employer contribution to ensure it is calculated correctly and actual wages are properly reported to the retirement plans. We also recommend that the School Board determine the extent of the errors and complete contributions and service credit correction reports correcting actual earnings and contributions previously reported to the retirement plans.

Management Response: Each quarter the retirement clerk will reconcile the TRSL and LSERS reports to the Union Parish School Board's payroll system. A comparison of contributions for employees and employer share will be compared with the payroll system before any submission is done. Excel spreadsheet will be utilized for the accuracy to balance.

Anticipated completion date: October 9, 2020

Person responsible for corrective actions:

Marsha Andrews, CFO
Union Parish School Board
P.O. Box 308
Farmerville, Louisiana 71241-0308
Telephone: 318-368-9715
Fax: 318-368-3311

2019-004 Fraud Incident

Condition: The School Board received an e-mail that was a phishing attempt requesting the wire transfer of a payroll check. The School Board fell victim to the attempt and transferred funds of \$8,014 to an unknown bank account at Green Dot, Inc. The School Board lacked clearly documented procedures over wire transfers. Also, security awareness and training programs were not in place to educate employees in their roles in detecting and responding to cyber incidents.

Criteria: An established procedure should be in place that is specific to the procedures and requirements of processing a wire transaction. Security awareness and training programs should exist to ensure that all employees are educated in their roles to detecting and responding to cyber incidents and fraud. Additionally, certain information technology (IT) features should be present to heighten employee skepticism and awareness when potential phishing and spoofing scams present themselves.

Cause: Due to the infrequency of certain transactions, the School Board's management did not feel the need to have a separate established procedure specific to wire transfers. The internal procedure applies to this situation for "non-purchase order payments" did require two supervisory level signatures for authorization and that all appropriate documentation be obtained prior to payment. The supporting documentation was not obtained prior to the approval of the wire transfer that was completed.

**Union Parish School Board
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019**

Effect: The School Board's internal control environment is weakened which increases the risk of misstatement in the financial statements, as well as the susceptibility to potential fraud.

Recommendation: Management should implement a security awareness and training policy and require mandatory IT security training for all levels of the organization on an ongoing or periodic basis. Additionally, IT features, such as additional system rules for email can help raise awareness of potential risks that may be present. The School Board may also consider conducting periodic social engineering tests designed to identify instances of non-compliance with established policies and procedures.

Management Response: This finding was noted in the June 30, 2018 Audit of subsequent events. As stated in the 2018 audit, the District immediately implemented a policy that any changes relating to employee's payroll direct deposit must be made and signed in person. Also, the District have implement an on IT security training for all employees.

Anticipated completion date: August 1, 2019

Person responsible for corrective actions:

Marsha Andrews, CFO
Union Parish School Board
P.O. Box 308
Farmerville, Louisiana 71241-0308
Telephone: 318-368-9715
Fax: 318-368-3311

2019-005 Cash Reconciliations

Condition: Cash reconciliations for the operating and payroll accounts contained errors and omissions. Evidence of review and approval of reconciliations is not documented and maintained on file for all reconciliations. Transactions related to the subsequent period were recorded to the cash accounts after the reconciliations were performed.

Criteria: A cash reconciliation that reconciles from the bank balance to the general ledger balance should be prepared to determine that all cash transactions have been recorded properly and to discover bank errors. Timely preparation of complete and accurate bank reconciliations is a key to maintaining adequate controls over both cash receipts and disbursements. In preparing the bank reconciliations, all items should be investigated and corrected in that period.

Cause: Policies and procedures are not in place to ensure that cash reconciliations are performed accurately and that there is proper review and approval of bank reconciliations.

Effect: Significant errors and omissions could go undetected if the cash accounts are not reconciled properly and timely. Lack of proper review increases the risk of fraud and fraudulent transactions going undetected. Unreconciled differences that appear immaterial can obscure significant but offsetting items (such as bank errors or improperly recorded transactions) that would be a cause for investigation if the items were apparent.

**Union Parish School Board
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019**

Recommendation: We recommend that the bank reconciliations be reviewed for accuracy and completeness on a timely basis by an appropriate level of management. The review should include tests of mechanical accuracy and tracing of items on the reconciliation to the relevant source documents. The composition of unreconciled differences should be determined and follow up on, and any journal entries deemed necessary as a result be recorded.

Management Response: Procedures have been established to ensure that the financial records are complete and accurate.

Anticipated completion date: October 9, 2020

Person responsible for corrective actions:

Marsha Andrews, CFO
Union Parish School Board
P.O. Box 308
Farmerville, Louisiana 71241-0308
Telephone: 318-368-9715
Fax: 318-368-3311

2019-006 Louisiana Budget Law

Condition: During testing of budget compliance it was noted that budgets were not adopted for twenty special revenue funds in accordance with the Louisiana Local Government Budget Act.

Criteria: Per the Louisiana Local Government Budget Act encompassing Louisiana Revised Statutes 39:1305 - 1315 school boards are required to prepare and adopt no later than September 15th of each year a budget for the general fund and each special revenue fund for the fiscal year, July 1st through June 30th.

Cause: Policies and procedures are not in place to ensure budgets are prepared and adopted for all special revenue funds.

Effect: Noncompliance with Louisiana Revised Statute 39:1305 of the Louisiana Local Government Budget Act.

Recommendation: We recommend that the School Board implement a policy requiring budgets be prepared and adopted for all special revenue funds.

Management Response: Procedures have been established to ensure that budgets are reviewed and amended, as needed.

Anticipated completion date: October 9, 2020

**Union Parish School Board
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019**

Person responsible for corrective actions:

Marsha Andrews, CFO
Union Parish School Board
P.O. Box 308
Farmerville, Louisiana 71241-0308
Telephone: 318-368-9715
Fax: 318-368-3311

2019-007 Louisiana Public Bid Law

Condition: During testing of Louisiana Public Bid Law compliance two instances were noted in which three quotes were not obtained for purchases of materials and supplies over \$10,000 and less than \$30,000. It was also noted that the School Board does not accept electronic bids.

Criteria: Per Louisiana Revised Statute 38:2212.1(A)(1)(b) purchases of \$10,000 or more, but less than \$30,000 shall be made by obtaining no fewer than 3 quotes by telephone, facsimile, email, or any other printable electronic form. If telephone quotes are received, a written confirmation of the accepted offer shall be obtained and made a part of the purchase file. Per Louisiana Revised Statute 38:2212(E) and 38:2212.1(B)(4)(a) public entities shall provide, as an additional bidding option, a uniform and secure electronic interactive system for the submittal of bids for public contracts, both public works and materials and supplies, requiring competitive bidding.

Cause: The purchasing policies and procedures in place to ensure compliance with Title 38 and the Louisiana Bid Law were not followed and properly documented. There is not a system in place allowing for acceptance of electronic bids.

Effect: Noncompliance with Louisiana Revised Statute 38:2212 of the Louisiana Public Bid Law.

Recommendation: We recommend that the School Board follow the written purchasing policies and procedures to ensure compliance with the Louisiana Public Bid Law. In addition, we recommend that the School Board maintain documentation on file demonstrating compliance with the School Board's internal policies and procedures as well as the requirements of the Louisiana Public Bid Law. We recommend that the School Board implement an electronic system that follows the standards for the receipt of electronic bids adopted by the office of the governor, division of administration, and the office of information technology as provided for in Louisiana Administrative Code 4:XV.701, and make the appropriate provisions necessary for the acceptance of electronic bids for all purchases requiring competitive bidding. Any special condition or requirement for the submission should be specified in the advertisement for bids.

Management Response: All applicable School Board personnel are aware of the purchasing policies and the State procurement requirements. Also, procedures have been put in place to ensure that School Board personnel are following the public bid and quote requirements.

Anticipated completion date: October 9, 2020

**Union Parish School Board
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019**

Person responsible for corrective actions:

Marsha Andrews, CFO
Union Parish School Board
P.O. Box 308
Farmerville, Louisiana 71241-0308
Telephone: 318-368-9715
Fax: 318-368-3311

2019-008 Late Submission of Audit Report to the Louisiana Legislative Auditor

Condition: The School Board's audit for the year ended June 30, 2019 was not completed and the audit report was not submitted to the Louisiana Legislative Auditor within six months of year end. Extensions were granted by the Louisiana Legislative Auditor.

Criteria: Louisiana revised statute 24:513 A (5)(a)(i) requires that audits of government agencies shall be completed within six months of the close of the entity's fiscal year. Audit reports are required to be filed with the Louisiana Legislative Auditor within this time restriction.

Cause: The School Board's audit was not completed timely. There was staff turnover and significant delays in completing the audit.

Effect: The School Board is not in compliance with Louisiana Revised Statute 24:513 A (5)(a)(i).

Recommendation: We recommend that the School Board implement year end close procedures to ensure all information required for financial reporting is properly captured and adjusted timely.

Management Response: Although issues have arisen that have caused the current audit to be submitted late, procedures have been established to ensure that the future audits are completed timely.

Anticipated completion date: October 9, 2020

Person responsible for corrective actions:

Marsha Andrews, CFO
Union Parish School Board
P.O. Box 308
Farmerville, Louisiana 71241-0308
Telephone: 318-368-9715
Fax: 318-368-3311

Section III – Federal Award Findings and Responses

None

**Union Parish School Board
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019**

Financial Statement Findings Reported in Accordance with *Governmental Auditing Standards*

2018-001 Internal Controls over Payroll Disbursements

Year of Origination: On going since June 30, 2014

Condition: The payroll and personal functions are not separated to ensure adequate separation of duties. The payroll clerk's work, including audit trail and change logs, are not reviewed. Additionally, the payroll clerk has complete control over the payroll module as well as the personnel module.

In a test of ten stipends, five were found to be coded to an incorrect account. In other payroll testwork, we noted where one employee was paid an additional \$300 and another employee was paid correctly but the salary schedule was incorrect. The salary schedule was \$3,305 under what it should have been.

We also noted where an employee was not paid \$500 in the correct year (fiscal year 2018) but was caught up in the following year (fiscal year 2019).

The School Board was unable to locate timesheets for five employees and nine employees did not have their timesheets approved by a supervisor.

Finally, subsequent to June 30, 2018, the School Board received an e-mail in February 2019 that was a phishing attempt requesting the wire transfer of a payroll check. The School System fell victim to the attempt and transferred funds of \$8,014 to an unknown bank account at Green Dot, Inc. The School Board lacked clearly documented procedures over wire transfers. Also, security awareness and training programs were not in place to educate employees in their roles in detecting and responding to cyber incidents.

Status: Not resolved. See current year finding 2019-002 and 2019-004.

2018-002 Theft of Funds

Year of Origination: June 30, 2018

Condition: A theft of fuel and other related maintenance shop items was allegedly perpetrated by a former bus mechanic who was terminated in January 2018. The alleged theft occurred by the mechanic meeting log truck drivers at a gas pump and using the School Board's fuel card to fill up the trucks. Fuel costs related to the bus mechanic's position increased from approximately \$1,000 per month to as high as \$6,000 to \$8,000 per month from September of 2013 to December of 2017. The total loss was approximately \$200,000 (net loss of approximately \$38,000 after insurance claim reimbursement).

The alleged theft was discovered in January of 2018 by the new Transportation and Maintenance Director. The former superintendent informed the Union Parish Sheriff's Office who conducted an investigation and turned over his report to the 3rd Judicial District Attorney's Office. The Office of the Louisiana Legislative Auditor was notified on May 17, 2018.

**Union Parish School Board
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019**

Status: Resolved. The Transportation Director performs a review of monthly fuel invoices and immediately investigates any excessively large usages of fuel.

2018-003 Louisiana Budget Law

Year of Origination: On going since June 30, 2017

Condition: The School Board budgeted a negative fund balance in the General Fund of \$41,444. However, it should also be noted that the final actual fund balance in the General Fund was a negative \$227,345.

Status: Although the School Board did not budget a negative fund balance in the General Fund in the current year, it did have a finding related to budgeting practices. See current year finding 2019-006.

2018-004 Late Submission of Audit Report to the Louisiana Legislative Auditor

Year of Origination: On going since June 30, 2015

Condition: The School Board's audit report was not completed within deadline of six months after year end as required by Louisiana Revised Statute 24:513A (a)(5)(i).

Status: Not resolved. See current year finding 2019-008.

Federal Award Findings and Responses

None



Union Parish School Board



Post Office Box 308
Farmerville, Louisiana 71241

Kristy Fine
Superintendent

www.unionparishschools.org

Phone (318) 368-9715
FAX (318) 368-3311

Corrective Action Plan For the Year Ended June 30, 2019

Financial Statement Findings Reported in Accordance with *Governmental Auditing Standards*

Finding: 2019-001 Schedule of Expenditures of Federal Awards Preparation and Review

Condition: The Schedule of Expenditures of Federal Awards prepared by the School Board included inaccurate information and was not properly reconciled to the underlying accounting records. The schedule was materially misstated. Federal programs were not properly identified and reported in the schedule.

Planned Corrective Action: The Union Parish School Board has designed a procedure of preparation for the Schedule of Expenditures of Federal Awards. There will be a spreadsheet/checklist prepared at the beginning of each fiscal year, to record all grants awarded to the district. Each supervisor that applies for and receives a grant should forward all supporting documentation to accounting. The spreadsheet will contain the Federal Grantor/Pass-Through Grantor/Program Name, Catalog of Federal and Domestic Assistance Number (CFDA #), Pass-Through Grantor Number and Total Expenditures. In preparing the Schedule of Expenditures of Federal Awards, the Grants Bookkeeper will verify that all current year activities for all grants have been accurately recorded. The total revenue and expenditures reported on the SEFA will be reconciled to the grants' general ledger. The Schedule of Expenditures of Federal Award will be reviewed by the CFO before submission to the auditors.

Contact person responsible for corrective action:

Marsha Andrews, CFO
Union Parish School Board
P. O. Box 308
Farmerville, LA 71241-0308
Telephone: (318) 368-9715
Fax: (318) 368-3311

Anticipated Completion Date: October 9, 2020

Finding: 2019-002 Internal Controls over Payroll Disbursements

Condition: During testing of payroll cash disbursements it was noted that four employees were not paid in accordance with the approved salary schedule or other properly approved documentation. One employee was paid \$8,298 for additional Librarian duties. The supplement was not included in the salary schedule and there was no documented evidence on file that the supplement was approved. One employee was overpaid \$1,500 for a sales tax supplement in error. One employee was paid \$3,373 less than the approved salary per the salary schedule. This error was caught and corrected by the School Board after year end. One employee was overpaid \$41 for a supplement in error.

Planned Corrective Action: Controls have been instituted that will ensure that salaries are not advanced to employees, amounts are properly coded in the general ledger history, and proper amounts are paid to the employees.

Contact person responsible for corrective action:

Marsha Andrews, CFO
Union Parish School Board
P. O. Box 308
Farmerville, LA 71241-0308
Telephone: (318) 368-9715
Fax: (318) 368-3311

Anticipated Completion Date: October 9, 2020

Finding: 2019-003 Retirement System Reporting

Condition: During testing of census data for retirement plans it was noted that actual earnings for four of the fifty employees tested were not reported properly to the retirement system. The pay for each of these employees was reduced for sick dockage due to exceeding the allowed number of sick days during the year. The School Board improperly reported contract wages to the retirement system rather than actual earnings reduced for sick dockage. It was also noted that the employee and employer contributions for retirement were calculated based on the contract salary rather than actual earnings. This resulted in overpayment of retirement contributions since actual earnings on which the contributions should have been calculated were less than contracted wages. For these four employees retirement wages were overstated \$2,259, excess employee contributions in the amount \$177 were withheld and remitted, and excess employer contributions in the amount of \$613 were remitted. This also resulted in excess service credit, a component of the defined benefit formula used to calculate a member's retirement benefit, since it is based on actual and full time contract earnings. It was also noted during testing that a significant amount of adjustments were required to be made manually outside of the payroll system due to various information not set up correctly or not exporting properly from the payroll system.

Planned Corrective Action: Each quarter the retirement clerk will reconcile the TRSL and LSERS reports to the Union Parish School Board's payroll system. A comparison of contributions for employees and employer share will be compared with the payroll system before any submission is done. Excel spreadsheet will be utilized for the accuracy to balance.

Contact person responsible for corrective action:

Marsha Andrews, CFO
Union Parish School Board
P. O. Box 308
Farmerville, LA 71241-0308
Telephone: (318) 368-9715
Fax: (318) 368-3311

Anticipated Completion Date: October 9, 2020

Finding: 2019-004 Fraud Incident

Condition: The School Board received an e-mail that was a phishing attempt requesting the wire transfer of a payroll check. The School Board fell victim to the attempt and transferred funds of \$8,014 to an unknown bank account at Green Dot, Inc. The School Board lacked clearly documented procedures over wire transfers. Also, security awareness and training programs were not in place to educate employees in their roles in detecting and responding to cyber incidents.

Planned Corrective Action: The District immediately implemented a policy that any changes relating to employee's payroll direct deposit must be written and made in person. The District's IT department has implemented an online cyber awareness training for all employees.

Contact person responsible for corrective action:

Marsha Andrews, CFO
Union Parish School Board
P. O. Box 308
Farmerville, LA 71241-0308
Telephone: (318) 368-9715
Fax: (318) 368-3311

Anticipated Completion Date: March 2019

Finding: 2019-005 Cash Reconciliations

Condition: Cash reconciliations for the operating and payroll accounts contained errors and omissions. Evidence of review and approval of reconciliations is not documented and maintained on file for all reconciliations. Transactions related to the subsequent period were recorded to the cash accounts after the reconciliations were performed.

Planned Corrective Action: The Chief Financial Officer is responsible for accurately reconciling cash accounts on a monthly basis. All Bank Statements are routed to the Superintendent to open and review before given to the CFO. The CFO will utilize the district's accounting software which allows the administrator to close a month. This feature will prevent any cash from being posted in a prior month.

Contact person responsible for corrective action:

Marsha Andrews, CFO
Union Parish School Board
P. O. Box 308
Farmerville, LA 71241-0308
Telephone: (318) 368-9715
Fax: (318) 368-3311

Anticipated Completion Date: October 9, 2020

Finding: 2019-006 Louisiana Budget Law

Condition: During testing of budget compliance it was noted that budgets were not adopted for twenty special revenue funds in accordance with the Louisiana Local Government Budget Act.

Planned Corrective Action: The CFO will prepare and present a proposed budget to the Union Parish School Board of Directors in August of each year to review and make recommendation in preparation of adopting the budget in accordance to the Louisiana Local Government Budget Act encompassing Louisiana Revised Statutes 39:1305 - 1315 school boards are required to prepare and adopt no later than September 15th of each year a budget for the general fund and each special revenue fund for the fiscal year, July 1st through June 30th.

Contact person responsible for corrective action:

Marsha Andrews, CFO
Union Parish School Board
P. O. Box 308
Farmerville, LA 71241-0308
Telephone: (318) 368-9715
Fax: (318) 368-3311

Anticipated Completion Date: October 9, 2020

Finding: 2019-007 Louisiana Public Bid Law

Condition: During testing of Louisiana Public Bid Law compliance two instances were noted in which three quotes were not obtained for purchases of materials and supplies over \$10,000 and less than \$30,000. It was also noted that the School Board does not accept electronic bids.

Planned Corrective Action: The Union Parish School Board of Director plans to adopt a revised Bids, Quotations and Purchasing Policy at its October 12, 2020 meeting. All personnel authorized to make purchases will be given a copy and will be required to follow.

Contact person responsible for corrective action:

Marsha Andrews, CFO
Union Parish School Board
P. O. Box 308
Farmerville, LA 71241-0308
Telephone: (318) 368-9715
Fax: (318) 368-3311

Anticipated Completion Date: October 9, 2020

Finding: 2019-008 Late Submission of Audit Report to the Louisiana Legislative Auditor

Condition: The School Board's audit for the year ended June 30, 2019 was not completed and the audit report was not submitted to the Louisiana Legislative Auditor within six months of year end. Extensions were granted by the Louisiana Legislative Auditor.

Planned Corrective Action: Union Parish School Board Superintendent and CFO will work closely with the Audit Firm that is engaged to make sure that the Audit is performed and completed timely. The district will employ and provide training for employees required to prepare reports and schedules for the Auditors.

Contact person responsible for corrective action:

Marsha Andrews, CFO
Union Parish School Board
P. O. Box 308
Farmerville, LA 71241-0308
Telephone: (318) 368-9715
Fax: (318) 368-3311

Anticipated Completion Date: October 9, 2020

Section III – Federal Award Findings

None

OTHER INFORMATION

Management Letter

Board Members
Union Parish School Board
Farmerville, Louisiana

In planning and performing our audit of the financial statements of the Union Parish School Board (the School Board) for the year ended June 30, 2019, we considered its internal control structure in order to determine our auditing procedures for purposes of expressing our opinion on the financial statements and not to provide assurance on the internal control structure or overall compliance with laws and regulations.

However, during our audit we became aware of certain matters that are an opportunity for strengthening internal controls and the overall environment for compliance with laws and regulations. This letter will summarize our comments and suggestions regarding those matters. This letter does not affect our report dated October 29, 2019 on the financial statements of the School Board.

MLC 2019-001 Vendor Cash Disbursements

Observations:

During testing of vendor cash disbursements it was noted that one vendor was overpaid \$287. The expenditure was charged to the Title I federal program and was requested for reimbursement from the grantor. As a result, the School Board was improperly reimbursed \$287 in federal funds as there is no allowable expenditure to support the amount received. Purchase orders should be matched with invoices or other proper supporting documentation to ensure quantities and amounts billed are correct. Approved purchase orders should not be altered by individuals other than authorized purchasers. An additional line item in the amount of \$287 was improperly added to the purchase order during the accounts payable payment process by an individual other than the purchaser. There are no controls in place to prevent alteration of purchase orders by unauthorized individuals. There is potential for errors or fraud in the vendor cash disbursements process.

Recommendation:

We recommend that the School Board implement policies and procedures that allow only authorized individuals to alter purchase orders

Management's corrective action plan:

The Union Parish School Board has procedures that governs how funds are approved and distributed. In the future, the District will properly train new staff members responsible for paying invoices and printing checks. Staff members will make sure that ALL invoices are matched with purchase orders.

MLC 2019-002 OPEB Census Data

Observations:

During testing of census data for OPEB (other post employment benefits) it was noted that the hire date per School Board records did not agree to the hire date per the census data used by the actuary for seven of the twenty-five individuals selected for testing. The individuals are all retirees or previously retired individuals who have returned to work at the School Board. It was also noted that the census is not maintained by the School Board and was pulled directly from the insurance provider records by the actuary. Accurate and complete census data is required to obtain a reasonable estimate of OPEB liability for reporting in the financial statements. Census data should be maintained on file at the School Board and updated regularly to ensure data is accurate. The School Board did not accurately report hire dates to the insurance provider for some individuals. The School Board does not maintain and update the census data. The School Board did not review the census data for accuracy and completeness before it was used by the actuary. The OPEB liability calculation may not be a reasonable estimate of the actual liability if the census data used in the calculation is not accurate and complete.

Recommendation:

We recommend that the School Board ensure all data is accurately reported to the insurance provider. We recommend that the School Board maintain census data on file and update it regularly to ensure data is accurate. We recommend that census data maintained by the School Board be provided to the actuary for use in performing the valuation. We recommend that the School Board review the census data for accuracy and completeness before submitting it to the actuary.

Views of responsible officials and corrective actions:

Union Parish School Board has created a spreadsheet to document employees hire date, as well as current and future retirement obligations. Each year the Insurance Clerk will cross reference Office State Group database to the employee's personnel file.

MLC 2019-003 Journal Entries

Observations:

During testing of journal entries it was noted that support for journal entries is not always maintained on file and easily accessible. It was also noted that not all journal entries are reviewed and approved. It appears that controls and procedures related to journal entries could be improved. All manual, nonrecurring journal entries should be individually approved and properly documented. Documentation should include employee notes, explanations, or other documentation that shows the source of the journal entry. There are no policies and procedures in place requiring review and approval of all journal entries and proper supporting documentation prior to posting. There is potential for fraudulent journal entries or other improper adjustments to be recorded. The financial statements could be misstated due to manipulation of the financial reporting by recording inappropriate or unauthorized journal entries.

Recommendation:

We recommend the adoption of a policy requiring all manual journal entries be approved by the CFO or other designated member of management. All entries should include a Journal Entry Voucher form signed by the preparer, the individual approving the entry, and the individual recording the entry in order to attribute responsibility to the appropriate individuals. All journal entries should be accompanied by full explanation and adequate supporting data which is maintained on file.

Views of responsible officials and corrective actions:

All employees responsible for posting journal entries will follow the School Board's Procedure by completing a journal entry voucher for each entry posted to the General Ledger.

MLC 2019-004 Posting Errors

Observations:

In the course of performing the agreed-upon procedures related to the performance and statistical data contained in Schedule 1 General Fund Instructional and Support Expenditures and Certain Local Revenue Sources accompanying the financial statements it was noted that two of the twenty-five transactions selected for testing were not posted in the proper period. As a result, those expenditures were improperly reported in the schedule. Under the modified accrual basis of accounting expenditures are recorded when the related liability is incurred. The expenditures were recorded in the period in which the cash disbursement was made rather than the period in which the liability was incurred. The expenditures were posted to the incorrect period and Schedule 1 was misstated.

Recommendation:

We recommend that the School Board post prepaid assets and accrue liabilities as needed to ensure transactions are accounted for in the proper period.

Views of responsible officials and corrective actions:

In the future, all revenues and expenditures will be reviewed and posted in the proper period.

Woodard & Associates

Woodard & Associates, APAC

Monroe, Louisiana

October 29, 2020

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

Board Members

Union Parish School Board
Farmerville, Louisiana,
the Louisiana Department of Education,
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Union Parish School Board, the Louisiana Department of Education, and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of the School Board for the fiscal year ended June 30, 2019; and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin, 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, and
 - Nonpublic Transportation Revenue.

Comment: Two exceptions were noted in which the expenditure was not posted in the correct period.

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 the 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.

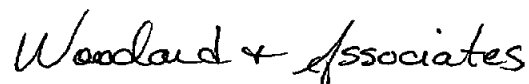
Public School Staff Data: Average Salaries (No Schedule)

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

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. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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



Woodard & Associates, APAC

Monroe, Louisiana
October 29, 2020

Union Parish School Board
Schedule 1 – General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2019

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$	3,880,673	
Other Instructional Staff Activities		485,716	
Instructional Staff Employee Benefits		3,127,182	
Purchased Professional and Technical Services		16,054	
Instructional Materials and Supplies		156,665	
Instructional Equipment		-	
Total Teacher and Student Interaction Activities		-	\$ 7,666,290

Other Instructional Activities

1,725

Pupil Support Activities

1,055,780

Less: Equipment for Pupil Support Activities

-

Net Pupil Support Activities

1,055,780

Instructional Staff Services

1,114,739

Less: Equipment for Instructional Staff Services

52,220

Net Instructional Staff Services

1,062,519

School Administration

1,042,924

Less: Equipment for School Administration

-

Net School Administration

1,042,924

Total General Fund Instructional Expenditures

\$ 10,829,238

Total General Fund Equipment Expenditures

\$ 55,020

Certain Local Revenue Sources

Local Taxation Revenue:

Ad Valorem Taxes

Constitutional Ad Valorem Taxes \$ 531,668

Renewable Ad Valorem Tax 2,246,757

Debt Service Ad Valorem Tax 2,448,508

Up to 1% of Collections by the Sheriff on taxes other than School Taxes 121,115

Sales and Use Taxes 7,479,384

Total Local Taxation Revenue \$ 12,827,432

Local Earnings on Investment in Real Property:

Earnings from 16th Section Property \$ 23,310

Earnings from Other Real Property 1,354

Total Local Earnings on Investment in Real Property \$ 24,664

State Revenue in Lieu of Taxes:

Revenue Sharing-Constitutional Tax \$ 71,369

Total State Revenue in Lieu of Taxes \$ 71,369

Nonpublic Textbook Revenue

\$ -

**Union Parish School Board
Schedule 2 – Class Size Characteristics
As of October 1, 2018**

School Type	Class Size Range							
	1 - 20		21-26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	70%	115	30%	50	0%	0	0%	0
Elementary Activity Classes	63%	17	37%	10	0%	0	0%	0
High	65%	261	25%	100	10%	38	0%	2
High Activity Classes	93%	90	4%	4	1%	1	2%	2
Combination	81%	162	14%	28	5%	11	0%	0
Combination Activity Classes	89%	16	11%	2	0%	0	0%	0

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



1100 North 18th Street, Suite 200
Monroe, LA 71201
T 318.387.2672 F 318.322.8866

Keeping you on course!

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

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

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

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving.
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disasters Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Results: The following results and exceptions were identified during review of policies and procedures:

- Budgeting – No exceptions were identified
- Purchasing – The written policies and procedures did not address (1) how purchases are initiated, (2) how vendors are added to the vendor list, and (3) the preparation and approval process of purchase requisitions and purchase orders
- Disbursements – No written policies and procedures were identified
- Receipts/Collections – The written policies and procedures did not address receiving, recording, and preparing deposits or management's actions to determine the completeness of all collections for each type of revenue or agency fund additions
- Payroll/Personnel - The written policies and procedures did not address (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked
- Contracting – The written policies and procedures did not address (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- Credit Cards (and debit cards, fuel cards, P-Cards, if applicable) – No exceptions identified
- Travel and expense reimbursement – No written policies and procedures were identified.
- Ethics - No written policies and procedures were identified.
- Debt Service - The written policies and procedures did not address (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements
- Disaster Recovery/Business Continuity – No written policies and procedures were identified.

Bank Reconciliations

2. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations included evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: One exception was identified with respect to procedure 2.b) due to the bank reconciliation not being reviewed. Four exceptions were identified with respect to procedure 2.b) due to the bank reconciliation being reviewed by a member of management who has the ability to handle cash, post ledgers, or issue checks. One exception was identified with respect to procedure 2.c) due to two bank accounts having reconciling items outstanding for more than 12 months without documentation that management has researched the items.

Collections (excluding EFTs)

3. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly selected 5 deposit sites (or all deposit sites if less than 5).
4. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
5. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
6. Randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #2 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are mad on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

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

Results: Two exceptions were identified with respect to procedure 4.b) as the employee that collects cash also prepares and makes the deposit and there is not another employee reconciling collection documentation to the deposit. Two exceptions were identified with respect to procedure 4.c) as the employee that collects cash also posts collection entries to the general ledger and there is not another employee reconciling general ledger postings to each other and to the deposit. One exception was identified with respect to procedure 4.d) as the employee that collects cash reconciled cash collections to the general ledger and there is not another employee that verifies the reconciliation. Four exceptions were identified with respect to procedure 6.a) as the receipts were not sequentially pre-numbered. One exception was identified with respect to procedure 6.d) as a deposit less than \$100 was not made within one week. Three of the bank accounts selected did not have any deposits during the fiscal period.

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

7. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
8. For each location selected under #7 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
9. For each location selected under #7 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly selected 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #8, as applicable.

Results: Three exceptions were identified with respect to procedure 8.c) in which the employee responsible for processing payments is not prohibited from adding/modifying vendor files and there is not another employee responsible for periodically reviewing changes to vendor files. Two exceptions were identified with respect to procedure 8.d) in which the employee responsible for processing checks is also responsible for mailing the payment. Three exceptions were identified with respect to procedure 9.b) in which there were not at least two employees involved in initiating a purchase request, approving a purchase, and planning and order/making the purchase. Fifteen exceptions were identified with respect to procedure 9.b) in which the employee responsible for processing payments is not prohibited from adding/modifying vendor files and another employee did not periodically review changes to vendor files. Ten exceptions were identified with respect to procedure 9.b) in which the payments was not mailed by either the employee who signed the check or an employee who did not process the payment.

Payroll and Personnel

10. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
11. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #10 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
12. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
13. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Results: Five exceptions were identified with respect to procedure 11.b) as the attendance and leave records were not approved by a supervisor.

Other

14. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
15. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: With respect to procedure 14, one misappropriation was disclosed and was reported to the legislative auditor and district attorney of the parish. No exceptions were identified as a result of applying the agreed-upon procedures.

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

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

Woodard & Associates

Woodard & Associates, APAC
Monroe, Louisiana

October 29, 2020



Union Parish School Board

*Post Office Box 308
Farmerville, Louisiana 71241*

Kristy Fine
Superintendent

www.unionparishschools.org

Phone (318) 368-9715
FAX (318) 368-3311

October 14, 2020

Louisiana legislative Auditor
1600 North 2nd Street
PO Box 94397
Baton Rouge, LA 70804

and

Woodard & Associates, APAC
1100 North 18th Street, Suite 200
Monroe, LA 71201

RE: Management's Response to Statewide Agreed-Upon Procedures

Union Parish School Board's management has reviewed the Independent Accountants' Report on Applying the Statewide Agreed-Upon Procedures. Management is in agreement with the report as provided by Woodard & Associates, APAC. In addition, Union Parish School Board has implemented changes or additional policies and procedures where necessary to meet the expectations identified in the report.

Respectfully submitted,

Marsha Andrews
Chief Financial Officer