
FRANKLIN PARISH SCHOOL BOARD

WINNSBORO, LOUISIANA

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2020

FRANKLIN PARISH SCHOOL BOARD

WINNSBORO, LOUISIANA

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FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

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WINNSBORO, LOUISIANA

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INDEPENDENT AUDITORS' REPORT

The Members of the
Franklin Parish School Board
Winnsboro, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Franklin Parish School Board (School Board) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of changes in total other post-employment benefit liability and related ratios, the schedule of the proportionate share of the net pension liability, the schedule of contributions to each retirement system and the notes to the required supplemental information, on pages 4 through 10, pages 50 through 55, page 56, page 57, page 58 and 59, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Board's basic financial statements. The other information identified in the table of contents as the combining non-major fund financial statements, the schedule of board members' compensation, and the schedules of compensation, benefits and payments to agency head or chief executive officer is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards and related notes presented on pages 72-73 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 non-major fund financial statements, the schedule of board members' compensation, the schedule of compensation, benefits, and other payments to agency head or chief executive officer, and the schedule of expenditures of federal awards and related notes are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 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, grants, 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 provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Board's internal control over compliance and financial reporting.

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 28, 2020

Franklin Parish School Board

Winnsboro, Louisiana

REQUIRED SUPPLEMENTAL INFORMATION

MANAGEMENT'S DISCUSSION
AND ANALYSIS (MD&A)

FRANKLIN PARISH SCHOOL BOARD
MANAGEMENT’S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2020

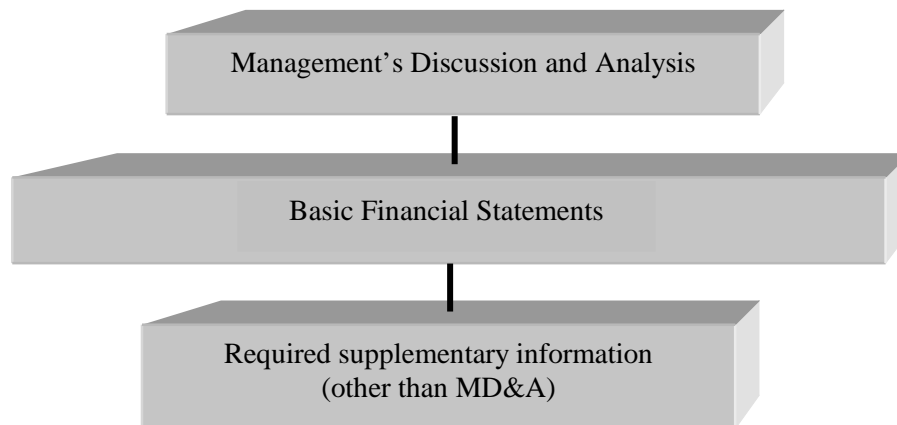
The Management’s Discussion and Analysis of the Franklin Parish School Board’s (the School Board) financial performance presents a narrative overview and analysis of Franklin Parish School Board’s financial activities as of and for the year ended June 30, 2020. This document focuses on the current year’s activities, resulting changes, and currently known facts in comparison with the prior year’s information (where available).

FINANCIAL HIGHLIGHTS

- ★ The Franklin Parish School Board’s liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at the close of fiscal year 2020 by \$44,004,171. This results in the School Board having an overall deficit net position.
- ★ Expenses exceeded revenues by \$1,412,721 for the 2020 fiscal year, thereby increasing the deficit in net position.
- ★ MFP Revenue, the School Board’s primary operating revenue source, increase approximately \$560,939, or 2.8% due to an increase in per-student funding approved by the Louisiana Legislature.
- ★ The Renovation Fund ended the fiscal year with a fund balance of \$4,702,099. \$4,182,099 of this amount is available to be spent for future debt service payments, facility renovations and other uses, while \$520,000 is maintained in a debt service reserve account that is not expendable until the associated bonds are repaid.
- ★ The Capital Projects 2017 Fund ended the year with a fund balance of \$1,201,973 that represents the balance of the unexpended bond proceeds which are restricted to major capital improvements.
- ★ The General Fund ended the fiscal year with unassigned fund balance of \$5,756,445, providing the system with operating reserves of approximately 22% of annual expenditures. Total General Fund balance which includes amounts restricted to employee compensation and amounts committed for insurance purposes as well as unassigned amounts, equals \$7,410,840, or 28% of annual expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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



FRANKLIN PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2020

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

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

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

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

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

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

Governmental funds. *Governmental funds* are used to account for essentially the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near term inflows and outflows of spendable resources*, as well as on *balances of spendable resources available* at the end of the fiscal year. Such information may be useful in evaluating a government's near term financial requirements. Because of the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long term impact of the School Board's near-term financing decisions. Both the governmental fund balance and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The School Board maintains dozens of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Renovation Fund, and the Title 1 Fund, all of which are considered major funds. The remaining funds are combined into a single, aggregated presentation under the label of other governmental funds, which contains all non-major funds. Individual fund data for each of these non-major funds is provided in the form of combining statements elsewhere in this report. The School Board prepares annual budgets for the General Fund and Special Revenue Funds in accordance with state laws. In accordance with accounting standards, a budget to actual comparison is presented for the General Fund and the Renovation Fund combined with the Capital Projects 2017 Fund.

FRANKLIN PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2020

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

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

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Position
as of June 30, 2020 and 2019

	2020	2019
Assets		
Cash and cash equivalents	\$ 13,754,936	\$ 16,900,574
Investments	1,120,171	1,120,171
Receivables	1,888,594	1,382,461
Prepaid expenses	4,096	4,096
Inventory	70,411	28,044
Capital assets	26,046,569	24,773,590
Total assets	42,884,777	44,208,936
Deferred Outflow of Resources		
Deferred amounts related to net pension liability	7,593,668	4,298,996
Deferred amount related to total post-employment benefit liability	13,064,949	10,689,880
Total Deferred Outflow of Resources	20,658,617	14,988,876
Liabilities		
Accounts, salaries and other payables	2,640,872	3,628,712
Accrued interest payable	73,800	82,152
Total post-employment benefit liability (OPEB)	53,358,685	45,428,205
Bonds payable and other long-term liabilities	12,082,025	13,399,622
Net pension liability	33,074,304	34,327,700
Total liabilities	101,229,686	96,866,391
Deferred Inflow of Resources		
Deferred amounts related to net pension liability	3,769,606	3,609,395
Deferred amounts related to total OPEB liability	2,548,273	1,313,476
Total Deferred Inflow of Resources	6,317,879	4,922,871
Net Position		
Net investment in capital assets	16,389,054	15,785,743
Restricted	5,539,695	5,324,584
Unrestricted	(65,932,920)	(63,701,777)
Total net position	\$ (44,004,171)	\$ (42,591,450)

FRANKLIN PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2020

FINANCIAL ANALYSIS OF THE ENTITY (continued)

- Cash decreased by \$3,145,638 from the prior year. The decrease can be attributed to expenditures from the Capital Projects 2017 Fund as the bond proceeds are used as intended to fund capital improvements.
- Capital assets, which are reported net of accumulated depreciation, account for approximately 61% of the total assets of the School Board. These assets increased by \$1,272,979 from the prior year. This increase is attributable primarily to capitalized costs of projects using the 2016 and 2017 bond proceeds.
- Receivables increased by \$506,133 as a result of differences in the timing in collection of federal and state grants.
- Total other post-employment benefits liability (OPEB) increased by \$7,930,480 to \$53,358,685 to adjust for the estimated future costs of retiree benefits other than pensions. Much of this increased liability was a result of a change in the discount rate applied to future benefit payments.
- The Net Pension Liability decreased \$1,253,396 to \$33,074,304 as a result of required contribution paid into the TRSL and LSERS trusts to amortize the liabilities, investment performance of assets within the trusts, and other factors.
- Net position at June 30, 2020 shows a significant deficit of \$44,004,171 primarily because of the postemployment liabilities described above. These liabilities for promised future benefits are unfunded and must be paid for in future years.

FRANKLIN PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2020

FINANCIAL ANALYSIS OF THE ENTITY (continued)

Statements of Activities
For the years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Revenues		
Program Revenues		
Charges for services	\$ 78,110	\$ 31,669
Operating grants	7,334,951	7,738,844
General revenues		
Property taxes	2,677,360	2,716,364
Sales taxes	5,543,815	5,176,733
Earnings on Investments	82,526	104,734
Minimum Foundation Program	20,650,695	20,089,756
Other	614,943	649,619
	<u>36,982,400</u>	<u>36,507,719</u>
Expenses		
Regular education	12,978,958	11,773,737
Special and other education	7,642,713	6,883,593
Pupil support	1,713,779	1,618,594
Instructional staff support	2,433,203	2,343,238
General administrative	1,014,722	776,297
School administrative	2,040,571	1,782,370
Business and central services	750,028	618,783
Plant operation and maintenance	3,821,334	3,048,742
Transportation	3,309,101	3,026,101
Food service	2,176,520	2,137,687
Central services	58,235	82,309
Community service and other	7,684	7,694
State appropriations	63,728	83,619
Interest expense	384,545	419,662
	<u>38,395,121</u>	<u>34,602,426</u>
Change in net position	<u><u>\$(1,412,721)</u></u>	<u><u>\$ 1,905,293</u></u>

Revenues

- Minimum Foundation Program revenue, which accounts for approximately 56% of total revenues, remained relatively consistent with the prior year with a increase of \$560,939 or 2.8% due to an increase in the per-student funding from the Louisiana Legislature.
- Local tax revenues consisting of sales and property taxes also remained constant with only a modest increase of \$328,078, or 4.2%.
- Operating grant revenues decreased \$403,893, or 5.5% because of lost revenue from the Child Nutrition Program as a result of fewer meals served during the COVID-19 Pandemic.

FRANKLIN PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2020

FINANCIAL ANALYSIS OF THE ENTITY (continued)

Expenses

- Expenses across most functional areas experienced an increase. Budgeted operating expenditures increased only slightly at the funds level but mostly stayed constant as there were no major changes in enrollment or staffing. However; the pension and other retiree benefits costs over and above the amounts paid added to these increased fund level expenditures to cause an increase in expenses at the government wide level. Salary costs were controlled through careful allotment of positions through the budgeting process. A state mandated salary increase was granted, however, the overall cost increase held in-check through a reduced number of positions. Interest expense decreased due to a lower overall level of debt outstanding because of scheduled principal repayments on the 2017 revenue bonds that were previously issued for capital improvements.

Overall, while the School Board's change in net position decreased as expenses exceeded revenues in 2020; the total net position remains in a significant deficit position as a result of retirement benefit liabilities.

FUND ANALYSIS

- The General Fund operated at a surplus of \$627,890, and ended the fiscal year with a total fund balance of \$7,410,840. This operating surplus is more favorable than the budgeted results that were initially estimated; essentially break-even.
- The Renovation Fund has accumulated \$4,702,099 for the purpose of payment of principal and interest on outstanding bonds, funding facility renovations, and other uses. \$1,998,161 of this fund balance is restricted for debt service or to a debt services reserve account.
- Most other non-major governmental funds account for expenditure driven grants for which the school system receives reimbursements for allowable costs. Accordingly, these funds report relatively minimal, if any, operating surplus or fund balance.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2020, the Franklin Parish School Board had \$26,046,569 invested in a broad range of capital assets, including land, building, and equipment.

	<u>2020</u>	<u>2019</u>
Land and construction in progress	\$ 270,436	\$ 1,301,813
Buildings	24,880,518	22,759,330
Machinery and equipment	895,615	712,447
	<u>\$ 26,046,569</u>	<u>\$ 24,773,590</u>

Major additions in 2020 included various projects at Winnsboro Elementary, Fort Necessity, and Franklin Parish High School, including a new track.

FRANKLIN PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2020

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Long-term debt and liabilities

The School Board's long-term debt and liabilities consists of sales tax bonds and limited ad-valorem tax revenue bonds, totaling approximately \$11.23 million; a liability for compensated absences of \$.85 million, a liability for future retiree health benefits of \$53.4 million, and a net pension liability of \$33.1 million. The bonds were issued in 2017 to fund major school improvements. The liability for future retiree health benefits is significant, and will continue to increase unless plan changes are enacted. The net pension liability, although quite large, is being repaid through the monthly contributions to the Teachers' Retirement and School Employees' Retirement Systems as required by State law.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Amendments were adopted during the year ended June 30, 2020 for the General and the combined Renovation Fund and Capital Projects 2017 Fund. These amendments were adopted by the Board to more accurately reflect actual revenues and expenditures experienced throughout the year. Both the original and amended (final) budgets for the School Board's major funds are presented on pages 51-54 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The financial condition of the System continues to stabilize after overcoming many challenges that existed in previous years. The general fund has accumulated a total fund balance equal to 28% of its annual expenditures which provides for an operating reserve for periods of decreased revenue. Taxes that were approved by the parish in 2006 for major renovation projects continue to be levied in order to retire the debt used to fund those renovations and to fund other facility improvements. Those taxes renewed in 2016 by the voters for 10 years.

As in recent years, the 2020-2021 general fund budgets meet the challenges of changes in Teacher's Retirement and School Employees Retirement System contributions rates along with anticipated minimal growth in the Minimum Foundation Program revenue from the State except for an increase to fund legislatively approved teacher pay raises. Health insurance costs will also increase for the school system. Local sales tax and property tax revenues are expected to remain constant, despite disruptions caused by the COVID-19 Pandemic. Cares Act funding of approximately \$2 million in anticipated for 2020 that will assist the district with maintaining staffing levels, and costs of the Pandemic.

The School Board has adopted a 2020-2021 General Fund budget that results in break-even operations for the year. Close attention will be paid to the State's direction in the upcoming months to insure that the School Board makes the best decisions possible to keep the system operating to the fullest.

CONTACTING THE FRANKLIN PARISH SCHOOL BOARD'S MANAGEMENT

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2020

ASSETS and DEFERRED OUTFLOWS

ASSETS

Cash and cash equivalents	\$	13,754,936
Receivables		
Accounts		2,866
Sales and use taxes		553,987
Due from other governments		1,331,741
Investments in certificates of deposit		1,120,171
Inventory		70,411
Prepaid expenses		-
Capital assets		
Land and construction in progress		270,436
Buildings and equipment, net of accumulated depreciation		25,776,133
TOTAL ASSETS		42,884,777

DEFERRED OUTFLOW OF RESOURCES

Deferred pension contributions		0
Deferred amounts related to net pension liability		7,593,668
Deferred amounts related to total post employment benefit liability		13,064,949
TOTAL DEFERRED OUTFLOW OF RESOURCES		20,658,617

LIABILITIES and DEFERRED INFLOWS

LIABILITIES

Accounts and other payables		526,840
Salaries and benefits payable		2,104,690
Accrued interest payable		73,800
Unearned revenues		9,342
Claims payable		
Due within one year (bonds and compensated absences)		1,524,199
Due in more than one year		10,557,826
Total post employment benefit liability		
Due within one year		2,278,886
Due in more than one year		51,079,799
Net pension liability		33,074,304
TOTAL LIABILITIES		101,229,686

DEFERRED INFLOW OF RESOURCES

Deferred amounts related to net pension liability		3,769,606
Deferred amounts related to total post employment benefit liability		2,548,273
TOTAL DEFERRED INFLOW OF RESOURCES		6,317,879

NET POSITION

Net Investment in capital assets		16,389,054
Restricted for:		
Debt service		1,424,361
Sales tax dedicated to compensation		550,299
Capital projects and maintenance		2,588,163
Workman's compensation loss reserve		100,000
Federal and State Grant Programs		876,872
Unrestricted		(65,932,920)
TOTAL NET POSITION		\$ (44,004,171)

The accompanying notes are an integral part of this statement.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

		Program Revenues		Net (Expense) Revenue and Changes in Net Assets
Expenses	Charges for Services	Operating Grants and Contributions	Governmental Unit	
<u>Functions/Programs</u>				
Instruction:				
Regular education programs	\$ 12,978,958	\$ -	\$ 578,305	\$ (12,400,653)
Special education programs	3,341,276	-	299,285	(3,041,991)
Other education programs	4,301,437	52,704	2,961,487	(1,287,246)
Support Services:				
Pupil support services	1,713,779	-	251,191	(1,462,588)
Instructional staff services	2,433,203	-	1,174,425	(1,258,778)
General administration services	1,014,722	-	11,088	(1,003,634)
School administration services	2,040,571	-	19,437	(2,021,134)
Business and central services	750,028	-	97,380	(652,648)
Plant operation and maintenance	3,821,334	-	106,359	(3,714,975)
Transportation	3,309,101	-	123,773	(3,185,328)
Food service	2,176,520	24,186	1,711,345	(440,989)
Central Services	58,235	1,220	844	(56,171)
Community Service Programs	7,684	-	32	(7,652)
State Appropriations	63,728	-	-	(63,728)
Interest Expense	384,545	-	-	(384,545)
Total Governmental Activities	<u>\$ 38,395,121</u>	<u>\$ 78,110</u>	<u>\$ 7,334,951</u>	(30,982,060)
General Revenues				
Taxes:				
Ad Valorem taxes				2,677,360
Sales and use taxes				5,543,815
Grants and contributions not restricted:				
Minimum Foundation Program				20,650,695
Interest and investment earnings				82,526
Other				614,943
			Total general revenues	29,569,339
			Change in Net Position	(1,412,721)
			Net Position - June 30, 2019	(42,591,450)
			Net Position - June 30, 2020	\$ (44,004,171)

The accompanying notes are an integral part of this statement.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2020

	<u>General</u>	<u>Title 1</u>	<u>Renovation Fund</u>	<u>Non-major Governmental</u>	<u>Total</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$ 6,943,473	\$ -	\$ 4,574,229	\$ 2,237,234	\$ 13,754,936
Receivables:					
Accounts	115	-	-	2,751	2,866
Sales tax	416,613	-	137,374	-	553,987
Due from other governments	8,225	494,957	-	828,559	1,331,741
Investments in certificates of deposit	1,120,171	-	-	-	1,120,171
Prepaid expenses	4,096	-	-	-	4,096
Due from other funds	930,339	-	-	39,234	969,573
Inventory	-	-	-	70,411	70,411
TOTAL ASSETS	<u>\$ 9,423,032</u>	<u>\$ 494,957</u>	<u>\$ 4,711,603</u>	<u>\$ 3,178,189</u>	<u>\$ 17,807,781</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts and other payable	\$ 197,374	\$ -	\$ 9,504	\$ 302,977	\$ 509,855
Retainage	-	-	-	16,985	16,985
Salaries and benefits payable	1,797,119	102,352	-	205,219	2,104,690
Due to other funds	17,699	392,605	-	559,269	969,573
Unearned revenues	-	-	-	9,342	9,342
TOTAL LIABILITIES	<u>2,012,192</u>	<u>494,957</u>	<u>9,504</u>	<u>1,093,792</u>	<u>3,610,445</u>
Fund balances:					
Nonspendable	4,096	-	-	61,069	65,165
Spendable:					
Restricted					
Compensation	650,299	-	-	-	650,299
Debt service	-	-	1,998,161	-	1,998,161
Capital project and maintenance	-	-	2,588,163	1,207,525	3,795,688
Federal and State grant programs	-	-	-	815,803	815,803
Committed	1,000,000	-	-	-	1,000,000
Assigned	-	-	115,775	-	115,775
Unassigned	5,756,445	-	-	-	5,756,445
TOTAL FUND BALANCES	<u>7,410,840</u>	<u>-</u>	<u>4,702,099</u>	<u>2,084,397</u>	<u>14,197,336</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 9,423,032</u>	<u>\$ 494,957</u>	<u>\$ 4,711,603</u>	<u>\$ 3,178,189</u>	<u>\$ 17,807,781</u>

The accompanying notes are an integral part of this statement.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS - BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

Total Fund Balances at June 30, 2020- Governmental Funds		\$ 14,197,336
Cost of capital assets at June 30, 2020	40,913,939	
Less: Accumulated Depreciation as of June 30, 2020		
Buildings	(13,065,637)	
Movable property	(1,801,733)	26,046,569
Accrued interest payable on long-term debt		(73,800)
Long-term liabilities at June 30, 2020		
Compensated absences payable	(852,025)	
Notes and bonds payable	(11,230,000)	(12,082,025)
Total other post employment benefit liability balances in accordance with GASB 75		
Deferred outflow of resources - related to total other postemployment benefit liability	13,064,949	
Total post employment benefit liability	(53,358,685)	
Deferred inflow of resources - related to total other postemployment benefit liability	(2,548,273)	(42,842,009)
Net pension obligation balances in accordance with GASB 68		
Deferred outflow of resources - deferred pension contributions	4,354,807	
Deferred outflow of resources - related to net pension liability	3,238,861	
Net pension liability	(33,074,304)	
Deferred inflow of resources - related to net pension liability	(3,769,606)	(29,250,242)
Total net position at June 30, 2020 - Governmental Activities		<u>\$ (44,004,171)</u>

The accompanying notes are an integral part of this statement.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2020

	General	Title 1	Renovation Fund	Other Non-major Governmental	Total
<u>REVENUES</u>					
Local sources:					
Ad valorem taxes	\$ 1,477,360	\$ -	\$ 1,200,000	\$ -	\$ 2,677,360
Sales and use taxes	4,157,872	-	1,385,943	-	5,543,815
Earnings on investments	47,310	-	21,597	13,619	82,526
Food services	-	-	-	24,186	24,186
Other	412,648	-	-	254,999	667,647
State sources:					
Minimum Foundation Program	20,624,436	-	-	26,259	20,650,695
Restricted grants-in-aid	109,814	-	-	86,478	196,292
Federal grants	34,504	2,378,837	-	4,726,538	7,139,879
TOTAL REVENUES	26,863,944	2,378,837	2,607,540	5,132,079	36,982,400
<u>EXPENDITURES</u>					
Current:					
Instruction:					
Regular education programs	11,470,578	34,370	15,016	496,483	12,016,447
Special education programs	2,846,575	-	7,013	289,453	3,143,041
Other education programs	1,219,879	1,776,010	101,578	978,991	4,076,458
Support:					
Pupil support services	1,348,590	-	1,862	247,270	1,597,722
Instructional staff services	1,166,274	355,503	11,238	784,623	2,317,638
General administration services	940,280	-	43,157	7,250	990,687
School administration services	1,836,390	-	8,926	11,926	1,857,242
Business and central services	603,045	-	4,322	95,526	702,893
Plant operation and maintenance	2,176,994	-	308,065	249,961	2,735,020
Transportation	2,700,755	1,261	329,776	111,973	3,143,765
Food services	204,196	-	-	1,904,891	2,109,087
Central services	43,039	-	12,417	1,228	56,684
Community services	7,644	-	-	-	7,644
Facility acquisition and construction	-	-	43,022	1,927,723	1,970,745
State appropriations	63,728	-	-	-	63,728
Debt Service					
Principal	-	-	1,410,000	-	1,410,000
Interest	-	-	389,897	-	389,897
Fees	-	-	3,000	-	3,000
TOTAL EXPENDITURES	26,627,967	2,167,144	2,689,289	7,107,298	38,591,698
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 235,977	\$ 211,693	\$ (81,749)	\$ (1,975,219)	\$ (1,609,298)

(continued)

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2020

	<u>General</u>	<u>Title 1</u>	<u>Renovation Fund</u>	<u>Other Non-major Governmental</u>	<u>Total</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in	\$ 391,913	\$ -	\$ -	\$ -	\$ 391,913
Transfers out	-	(211,693)	-	(180,220)	(391,913)
TOTAL OTHER FINANCING SOURCES (USES)	<u>391,913</u>	<u>(211,693)</u>	<u>-</u>	<u>(180,220)</u>	<u>-</u>
<u>NET CHANGES IN FUND BALANCE</u>	627,890	-	(81,749)	(2,155,439)	(1,609,298)
Fund balances, June 30, 2019	<u>6,782,950</u>	<u>-</u>	<u>4,783,848</u>	<u>4,239,836</u>	<u>15,806,634</u>
FUND BALANCES, JUNE 30, 2020	<u>\$ 7,410,840</u>	<u>\$ -</u>	<u>\$ 4,702,099</u>	<u>\$ 2,084,397</u>	<u>\$ 14,197,336</u>

(concluded)

The accompanying notes are an integral part of this statement.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS -
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE TO STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Net Changes in Fund Balance		\$ (1,609,298)
Capital Assets:		
Capital outlay and other expenditures capitalized	\$ 2,240,049	
Loss on disposal of assets for the year ended June 30, 2020	(4,000)	
Depreciation expense for year ended June 30, 2020	<u>(963,070)</u>	1,272,979
Long Term Debt:		
Principal portion of debt service	1,410,000	
Change in compensated absences payable	<u>(92,403)</u>	1,317,597
Change in accrued interest payable		8,352
Net change in total other post employment benefits liability and deferred outflows and inflows in accordance with GASB 75		(3,266,055)
Change in net pension liability and deferred inflows and outflows in accordance with GASB 68		<u>863,704</u>
Change in Net Position - Governmental Activities		<u><u>\$ (1,412,721)</u></u>

The accompanying notes are an integral part of this statement.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2020

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and cash equivalents	<u>\$ 941,430</u>
<u>LIABILITIES</u>	
Amounts held for school activities	518,897
Due to others - sales tax collections	<u>422,533</u>
 TOTAL LIABILITIES	 <u>\$ 941,430</u>

The accompanying notes are an integral part of this statement.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

A. **REPORTING ENTITY**

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

The School Board operates seven schools within the parish with a total enrollment of approximately 3,100 pupils. In conjunction with the regular educational programs, some of these schools offer special education and/or adult education programs. In addition, the School Board provides transportation and school food services for the students.

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

B. **BASIS OF PRESENTATION AND ACCOUNTING**

Government-Wide Financial Statements (GWFS)

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

Government-Wide Financial Statements (GWFS) (continued)

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

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

Fund Financial Statements (FFS)

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

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

Governmental Fund Type

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

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

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

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

Governmental Fund Type (continued)

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

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

- General Fund – primary fund used to account for the operations of the School System.
- Renovation Fund – used to account for the proceeds of a half-cent sales tax and a portion of a 15.64 mil ad-valorem tax, both of which are restricted to repayment of long-term debt and to funding capital improvements and major repairs.
- Title 1 – The Title 1 fund accounts for the Title 1 grants. The purpose of these grants are to improve the educational opportunities of educationally deprived children by helping them succeed in the regular school program, attain grade level proficiency and improve achievement in basic and more advanced skills. These grants function by providing compensatory instructional activities to educationally deprived children that reside in low-income areas and have been selected on the basis of a needs assessment. Services supplement, not supplant, those normally provided by state and local educational agencies.

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

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

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

Revenues

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

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

Governmental Fund Type (continued)

Revenues (continued)

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

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

Expenditures

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

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

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

Fiduciary Fund Type

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

C. **CASH AND INVESTMENTS**

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

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

E. **ELIMINATION AND RECLASSIFICATIONS**

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

F. **INVENTORY**

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

G. **CAPITAL ASSETS**

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

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

H. **COMPENSATED ABSENCES**

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

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

H. **COMPENSATED ABSENCES** (continued)

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

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

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

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

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

I. **RESTRICTED NET POSITION**

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

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

Imposed by law through constitutional provisions or enabling legislation.

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

J. **FUND EQUITY OF FUND FINANCIAL STATEMENTS**

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

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

Spendable

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

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

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

Unassigned - represent balances for which there are no constraints.

Minimum fund balance- the School Board has a policy to maintain a minimum fund balance in the general fund of ten percent of annual expenditures and not to exceed fifteen percent of annual expenditures. The School Board must approve causing the fund balance going below the minimum ten percent limit but only for unanticipated or unforeseen events of a non-recurring nature.

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

K. **INTERFUND ACTIVITY**

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

L. **SALES AND USE TAXES**

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

- 1% tax was authorized on April 29, 1969 and does not expire.
- ½% tax was authorized November 14, 2009 and expires on June 30, 2020.*
- ½% tax was authorized April 9, 2016 and expires on June 30, 2027.

* On August 15, 2020 the ½% tax was re-authorized and is set to expire on June 30, 2030.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

L. **SALES AND USE TAXES** (continued)

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

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

M. **USE OF ESTIMATES**

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

N. **DEFERRED OUTFLOWS, DEFERRED INFLOWS AND NET POSITION**

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

The statement of net position reports net position as the difference between all other elements in a statement of net position and should be displayed in three components—net investment in capital assets, restricted net position (distinguishing between major categories of restrictions), and unrestricted net position.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

N. **DEFERRED OUTFLOWS, DEFERRED INFLOWS AND NET POSITION** (continued)

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

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

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

O. **PENSION PLANS**

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

P. **NEWLY ADOPTED ACCOUNTING STANDARDS**

The School Board applied the provisions of GASB Technical Bulletin 2020-1 *Accounting and Financial Reporting Issues Related to the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and Coronavirus Diseases*, which established accounting for certain aspects of CARES Act assistance, including recognition of revenue for Payroll Protection Program loan forgiveness, effects subsequent amendments to the CARES Act, extraordinary and special items, and classification of revenues.

Certain accounting and other changes were initially planned, however; the School Board applied GASB statement 95 *Postponement of the Effective Dates of Certain Authoritative Guidance* which delayed implementation of GASB 84 *Fiduciary Activities*, which was initially scheduled to be effective for the fiscal year ended June 30, 2020.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

2. **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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

<u>Fund Name</u>	<u>Financial Statement Caption</u>	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General	Regular Education	\$ 11,442,137	\$ 11,470,578	\$ (28,441)
General	Other Education	1,168,098	1,219,879	(51,781)
General	Instructional Staff Services	1,153,250	1,166,274	(13,024)
General	General Administration Services	743,707	940,280	(196,573)
Renovation	Facility Acquisition	1,848,570	1,970,745	(122,175)
Title 1	Regular Education	-	34,310	(34,370)
Title 1	Other Education	1,713,221	1,776,010	(62,789)
Title 1	Instructional Staff Services	314,471	355,503	(41,032)

3. **AD VALOREM TAXES**

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

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

	<u>Property Tax Calendar</u>
Millage rates adopted	September, 2019
Levy date	September, 2019
Tax bills mailed	November, 2019
Due date	December 31, 2019
Lien date	February, 2020
Collection date	May, 2020

Total assessed value was approximately \$136,413,000 in calendar year 2019. Louisiana state law exempts the first \$75,000 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption was approximately \$29,500,000 of the assessed value leaving a taxable value of approximately \$106,913,000.

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

All property taxes are recorded on the basis explained in Note 1. Revenues are recognized in the accounting period in which an enforceable legal claim arises. Estimated uncollectible taxes are those taxes based on past experience which will not be collected in the subsequent year and are primarily due to subsequent adjustments to the tax roll. The School Board uses the lien date to establish the enforceable legal claim date.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
<u>Parish-wide taxes:</u>			
Constitutional School Tax	4.61	4.61	N/A
Aid-To-Education	4.53	4.53	2028
Renovate, Improve, and Operate	15.64	15.64	2026

4. **DEPOSITS AND INVESTMENTS**

Deposits and investments include demand deposits and certificates of deposit at local financial institutions, classified in the financial statements as cash and cash equivalents and investments, respectively. The carrying amount of the School Board's deposits with the financial institutions (including certificates of deposit) was \$15,296,185. In addition, there is \$520,352 that is held in a Federated Hermes Treasury obligation. The Federated Hermes Treasury obligation is a money market mutual fund seeking to provide current income consistent with stability of principal by investing in a portfolio of U.S. Treasury securities maturing in 397 days or less, and repurchase agreements collateralized fully by U.S. Treasury securities. The Federated Hermes Treasury obligation had a credit risk rating of AAAM from Standard & Poors, and a rating of Aaa-mf from Moody's.

Deposits in financial institutions can be exposed to custodial credit risk. Custodial credit risk for deposits is the risk that in the event of financial institution failure, the School Board's deposits may not be returned. The School Board does not have a written policy regarding custodial credit risk. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. The School Board's bank balances of these deposits totaling \$19,176,564 were fully collateralized or FDIC insured and therefore were not exposed to custodial credit risk as of June 30, 2020.

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

5. **CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended June 30, 2020 are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 83,226	\$ -	\$ -	\$ 83,226
Construction in progress	<u>1,218,587</u>	<u>1,779,358</u>	<u>(2,810,735)</u>	<u>187,210</u>
Total capital assets not being depreciated	<u>1,301,813</u>	<u>1,779,358</u>	<u>(2,810,735)</u>	<u>270,436</u>
Capital assets being depreciated:				
Building and improvements	35,041,551	2,904,604	-	37,946,155
Machinery and equipment	<u>2,385,205</u>	<u>366,822</u>	<u>(54,679)</u>	<u>2,697,348</u>
Total assets being depreciated	<u>37,426,756</u>	<u>3,271,426</u>	<u>(54,679)</u>	<u>40,643,503</u>
Total capital assets at cost	<u>38,728,569</u>	<u>5,050,784</u>	<u>(2,865,414)</u>	<u>40,913,939</u>
Less accumulated depreciation for:				
Building and improvements	12,281,536	784,101	-	13,065,637
Machinery and equipment	<u>1,673,443</u>	<u>178,969</u>	<u>(50,679)</u>	<u>1,801,733</u>
Total accumulated depreciation	<u>13,954,979</u>	<u>963,070</u>	<u>(50,679)</u>	<u>14,867,370</u>
Total capital assets being depreciated (net)	<u>23,471,777</u>	<u>2,308,356</u>	<u>(4,000)</u>	<u>25,776,133</u>
Total capital assets (net)	<u>\$ 24,773,590</u>	<u>\$ 4,087,714</u>	<u>\$ (2,814,735)</u>	<u>\$ 26,046,569</u>

Depreciation expense of \$963,070 for the year ended June 30, 2020 was charged to the following governmental functions:

Regular Education	\$ 51,385
Special Education	13,441
Other Educational Programs	17,432
Pupil Support Services	6,833
Instructional Staff Services	9,912
General Administrative Services	4,237
School Administrative Services	7,942
Business and Central Services	3,006
Plant Operation and Maintenance	795,796
Transportation	13,443
Food Service	39,401
Central Services	<u>242</u>
	<u>\$ 963,070</u>

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

6. **DEFINED BENEFIT PENSION PLANS**

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

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

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

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

Plan Descriptions:

Teachers' Retirement System of Louisiana (TRSL) is the administrator of a cost-sharing defined benefit pension plan. The plan provides retirement, disability, and survivor benefits to employees who meet the legal definition of a "teacher" as provided for in LRS 11:701. Eligibility for retirement benefits and the calculation of retirement benefits are provided for in LRS 11:761.

Louisiana School Employees' Retirement System (LSERS) is the administrator of a cost-sharing defined benefit pension plan. The plan provides retirement, disability, and survivor benefits to school employees as defined in LRS 11:1002. Eligibility for retirement benefits and the computation of retirement benefits are provided for in LRS 11:1141.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

A brief summary of eligibility and benefits of the plans are provided in the following table:

Final average salary	<u>TRSL</u>	<u>LSERS</u>
	Highest 36 or 60 months	Highest 36 or 60 months
Years of service required and/or age eligible for benefits	30 years any age ⁴ 25 years age 55 20 years any age ² 5 years age 60 ⁵ 5 years age 62 ⁶	30 years any age 25 years age 55 20 years any age ² 5-10 years age 60 ⁵
Benefit percent per years of service	2% to 3.0% ³	2.5% to 3.33% ³

¹ Employees hired after a certain date use the revised benefit calculation based on the highest 60 months of service

² With actuarial reduced benefits

³ Benefit percent varies depending on when hired

⁴ For school food service workers, hired on or before 6-30-15, 30 years at age

⁵ Five to ten years of creditable service at age 60 depending upon the plan or

⁶ Hired on or after 7/1/15, age eligibility is 5 years at age 62

Cost of Living Adjustments

The pension plans in which the School System participates have the authority to grant cost-of-living adjustments (COLAs) on an ad hoc basis. COLAs may be granted to these systems, (TRSL and LSERS) if approved with a two-thirds vote of both houses of the Legislature, provided the plan meets certain statutory criteria related to funded status and interest earnings.

Contributions

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee. In accordance with state statute, TRSL receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Contributions to the plans are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended June 30, 2020, for the School Board and covered employees were as follows:

	School Board	Employees
Teachers' Retirement System:		
Regular Plan	26.00%	8.00%
Plan A	26.00%	9.10%
School Employees' Retirement System	29.40%	7.50%- 8.00%

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

	2020	2019	2018
Teachers' Retirement System:			
Regular Plan	\$ 3,893,127	\$ 3,858,041	\$ 3,909,022
School Employees' Retirement System	461,680	440,955	428,043

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

The following schedule lists the School Board's proportionate share of the Net Pension Liability allocated by each of the pension plans based on the June 30, 2019 measurement date. The School Board uses this measurement to record its Net Pension Liability and associated amounts as of June 30, 2020 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2019 along with the change compared to the June 30, 2018 rate. The School Board's proportion of the Net Pension Liability was based on a projection of the School Board's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

	Net Pension Liability at June 30, 2019	Rate at June 30, 2019	Increase (Decrease) from June 30, 2018 Rate
Teachers' Retirement System	\$ 29,320,195	0.29543%	-0.01744%
School Employees' Retirement System	3,754,109	0.53625%	0.00065%
	\$ 33,074,304		

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

The following schedule list each pension plan's recognized pension expense to the School Board for the year ended June 30, 2020:

Teachers' Retirement System	\$	2,833,588
School Employees' Retirement System		657,518
		\$ 3,491,106

At June 30, 2020, 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
Differences between expected and actual experience	\$ -	\$ (1,009,836)
Changes of assumptions	2,193,264	-
Net difference between projected and actual earnings on pension plan investments	144,422	(1,085,171)
Changes in proportion and differences between Employer contributions and proportionate share of contributions	901,175	(1,674,599)
Employer contributions subsequent to the measurement date	4,354,807	-
Total	\$ 7,593,668	\$ (3,769,606)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Teachers' Retirement System	\$ 6,875,369	\$ (3,675,337)
School Employees' Retirement System	718,299	(94,269)
	\$ 7,593,668	\$ (3,769,606)

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

The School Board reported a total of \$4,354,807 as deferred outflow of resources related to pension contributions made subsequent to the measurement date of June 30, 2019 which will be recognized as a reduction in Net Pension Liability in the year ended June 30, 2020. The following schedule list the pension contributions made subsequent to the measurement period for each pension plan:

	Subsequent Contributions
Teachers' Retirement System	\$ 3,893,127
School Employees' Retirement System	461,680
	\$ 4,354,807

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

Year	TRSL	LSERS	Total
2019	\$ (199,245)	\$ 111,009	\$ (88,236)
2020	(554,877)	(63,655)	(618,532)
2021	66,213	65,830	132,043
2022	(5,186)	49,166	43,980
	\$ (693,095)	\$ 162,350	\$ (530,745)

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability for each pension plan as of June 30, 2020 are as follows:

	TRSL	LSERS
Valuation Date	June 30, 2019	June 30, 2019
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions: Expected Remaining		
Service Lives	5 years	3 years
Investment Rate of Return	7.55% net of investment expenses	7.000% net of pension plan investment expense, including inflation
Inflation Rate	2.50% per annum	2.50%
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.	Mortality assumptions were set based on the RP-2014 Health Annuitant Tables. RP-2014 Sec Distinct Mortality Table. RP- 2014 Disabled Lives Mortality Table.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Actuarial Assumptions (continued)

	TRSL	LSERS
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a five year (July 1, 2012-June30, 2017) experience study of the System's members.	
Salary Increases	3.3% - 4.8% varies depending on duration of service	Salary increases were projected based on the 2012-2017 experience study 3.25%
Cost of Living Adjustments	None.	Cost-of-living raises may be granted from the Experience Account provided there are sufficient funds needed to offset the increase in the actuarial liability and the plan has met the criteria and eligibility requirements outline by ACT399 of 2014.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Actuarial Assumptions (continued)

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

<u>TRSL</u>	<u>LSERS</u>
<p>The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5% and an adjustment for the effect of rebalancing / diversification. The resulting expected long-term rate of return was 8.48% for 2019.</p>	<p>The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up), and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward-looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/ diversification. The resulting long-term arithmetic nominal expected return is 8.76%.</p>

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Actuarial Assumptions (continued)

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in each of the Retirement Systems target asset allocations as of June 30, 2019:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
	TRSL	LSERS	TRSL	LSERS
Cash	-	-	-	-
Domestic equity	27.00%	-	4.60%	-
International equity	19.00%	-	5.70%	-
Equity	-	39.00%	-	2.93%
Domestic fixed income	13.00%	-	1.69%	-
International fixed income	5.50%	-	2.10%	-
Fixed income	-	26.00%	-	1.07%
Alternatives	-	17.00%	-	1.43%
Alternative - private equity	25.50%	-	8.67%	-
Alternative - other equity	10.00%	-	3.65%	-
Real assets	-	12.00%	-	0.73%
Real assets	-	6.00%	-	0.60%
Total	100.00%	100.00%		
Inflation				2.50%
Expected Arithmetic Nominal Return				8.76%
n/a - amount not provided by Retirement System				

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Actuarial Assumptions (continued)

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for TRSL and LSERS was 7.55% and 7.00%, respectively, for the year ended June 30, 2020.

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

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

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
TRSL			
Rates	6.550%	7.550%	8.550%
FPSB Share of NPL	\$ 39,029,375	\$ 29,320,195	\$ 21,136,838
LSERS			
Rates	6.000%	7.000%	8.000%
FPSB Share of NPL	\$ 5,087,570	\$ 3,754,109	\$ 2,614,187

Payables to the Pension Plan

The Franklin Parish School Board had no amounts payable to the TRSL or LSERS at June 30, 2020.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

7. **OTHER POSTEMPLOYMENT BENEFITS**

General Information about the OPEB Plan

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

Benefits Provided – Medical benefits are provided through the Louisiana Office of Group Benefits (OGB) and involve several statewide networks and one HMO with a premium structure by region. The OGB plan is a fully insured arrangement in which Franklin Parish School Board is a participating employer. The OPEB plan in this valuation is a Defined Benefit Single Employer Plan for financial reporting purposes. Medical benefits are provided to employees upon actual retirement or the end of the D.R.O.P., if applicable. The employees are covered by the Teachers' Retirement System of Louisiana (TRSL), whose retirement eligibility (D.R.O.P. entry) provisions as follows: 30 years of service at any age; age 55 and 25 years of service; or, age 60 and 5 years of service. Employees hired on or after January 1, 2011 must have attained at least age 60 at retirement (or D.R.O.P. entry) to avoid actuarial reduction in the retirement benefit.

Life insurance coverage under the OGB program is available to retirees by election and the blended rate (active and retired) is used. The employer pays 50% of the cost of the retiree life insurance based on that blended rate. Insurance coverage amounts are reduced by 25% at age 65 and by an additional 25% at age 70 according to the OGB plan provisions.

Employees covered by benefit terms – At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	293
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>342</u>
	<u>635</u>

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

7. **OTHER POSTEMPLOYMENT BENEFITS** (continued)

Total OPEB Liability

The School Board's total OPEB liability of \$53,358,685 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs – The total OPEB liability in the June 30, 2020 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	3.50% annually (Beginning of Year to Determine ADC) 2.21% annually (As of End of Year Measurement Date)
Healthcare cost trend rates	5.5% annually until 2030, then 4.5%
Mortality	SOA RP-2014 Table

The discount rate was based on the Bond Buyers' 20 Year General Obligation municipal bond index as of June 30, 2020, the end of the applicable measurement period.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2009 to June 30, 2020.

Changes in the Total OPEB Liability

Balance at June 30, 2019	<u>\$ 45,428,205</u>
Changes for the year:	
Service cost	713,566
Interest	1,552,006
Differences between expected and actual experience	(1,778,042)
Changes in assumptions	9,613,318
Benefit payments and net transfers	<u>(2,170,368)</u>
Net changes	<u>7,930,480</u>
Balance at June 30, 2020	<u><u>\$ 53,358,685</u></u>

The total OPEB liability is presented within the Statement of Net Position as follows:

Amounts due within one year	\$ 2,278,886
Amounts due in more than one year	51,079,799
Balance at June 30, 2020	<u><u>\$ 53,358,685</u></u>

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

7. **OTHER POSTEMPLOYMENT BENEFITS** (continued)

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 (1.21%) or 1-percentage-point higher (3.21%) than the current discount rate:

	1.0% Decrease (1.21%)	Current Discount Rate (2.21%)	1.0% Increase (3.21%)
Total OPEB liability	\$ 63,457,932	\$ 53,358,685	\$ 45,477,546

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

	1.0% Decrease (4.5%)	Current Trend (5.5%)	1.0% Increase (6.5%)
Total OPEB liability	\$ 47,760,882	\$ 53,358,685	\$ 60,477,538

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

For the year ended June 30, 2020, the School Board recognized OPEB expense of \$5,436,423. At June 30, 2020, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 186,179	\$ (1,595,290)
Changes in assumption	12,878,770	(952,983)
Total	\$ 13,064,949	\$ (2,548,273)

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

Years ending June 30:	
2021	\$ 3,170,851
2022	3,170,843
2023	3,170,844
2024	1,379,416
2025	(187,639)
Thereafter	(187,639)
	\$10,516,676

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

8. AGENCY FUND DEPOSITS DUE OTHERS

The School Board serves as the sales tax collector for all taxing authorities within the Parish boundaries. Taxes are collected and remitted to the levying municipalities or the police jury on a monthly basis. The collection and disbursement of sales taxes is accounted for in an agency fund. Agency funds are also employed for school activity accounts which hold funds for student activities such as athletics, band, and various clubs and organizations. A summary of deposits due to others within the agency funds for the year ended June 30, 2020 follows:

	<u>Balance, Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, Ending</u>
Agency Funds:				
School Activities Accounts	\$ 436,722	\$ 1,244,195	\$ 1,162,020	\$ 518,897
Sales Tax Collections	<u>402,461</u>	<u>14,142,998</u>	<u>14,122,926</u>	<u>422,533</u>
Total	<u>\$ 839,183</u>	<u>\$ 15,387,193</u>	<u>\$ 15,284,946</u>	<u>\$ 941,430</u>

9. LONG-TERM LIABILITIES

The following is a summary of the long-term debt activity for the year ended June 30, 2020:

	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>	<u>Amount Due Within 1 Year</u>
Bonds Payable	\$ 12,640,000	\$ -	\$ 1,410,000	\$11,230,000	\$ 1,455,000
Compensated Absences	<u>759,622</u>	<u>419,925</u>	<u>327,522</u>	<u>852,025</u>	<u>69,199</u>
Total	<u>\$ 19,399,622</u>	<u>\$ 419,925</u>	<u>\$ 1,737,522</u>	<u>\$12,082,025</u>	<u>\$ 1,524,199</u>

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

9. LONG-TERM LIABILITIES (continued)

A schedule of the individual issues outstanding as of June 30, 2020 is as follows:

<u>Bond Issue</u>	<u>Original Issue Date</u>	<u>Original Issue Amount</u>	<u>Interest Rate</u>	<u>Final Payment Due</u>	<u>Interest to Maturity</u>	<u>Principal Outstanding</u>
<u>Direct Placements:</u>						
Limited Tax Revenue Bonds, Series 2016:	Dec 8, 2016	1,500,000	0.1 - 4%	Nov. 1, 2026	\$146,775	\$1,325,000
Limited Tax Revenue Bonds, Series 2017:	Feb 16, 2017	7,500,000	3.225 - 3.625%	Oct. 19, 2026	761,068	5,900,000
Sales Tax Bonds, Series 2016:	Dec 8, 2016	5,000,000	3.025 – 3.25%	Oct. 19, 2026	<u>462,215</u>	<u>4,005,000</u>
					<u>\$1,370,058</u>	<u>\$11,230,000</u>

All principal and interest requirements for the limited tax revenue bonds are funded in accordance with Louisiana law by the annual ad valorem tax levy on taxable property within the parish for which \$2,127,916 of revenue was recognized during the year ended June 30, 2020. The principal and interest requirements for the 2016 sales tax revenue bonds are funded by the proceeds of a one half cent sales tax levied within the parish for which \$1,385,943 of revenue was recognized during the year ended June 30, 2020. The School Board accounts for a majority of these taxes' proceeds within the Renovation Fund which includes a restricted account for debt service and debt service reserves. At June 30, 2020, the School Board has accumulated \$4,702,099 in the Renovation Fund; \$1,998,161 of which is restricted for future debt service requirements and required debt service reserves, and \$2,588,163 of which is restricted for capital improvements and major maintenance. \$115,775 within the Renovation Fund has been assigned for capital improvements and major maintenance.

Future debt service requirements are as follows:

<u>Year Ending June 30</u>	<u>Direct Placements</u>		
	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2021	\$ 1,455,000	\$ 346,745	\$ 1,801,745
2022	1,510,000	300,845	1,810,845
2023	1,555,000	252,134	1,807,134
2024	1,600,000	201,050	1,801,050
2025	1,655,000	147,339	1,802,339
2026-2028	<u>3,455,000</u>	<u>121,945</u>	<u>3,576,945</u>
	<u>\$ 11,230,000</u>	<u>\$ 1,370,058</u>	<u>\$ 12,600,058</u>

In accordance with Louisiana Revised Statute 39:562 (L), the School Board is legally restricted from incurring long-term bonded debt in excess of 35 percent of the net assessed value of taxable property (including homestead exempt and nonexempt property) within the parish. At June 30, 2020, the net assessed value of taxable property for the parish was \$106,913,000, which would result in a \$37,419,550 long-term bonded debt limit.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

9. LONG-TERM LIABILITIES (continued)

The Sales Tax Bonds, Series 2016 contain events of default with financial consequences if principal and interest is not paid when due or if there are any unscheduled withdrawals from the debt service reserve funds. Remedies available to the bondholder in an event of default that is not remedied within 30 days include those allowed under Louisiana law for such defaults, but do not include subjective acceleration clauses or termination events.

The Series 2017 and 2016 Limited Tax Revenue bonds' terms of default are not explicitly defined. However, in the event of non-payment, all remedies allowed under Louisiana law would be available to the bondholders, but do not include subjective acceleration clauses or termination events.

10. INTERFUND TRANSACTIONS

Interfund receivable/payable:

<u>Receivable Fund</u>		<u>Payable Fund</u>	
Governmental funds		Governmental funds	
General	\$ 930,339	General Fund	\$ 17,699
Title 1	-	Title 1	392,605
Non-major	<u>39,234</u>	Non-major	<u>559,269</u>
Total	<u>\$ 969,573</u>	Total	<u>\$ 969,573</u>

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

Transfers:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 391,913	\$ -
Title 1	-	211,693
Non-major	-	<u>180,220</u>
Totals:	<u>\$ 391,913</u>	<u>\$ 391,913</u>

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

11. RISK MANAGEMENT

The School Board manages its exposure under general liability, fleet, and errors and omissions through the purchase of commercial insurance. Qualifying employees and retirees may participate in the state group medical and life insurance plan. Risk of loss under workers' compensation statutes is self-insured by the School Board for up to \$400,000 per occurrence, with an insurance policy in force for losses in excess of that amount. The self-insured plan is administered by a third party, with the claims under the self-insured amount paid by the General Fund; certain Special Revenue funds may reimburse the General Fund for payment of their claims. Consistent with the provisions of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, the School Board uses the General Fund to account for its risk financing activities. Claims outstanding at June 30, 2020 of approximately \$150,000 have been recorded as liabilities in the accompanying general fund and government-wide financial statements.

12. LITIGATION AND CONTINGENCIES

At June 30, 2020, the School Board was a defendant in several lawsuits. These suits, arising from various claims are mostly covered through insurance. However, the School Board is exposed to certain uninsured claims and deductibles. Based upon the opinion of the School Board's legal counsel, the ultimate resolution of these matters, as well as other claims not covered by insurance policies, is not expected to materially impact the operations of the School Board.

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

13. LEASE OBLIGATIONS

The School Board leased 45 buses during the fiscal year under an operating lease for a term of five years. Lease expenditures were approximately \$741,400 for the fiscal year ended June 30, 2020. Future minimum lease payments under this lease are as follows:

2021	262,500
2022	262,500
2023	262,500
	<u>\$ 787,500</u>

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

14. SALES TAX COLLECTIONS AND REMITTANCES

Act 711 of the 2010 Louisiana Legislative Session amended LRS 24:51 (b) to provide required financial statement note disclosure in the financial statements for local governments that collect tax for other taxing jurisdictions. Listed below are sales tax collections and distributions to other parish governmental agencies during fiscal year 2019-2020.

<u>Jurisdiction</u>	<u>Tax</u>	<u>Total Collections</u>	<u>Collection Cost</u>	<u>Final Distributions</u>
Police Jury	1%	\$ 2,719,795	\$ (33,322)	\$ 2,686,473
Police Jury	1/2%	1,359,897	(16,661)	1,343,236
		<u>4,079,692</u>	<u>(49,983)</u>	<u>4,029,709</u>
Franklin Sheriff	1/2%	1,359,895	(16,661)	1,343,234
City of Winnsboro	1%	1,540,069	(18,912)	1,521,157
City of Winnsboro 2007	1/2%	770,034	(9,457)	760,577
City of Winnsboro 2009	1/2%	770,034	(9,457)	760,577
		<u>3,080,137</u>	<u>(37,826)</u>	<u>3,042,311</u>
Town of Gilbert		<u>63,620</u>	<u>(821)</u>	<u>62,799</u>
Town of Wisner		<u>83,731</u>	<u>(1,027)</u>	<u>82,704</u>
Town of Baskin		<u>32,086</u>	<u>(327)</u>	<u>31,759</u>
Revenue Recovery Audits		<u>411</u>	<u>-</u>	<u>411</u>
Held in Escrow Pending Suit		<u>-</u>	<u>-</u>	<u>-</u>
Legal Fees Collected		<u>-</u>	<u>-</u>	<u>-</u>
TOTALS		<u><u>\$ 8,699,572</u></u>	<u><u>\$ (106,645)</u></u>	<u><u>\$ 8,592,927</u></u>

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

15. CURRENT ACCOUNTING STANDARDS SCHEDULED TO BE IMPLEMENTED

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

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

GASB Statement 87, *Leases*. This standard will require all leases to be reported on the statement of net position under a single accounting model for both lessors and lessees. The statement will require the recognition of lease assets or liabilities for leases previously reported as operating leases. Both operating and capital leases will be reported under this single accounting method and reported by lessees as an intangible right to use asset and by lessors as a receivable with both reporting a deferred inflow of resources. The standard is effective for annual reporting periods beginning after June 15, 2021. The School Board will include the requirements of this standard, as applicable, in its June 30, 2022 financial statement. All of the School Board lease agreements will need to be evaluated to determine the impact of implementing this standard; however, the effect of this standard or its applicability to the School Board are unknown at this time.

16. Subsequent Events

In March, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread throughout the United States. The COVID-19 pandemic has negatively impacted the global economy and created significant volatility and disruption of financial markets. The extent of the impact of the COVID-19 pandemic on the School Board's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the impact on the School Board's, vendors and employees, all of which are uncertain and cannot be predicted. The ultimate extent to which the COVID-19 pandemic may directly or indirectly impact the School Board's financial condition or results of operations cannot be reasonably estimated at this time.

For the year ended June 30, 2021, the COVID-19 pandemic continues to impact the School Board. However, major disruptions to budgets, operations and its ability to execute its educational mission have been avoided. The School Board has been awarded approximately \$2 million in pandemic relief under the Elementary and Secondary School Emergency Relief provisions of the CARES Act through the Louisiana Department of Education.

REQUIRED SUPPLEMENTAL INFORMATION

Franklin Parish School Board

Winnsboro, Louisiana

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

MAJOR FUND DESCRIPTIONS
BUDGETARY COMPARISON SCHEDULES

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

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

COMBINED RENOVATION FUND AND CAPITAL PROJECTS 2017 FUND. The Combined Renovation Fund and Capital Projects 2017 Fund accounts combines two funds for budget reporting purposes. The Renovation Fund accounts for a portion of the proceeds of a 15.64 mil ad-valorem tax that is restricted to debt service and for the proceeds of a half-cent sales tax restricted to debt service, major capital improvements, and repairs. The Capital Projects 2017 Fund accounts for the proceeds of the 2017 and 2016 bonds and their use towards capital projects. These funds are combined for budgetary reporting purposes.

TITLE 1 FUND. The Title 1 fund accounts for the Title 1 grants. The purpose of these grants are to improve the educational opportunities of educationally deprived children by helping them succeed in the regular school program, attain grade level proficiency and improve achievement in basic and more advanced skills. These grants function by providing compensatory instructional activities to educationally deprived children that reside in low-income areas and have been selected on the basis of a needs assessment. Services supplement, not supplant, those normally provided by state and local educational agencies.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund			Variance
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
<u>Revenues:</u>				
Local sources	\$ 5,050,000	\$ 5,842,685	\$ 6,095,190	\$ 252,505
State sources	20,678,410	20,692,782	20,734,250	41,468
Federal sources	-	-	34,504	34,504
Total revenues	25,728,410	26,535,467	26,863,944	328,477
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular education programs	10,890,000	11,442,137	11,470,578	(28,441)
Special education programs	2,747,000	2,846,877	2,846,575	302
Other education programs	1,649,823	1,168,098	1,219,879	(51,781)
Support services:				
Pupil support services	1,415,000	1,348,730	1,348,590	140
Instructional staff services	1,299,000	1,153,250	1,166,274	(13,024)
General administration services	615,000	743,707	940,280	(196,573)
School administration services	1,741,000	1,836,393	1,836,390	3
Business administration services	555,000	603,045	603,045	-
Plant operation and maintenance	2,150,000	2,176,993	2,176,994	(1)
Transportation	2,640,000	2,700,759	2,700,755	4
Food services	97,000	204,196	204,196	-
Central services	66,000	43,038	43,039	(1)
Community services	7,600	7,644	7,644	-
Enterprise Operations	90,000	-	-	-
Appropriations				
Charter Schools	169,842	-	63,728	(63,728)
Facility acquisition and construction	-	-	-	-
Total expenditures	26,132,265	26,274,867	26,627,967	(353,100)
Excess (deficiency) of revenues over expenditures	\$ (403,855)	\$ 260,600	\$ 235,977	\$ (24,623)

(continued)

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund			Variance
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
<u>Other financing sources (uses):</u>				
Operating transfers in	\$ 403,855	\$ 387,215	\$ 391,913	\$ 4,698
Total other financing sources (uses)	403,855	387,215	391,913	4,698
Net changes in fund balances	-	647,815	627,890	(19,925)
Fund balances, June 30, 2019	6,000,000	7,325,365	6,782,950	(542,415)
FUND BALANCES, JUNE 30, 2020	\$ 6,000,000	\$ 7,973,180	\$ 7,410,840	\$ (562,340) (concluded)

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

RENOVATION FUND and CAPITAL PROJECTS 2017 FUND
BUDGETARY COMPARISON SCHEDULE (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2020

	RENOVATION FUND and CAPITAL PROJECTS 2017 FUND			
	Original Budget	Final Budget	Budgetary Basis Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>				
Local sources:	\$ 2,500,000	\$ 2,608,722	\$ 2,607,540	\$ (1,182)
Total revenues	<u>2,500,000</u>	<u>2,608,722</u>	<u>2,607,540</u>	<u>(1,182)</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular education programs	-	15,015	15,016	(1)
Special education programs	-	7,013	7,013	-
Other education programs	-	101,578	101,578	-
Support services:				
Pupil Support	-	1,862	1,862	-
Instructional staff services	-	11,239	11,238	1
General administrative services	-	43,157	43,157	-
School administration	-	8,926	8,926	-
Business services	-	4,320	4,322	(2)
Plant operation and maintenance	250,000	485,541	460,010	25,531
Student transportation	320,000	329,775	329,776	(1)
Food services	-	-	-	-
Central services	50,000	12,418	12,417	1
Facilities acquisition and construction	4,000,000	1,848,570	1,970,745	(122,175)
Debt Service	1,800,000	1,953,758	1,802,897	150,861
Total expenditures	<u>6,420,000</u>	<u>4,823,172</u>	<u>4,768,957</u>	<u>54,215</u>
Excess (deficiency) of revenues over expenditures	(3,920,000)	(2,214,450)	(2,161,417)	53,033
<u>Other financing sources (uses):</u>				
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	(3,920,000)	(2,214,450)	(2,161,417)	53,033
Fund balances, June 30, 2019	<u>5,000,000</u>	<u>5,570,357</u>	<u>8,053,957</u>	<u>2,483,600</u>
FUND BALANCES, JUNE 30, 2020	<u>\$ 1,080,000</u>	<u>\$ 3,355,907</u>	<u>\$ 5,892,540</u>	<u>\$ 2,536,633</u>

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

Title 1 Fund
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2020

	Title 1 Fund			
	Original Budget	Final Budget	Budgetary Basis Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>				
Federal sources:	\$ 1,923,565	\$ 2,227,121	2,378,837	151,716
Total revenues	<u>1,923,565</u>	<u>2,227,121</u>	<u>2,378,837</u>	<u>151,716</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular education programs	-	-	34,370	(34,370)
Special education programs	-	-	-	-
Other education programs	1,423,438	1,713,221	1,776,010	(62,789)
Special and adult education programs				
Support services:				
Pupil Support	-	-	-	-
Instructional staff services	307,770	314,471	355,503	(41,032)
General administrative services	-	-	-	-
School administration	-	-	-	-
Business services	-	-	-	-
Plant operation and maintenance	-	-	-	-
Student transportation	-	1,261	1,261	-
Food services	-	-	-	-
Central services	-	-	-	-
Facilities acquisition and construction	-	-	-	-
Debt Service	-	-	-	-
Total expenditures	<u>1,731,208</u>	<u>2,028,953</u>	<u>2,167,144</u>	<u>(138,191)</u>
Excess (deficiency) of revenues over expenditures	192,357	198,168	211,693	13,525
<u>Other financing sources (uses):</u>				
Operating transfers out	(192,357)	(198,168)	(211,693)	(13,525)
Total other financing sources (uses)	<u>(192,357)</u>	<u>(198,168)</u>	<u>(211,693)</u>	<u>(13,525)</u>
Net changes in fund balance	-	-	-	-
Fund balances, June 30, 2019	-	-	-	-
FUND BALANCES, JUNE 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NOTES TO BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2020

BUDGETS

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

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

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

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

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

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

Budget Basis of Accounting. All governmental funds' budgets are prepared on the modified accrual basis of accounting, a basis consistent with accounting principles generally accepted in the United States of America (GAAP), with the exception of the combined renovation and capital projects 2017 fund, which combines these two funds which are separated for GAAP reporting. Legally, the Board must adopt a balanced budget; that is, total budgeted revenues and other financing sources including fund balance must equal or exceed total budgeted expenditures and other financing uses. State statutes require the Board to amend its budget when revenues plus projected revenues within a fund are expected to be less than budgeted revenues by five percent or more and/or expenditures within a fund are expected to exceed budgeted expenditures by five percent or more. The School Board approves budgets at the function level and management can transfer amounts between line items within a function.

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

SCHEDULE OF CHANGES IN TOTAL OTHER POST-EMPLOYMENT
BENEFIT LIABILITY AND RELATED RATIOS
YEAR ENDED JUNE 30, 2020

Financial statement reporting date	6/30/2020	6/30/2019	6/30/2018
Measurement date	6/30/2020	6/30/2019	6/30/2018
Service cost	\$ 713,566	\$ 434,402	\$ 562,602
Interest	1,552,006	1,383,950	1,354,009
Difference between actual and expected experience	(1,778,042)	310,299	(259,283)
Changes of assumptions or other inputs	9,613,318	8,646,860	(1,429,473)
Benefit payments	(2,170,368)	(2,216,596)	(2,360,098)
Net change in total OPEB liability	7,930,480	8,558,915	(2,132,243)
Total OPEB liability - beginning	45,428,205	36,869,290	39,001,533
Total OPEB liability - ending	\$ 53,358,685	\$ 45,428,205	\$ 36,869,290
Covered employee payroll	\$ 11,835,383	\$ 11,380,716	\$ 11,933,877
Total OPEB liability as a percentage of covered payroll	450.84%	399.17%	308.95%

Notes to Schedule:

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

There are no assets accumulated in a trust that meets the criteria of paragraph 4 of GASB 75 for this OPEB plan

Benefit Changes.

Measurement date

6/30/2020

There were no changes to the benefit terms that affected the total OPEB liability

Changes of Assumptions.

The changes in assumptions balance was a result of changes in the discount rate, and change in the assured commenced of benefits. The following are the discount rates used for in each measurement of total OPEB liability

Measurement		
Date	Rate	Change
6/30/2020	2.21%	-1.29%
6/30/2019	3.50%	-0.37%
6/30/2018	3.87%	0.29%
6/30/2017	3.58%	

The commencement of benefits changes for 3 years from eligibility for retirement benefits to 5 years.

Franklin Parish School Board
Schedule of the Proportionate Share of the Net Pension Liability
Cost Sharing Plans Only
For the Year Ended June 30, 2020 (*)

<u>Pension Plan</u>	<u>Year</u>	<u>Employer's Proportion of the Net Pension Liability (Asset)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
Teachers Retirement System of Louisiana						
	2020	0.2954%	\$ 29,320,195	\$ 14,466,381	202.6782%	68.57%
	2019	0.3129%	30,749,123	14,662,036	209.7193%	68.17%
	2018	0.3070%	34,471,110	14,283,093	241.3421%	65.55%
	2017	0.2993%	35,124,224	13,944,475	251.8863%	59.90%
	2016	0.3108%	33,420,336	12,762,427	261.8651%	62.50%
	2015	0.3058%	31,259,190	12,633,434	247.4323%	63.70%
Louisiana School Employees Retirement System						
	2020	0.5363%	3,754,109	1,545,101	242.9685%	73.49%
	2019	0.5356%	3,578,577	1,547,339	231.2730%	74.44%
	2018	0.5356%	3,427,743	1,534,716	223.3471%	75.03%
	2017	0.4994%	3,766,893	1,417,298	265.7799%	70.09%
	2016	0.4748%	3,011,133	1,315,313	228.9290%	74.49%
	2015	0.4689%	2,718,050	1,310,969	207.3314%	76.18%

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

(*) The amounts presented have a measurement date of June 30th of the previous year identified.

Franklin Parish School Board
Schedule of Contributions to Each Retirement System
Cost Sharing Plans Only
For the Year Ended June 30, 2020

<u>Pension Plan:</u>	<u>Year</u>	<u>Contractually Required Contribution¹</u>	<u>Contributions in Relation to Contractually Required Contribution²</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll³</u>	<u>Contributions as a % of Covered Payroll</u>
Teachers Retirement System of Louisiana						
	2020	\$ 3,893,127	\$ 3,893,127	\$ -	\$ 14,997,386	25.9587%
	2019	3,858,041	3,858,041	-	14,466,381	26.6690%
	2018	3,909,022	3,909,022	-	14,662,036	26.6608%
	2017	3,636,403	3,636,403	-	14,283,093	25.4595%
	2016	3,667,397	3,667,397	-	13,944,475	26.3000%
	2015	3,940,665	3,940,665	-	12,762,427	30.8771%
Louisiana School Employees Retirement System						
	2020	461,680	461,680	-	1,573,007	29.3502%
	2019	440,955	440,955	-	1,545,101	28.5389%
	2018	428,043	428,043	-	1,547,339	27.6632%
	2017	419,757	419,757	-	1,534,716	27.3508%
	2016	428,024	428,024	-	1,417,298	30.2000%
	2015	438,899	438,899	-	1,315,313	33.3684%

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

For reference only:

¹ *Employer contribution rate multiplied by employer's covered payroll*

² *Actual employer contributions remitted to Retirement Systems*

³ *Employer's covered employee payroll amount for the year ended June 30 of each year*

Franklin Parish School Board
Notes to Required Supplementary Information -
Retirement Systems
For the Year Ended June 30, 2020

Changes in benefit terms:

TRSL:

2015 - A 1.5% COLA, effective July 1, 2014, provided by Act 204 of the 2014 Louisiana Regular Legislative Session

2016 - Members employed on or after July 1, 2015 – can retire at age 62 with a 2.5% benefit factor with at least 5 years of service credit or at any age after 20 years of service credit (actuarially reduced)

2017 - A 1.5% COLA, effective July 1, 2016, provided by Acts 93 and 512 of the 2016 Louisiana Regular Legislative Session

LSERS:

2016 - Act 93 of the 2016 provides for an up to 2.0% COLA on the first \$60,000

Changes in assumptions:

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

Dicount Rate:			Dicount Rate:		
Year (*)	Rate	Change	Year (*)	Rate	Change
TRSL			LSERS		
2019	7.550%	-0.100%	2019	7.0000%	-0.063%
2018	7.650%	-0.050%	2018	7.0625%	-0.063%
2017	7.700%	-0.050%	2017	7.1250%	0.000%
2016	7.750%	-	2016	7.1250%	0.125%
2015	7.750%		2015	7.0000%	

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

Inflation Rate:		
Year (*)	Rate	Change
LSERS		
2019	2.500%	0.000%
2018	2.500%	-0.125%
2017	2.625%	0.000%
2016	2.625%	-0.125%
2015	2.750%	

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

Salary Increases:			
Year (*)	Range		
TRSL		LSERS	
2019	No Changes	2019	No Changes
2018	3.30 to 4.80% for various member types	2018	3.25%
2017	3.50 to 10.0% for various member types	2017	3.075% to 5.375%
2016	3.50 to 10.0% for various member types	2016	3.200% to 5.500%

Mortality table:

Year (*)	
TRSL:	
2019	No Changes
2018	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. Mortality rates were projected based on the RP-2000 Mortality Table with projection to 2025 using Scale AA.
2017	
LSERS:	
2019	No Channages
2018	RP-2014 Healthy Annuitant, Sex Distinct Employee, Sex Distinct Disabled Tables
2017	RP-2000 Sex Distinct Mortality and Disabled Lives Mortality Tables

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

FRANKLIN PARISH SCHOOL BOARD

SUPPLEMENTAL INFORMATION

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

NON-MAJOR FUND DESCRIPTIONS

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

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

Capital Projects 2017 Fund This fund accounts for the proceeds of the series 2016 and 2017 tax revenue bonds.

Strong Start Fund This fund accounts for the grants received by the School Board under the Elementary and Secondary School Emergency Relief provisions of the CARES Act through the Louisiana Department of Education

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

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

Other Federal Accounts for the proceeds of miscellaneous federal grants.

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

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

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Headstart	School Lunch	Capital Project 2017 Fund
<u>ASSETS</u>			
Cash and cash equivalents	\$ 50	\$ 649,697	\$ 1,470,875
Receivables:			
Accounts	-	2,751	-
Sales tax	-	-	-
Ad valorem tax	-	-	-
Prepaid expenses	-	-	-
Investments in certificates of deposit	-	-	-
Due from other funds	-	39,234	-
Due from other governments	121,420	-	-
Inventory	-	70,411	-
	<u>\$ 121,470</u>	<u>\$ 762,093</u>	<u>\$ 1,470,875</u>
TOTAL ASSETS			
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 44,463	\$ 461	\$ 251,917
Retainages	-	-	16,985
Salaries and benefits payable	76,957	67,478	-
Due to other funds	50	-	-
Unearned revenues	-	9,342	-
	<u>121,470</u>	<u>77,281</u>	<u>268,902</u>
TOTAL LIABILITIES			
Fund balances:			
Nonspendable	-	61,069	-
Spendable, Restricted	-	623,743	1,201,973
	<u>-</u>	<u>684,812</u>	<u>1,201,973</u>
TOTAL FUND BALANCES			
	<u>\$ 121,470</u>	<u>\$ 762,093</u>	<u>\$ 1,470,875</u>
TOTAL LIABILITIES AND FUND BALANCES			
	<u>\$ 121,470</u>	<u>\$ 762,093</u>	<u>\$ 1,470,875</u>

<u>Strong Start</u>	<u>Title II</u>	<u>Special Education</u>	<u>Other Federal</u>	<u>State and Local Grants</u>	<u>Capital Project</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 111,060	\$ 5,552	\$ 2,237,234
-	-	-	-	-	-	2,751
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	39,234
159,107	34,437	139,468	214,183	159,944	-	828,559
-	-	-	-	-	-	70,411
<u>\$ 159,107</u>	<u>\$ 34,437</u>	<u>\$ 139,468</u>	<u>\$ 214,183</u>	<u>\$ 271,004</u>	<u>\$ 5,552</u>	<u>\$ 3,178,189</u>
\$ -	\$ -	\$ 5,337	\$ 799	\$ -	\$ -	\$ 302,977
-	-	-	-	-	-	16,985
-	-	35,056	16,790	8,938	-	205,219
159,107	34,437	99,075	196,594	70,006	-	559,269
-	-	-	-	-	-	9,342
<u>159,107</u>	<u>34,437</u>	<u>139,468</u>	<u>214,183</u>	<u>78,944</u>	<u>-</u>	<u>1,093,792</u>
-	-	-	-	-	-	61,069
-	-	-	-	192,060	5,552	2,023,328
-	-	-	-	192,060	5,552	2,084,397
<u>\$ 159,107</u>	<u>\$ 34,437</u>	<u>\$ 139,468</u>	<u>\$ 214,183</u>	<u>\$ 271,004</u>	<u>\$ 5,552</u>	<u>\$ 3,178,189</u>

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED JUNE 30, 2020

	Headstart	School Lunch	Capital Project 2017 Fund
<u>REVENUES</u>			
Local sources:			
Earnings on investments	\$ -	\$ 2,087	\$ 11,532
Food Services	-	24,186	-
Other	-	-	-
State sources:			
Unrestricted grants-in-aid, MFP	-	26,259	-
Restricted grants-in-aid	-	-	-
Federal grants	1,058,964	1,666,391	-
TOTAL REVENUES	1,058,964	1,718,923	11,532
<u>EXPENDITURES</u>			
Current:			
Instruction:			
Regular education programs	-	-	-
Special education programs	-	-	-
Other education programs	567,884	-	-
Support:			
Pupil support services	138,377	-	-
Instructional staff services	118,125	-	-
General administration services	4,796	-	-
School administration services	-	-	-
Business and central services	65,626	-	-
Plant operation and maintenance	43,876	-	151,945
Technical support	-	-	-
Transportation	111,513	-	-
Debt Services	-	-	-
Food services	8,767	1,859,813	-
Central services	-	-	-
Facility acquisition and construction	-	-	1,927,723
Other	-	-	-
Debt service - Principal	-	-	-
Debt service - Interest	-	-	-
TOTAL EXPENDITURES	1,058,964	1,859,813	2,079,668
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(140,890)	(2,068,136)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
<u>NET CHANGES IN FUND BALANCE</u>	-	(140,890)	(2,068,136)
Fund balances, June 30, 2019	-	825,702	3,270,109
FUND BALANCES, JUNE 30, 2020	\$ -	\$ 684,812	\$ 1,201,973

Strong Start	Title II	Special Education	Other Federal	State and Local Grants	Capital Project	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,619
-	-	-	-	-	-	24,186
-	-	-	-	254,999	-	254,999
-	-	-	-	-	-	26,259
-	-	-	-	86,478	-	86,478
<u>159,107</u>	<u>164,979</u>	<u>864,754</u>	<u>812,343</u>	<u>-</u>	<u>-</u>	<u>4,726,538</u>
<u>159,107</u>	<u>164,979</u>	<u>864,754</u>	<u>812,343</u>	<u>341,477</u>	<u>-</u>	<u>5,132,079</u>
5,854	-	92,209	314,281	84,139	-	496,483
8,982	-	230,830	49,641	-	-	289,453
39	-	62,226	264,747	84,095	-	978,991
1,477	-	107,416	-	-	-	247,270
6,311	151,187	294,694	124,877	89,429	-	784,623
2,454	-	-	-	-	-	7,250
11,926	-	-	-	-	-	11,926
29,900	-	-	-	-	-	95,526
28,611	-	-	-	-	25,529	249,961
-	-	-	-	-	-	-
-	-	460	-	-	-	111,973
-	-	-	-	-	-	-
36,311	-	-	-	-	-	1,904,891
1,228	-	-	-	-	-	1,228
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,927,723</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>133,093</u>	<u>151,187</u>	<u>787,835</u>	<u>753,546</u>	<u>257,663</u>	<u>25,529</u>	<u>7,107,298</u>
<u>26,014</u>	<u>13,792</u>	<u>76,919</u>	<u>58,797</u>	<u>83,814</u>	<u>(25,529)</u>	<u>(1,975,219)</u>
<u>(26,014)</u>	<u>(13,792)</u>	<u>(76,919)</u>	<u>(58,797)</u>	<u>(4,698)</u>	<u>-</u>	<u>(180,220)</u>
<u>(26,014)</u>	<u>(13,792)</u>	<u>(76,919)</u>	<u>(58,797)</u>	<u>(4,698)</u>	<u>-</u>	<u>(180,220)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,116</u>	<u>(25,529)</u>	<u>(2,155,439)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,944</u>	<u>31,081</u>	<u>4,239,836</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 192,060</u>	<u>\$ 5,552</u>	<u>\$ 2,084,397</u>

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

SCHEDULE OF COMPENSATION PAID BOARD MEMBERS
FOR THE YEAR ENDED JUNE 30, 2020

Eddie Ray Bryan	\$ 4,200
Dr. Jacqueline Johnson	4,200
Danny Davis, Chaplain	4,200
Richard Kelly, President	4,800
Mia Liki Dunn	4,200
Tim Eubanks	4,200
Alaina Nichols	4,200
	<hr/>
	\$ 30,000
	<hr/> <hr/>

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE 6-MONTH PERIOD ENDED DECEMBER 31, 2019

<u>Dr. Lanny Johnson</u>	
Salary	\$ 94,574
Benefits - retirement	21,758
Benefits - Medicare	1,415
Car allowance	3,000
Dues	<u>525</u>
Total Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer	 <u><u>\$ 121,272</u></u>

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE 6-MONTH PERIOD ENDED JUNE 30, 2020

<u>John Gullatt</u>	
Salary	\$ 69,247
Benefits - insurance	3,193
Benefits - retirement	19,252
Benefits - Medicare	1,059
Other	536
Car allowance	<u>4,800</u>
Total Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer	 <u><u>\$ 98,087</u></u>



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

Franklin Parish School Board
Winnsboro, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Franklin Parish School Board (School Board) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements, and have issued our report thereon dated December 28, 2020.

Internal Control Over Financial Reporting

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

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

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



Compliance and Other Matters

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

School Board's Responses 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. These responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 28, 2020

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

Franklin Parish School Board
Winnsboro, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the Franklin Parish School Board's (the School Board) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School Board's major federal programs for the year ended June 30, 2020. The School Board's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its 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 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 its major federal program for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as items 2020-002. Our opinion on the School Board's major federal program is not modified with respect to this matter.



The School Board's response to the noncompliance finding 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 compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

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

The School Board's response to the internal control over compliance finding 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 compliance and, accordingly, we express no opinion on the response.

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

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 28, 2020

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

FEDERAL DEPARTMENT/PASS-THROUGH			
ENTITY/PROGRAM	CFDA #	Grant #	EXPENDED
<u>United States Department of Education</u>			
<i>Passed through the Louisiana Department of Education</i>			
Title I 19/20	84.010A	2820T121	\$ 2,227,121
Title I 19/20 Direct Student Services	84.010A	2820DSS21	68,936
Title I Redesign 1003A	84.010A	2819RD1921	82,780
IDEA 19/20	84.027A ¹	2820B121	835,664
IDEA Pre-School 19/20	84.173A ¹	2820P121	29,090
Vocational Education - Federal	84.048A	28200221	41,368
Title V-B	84.358B	2820RE21	14,148
Title II FY 19/20	84.367A	28205021	164,979
Teacher Incentive Fund	84.374A	2820TP21	38,916
Teacher Incentive Fund - PBCS	84.374C	2818PBCS21	230,626
Title IV	84.424A	28197121	141,691
Striving Readers - Grades K to 5	84.371C	28185RO221	100,833
Striving Readers - Grades K to 2	84.371C	2818SR0521	83,590
Striving Readers - Grades 3 to 5	84.371C	2818SR0621	51,093
Education Stabilization Fund (Strong Start 202-CARES Act)	84.425D	2820ESRF21	159,107
<i>Passed through the Louisiana Workforce Commission</i>			
State Vocational Rehabilitation Services	84.126A	H126A140025 - 14C	49,641
Total United States Department of Education			<u>4,319,583</u>
<u>United States Department of Health and Human Services</u>			
<i>Direct funding</i>			
Head Start	93.600	06 CH 7015	1,058,964
Early Childhood Child Care and Development			
Block Grant	93.575 ³	2819CO2	10,773
<i>Passed through the Louisiana Department of Education</i>			
Infant Class Preschool Development	93.434	2819ICPG21	12,704
Jobs for America's Graduates - Pets	93.558	2819JS21	36,960
Total United States Department of Health and Human Services			<u>1,119,401</u>
<u>United States Department of Agriculture</u>			
<i>Passed through the Louisiana Department of Education</i>			
National School Lunch Program	10.555 ²	N/A	1,156,425
National School Breakfast Program	10.553 ²	N/A	377,705
<i>Passed through the Louisiana Department of Agriculture and Forestry</i>			
Food Distribution	10.555 ²	N/A	132,261
Total United States Department of Agriculture			<u>1,666,391</u>
<u>United States Department of Defense</u>			
<i>Direct Funding</i>			
Reserve Officer Training Corps	12.xxx		34,504
Total United States Department of Defense			<u>34,504</u>
Total Expenditures			<u>\$ 7,139,879</u>
¹ Special Education Cluster	\$ 864,754		
² Child Nutrition Cluster	1,666,391		
³ CCDF Cluster	10,773		
⁴ Head Start Cluster	1,058,964		

See accompanying notes to this schedule.

FRANKLIN PARISH SCHOOL BOARD

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal grant activity of Franklin Parish School Board and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. During the year ended June 30, 2020, the School Board received commodities valued at \$132,261. At June 30, 2020, the School Board had food commodities totaling \$23,709 in inventory.

NOTE C – DE MINIMUS COST RATE

During the year ended June 30, 2020, the Franklin Parish School Board did not elect to use the 10% de minimus cost rate as covered in §200.414 of the Uniform Guidance. Instead the School Board has an indirect cost rate that is provided by the Louisiana Department of Education.

NOTE D – RECONCILIATION TO THE BASIC FINANCIAL STATEMENT

The Federal Expenditures reported on the SEFA of \$7,139,879, are reported in the School Board's financial statements by fund as follows:

General Fund	\$ 34,504
Headstart	1,058,964
School Lunch	1,666,391
Strong Start	159,107
Title I	2,378,837
Title II	164,979
Special Education	864,754
Other Federal Funds and Captial Projets Fund	812,343
Total to Basic Financial Statements	<u>\$ 7,139,879</u>

FRANKLIN PARISH SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

A. Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: *Unmodified*

Internal Control over Financial Reporting:

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

Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)? _____ yes x no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553 & 10.555	Child Nutrition Cluster

The threshold for distinguishing types A & B programs was program expenditures exceeding \$750,000.

The Franklin Parish School Board was determined to be a low-risk auditee.

FRANKLIN PARISH SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

B. Findings – Financial Statement Audit

2020-001

Hiring process

- Criteria: Best practices in internal controls over hiring involve procedures to ensure that employees hired are properly screened and meet School System qualifications for their job. Best practices generally call for such screening activities to be conducted by a central human resource office.
- Condition: While professional employees are subjected to the central HR process, certain non-instructional personnel, such as Booster Club employees, do not undergo such screening.
- Effect: Without appropriate due diligence and screening in the hiring process, unqualified and unauthorized personnel could come onto the School System payrolls. Violations of various state laws and regulations could occur.
- Cause: The School Board’s administration has made a cost-benefit decision that part-time employees do not need to undergo the screening process of the human resources office.
- Recommendation: All employee hires should undergo the centralized HR screening process. The payroll department should ensure that proper approvals from HR occur prior to entry into the payroll system.

Views of Responsible Officials: Bingo workers are hired as substitutes. They are not interviewed by Human Resources staff due to the high turnover of Bingo employees and also due to their part-time status. Central Office staff will screen Bingo employees to ensure they are eligible for employment. The Bingo manager handles, money, payroll and financial records. In the future the Bingo manager will go through the interview process prior to being employed.

C. Findings and Questioned Costs – Major Federal Award Programs

2020-002) Cash Management

Questioned Cost: None

U.S. DEPARTMENT OF AGRICULTURE

passed through the Louisiana Department of Education

10.555 Child Nutrition Cluster

10.553

- Criteria: The Uniform Guidance requires non-federal grant recipient to minimize the level of federal funds on-hand and for pass-through entities to monitor cash levels of its subrecipients. This guidance also requires financial reports of program activity to be filed accurately. The Louisiana Department of Education (LDE) requires annual reports from subrecipients (SFS-8b) in its efforts to monitor available operating cash of subrecipients and limiting their cash levels to three months operating needs.

FRANKLIN PARISH SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

C. Findings and Questioned Costs – Major Federal Award Programs (continued)

2020-002) Cash Management

Questioned Cost: None

U.S. DEPARTMENT OF AGRICULTURE
passed through the Louisiana Department of Education

10.555 Child Nutrition Cluster

10.553

Condition: While the School System filed the annual report which showed it to be materially compliant with the 3month available cash limit, the report that was filed with the LDE contained a material error. The reported cash for June 30, 2020 per the SFS-8b was \$51,173, while our audited amount came to \$623,743.

Effect: Again, the School Board appears to be compliant with 3-month cash level limit, but inaccurate reporting and tracking of these levels can result in future non-compliance.

Cause: The SFS-8b reports are being completed by Child Nutrition Program staff without input or review from the accounting department.

Recommendation: We recommend for the accounting department either prepare the form SFS-8b or review and approve the form prior to filing. Amounts reported should be derived from the general ledger and/or approved budgets.

Views of Responsible Officials: The SFS-8b reports will be reviewed by the Business Manager prior to submission to the Louisiana Department of Education to ensure that accurate general ledger information is reported.

FRANKLIN PARISH SCHOOL BOARD
SUMMARY SCHEUDLE OF PRIOR AUDIT FINDINGS

Findings and Questioned Costs – Major Federal Award Programs

2019-001) Procurement

Questioned Cost: Undetermined

Compliance with Uniform Guidance Federal Regulations over Procurement, Suspension and Debarment

84.027 Special Education Cluster (IDEA) Procurement
84.173

Grant No(s): 2819B121

Criteria:

The Uniform Guidance federal regulations were fully effective as of December 26, 2017 and therefore, the school board as a recipient of federal awards were required to implement and comply with the Uniform Guidance for the year ended June 30, 2019. The regulations (200.320) require, among other things, that procurement for small purchases of goods and services in an amount between the \$10,000 to \$250,000, follow the small purchase procedures and obtain an adequate number of prices\quotes be obtained.

The Uniform Guidance federal regulations require when a non-Federal entity enters into a covered transaction, the non-Federal entity must verify that the entity, as defined in 2 CFR section 180.995, is not suspended or debarred or otherwise excluded from participating in covered transactions. This verification may be accomplished by (1) by checking the Excluded Parties List System (EPLS), (2) collecting certification from entity, (3) adding a clause or condition within the contract with the entity.

In addition to other provisions required by the Federal agency or non-Federal entity, all contracts made by the non-Federal award entity Federal award must contain provisions that are outlined in Appendix II to Part 200, namely:

- A.) All contracts > \$10,000 must address termination for cause and convenience by the non-federal entity including the manner by which it will be effected and the basis for settlement.
- B.) Equal Employment Opportunity. Except as otherwise provided under 41 CFR Part 60, all contracts that meet the definition of "federally assisted construction contract" in 41 CFR Part 60-1.3 must include the equal opportunity clause provided under 41 CFR 60-1.4(b), in accordance with Executive Order 11246, "Equal Employment Opportunity" (30 FR 12319, 12935, 3 CFR Part, 1964-1965 Comp., p. 339), as amended by Executive Order 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and implementing regulations at 41 CFR part 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor.'
- C.) Debarment and Suspension (Executive Orders 12549 and 12689)—A contract award (see 2 CFR 180.220) must not be made to parties listed on the government wide Excluded Parties List System in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR Part 1986 Comp., p. 189) and 12689 (3 CFR Part 1989 Comp., p. 235), "Debarment and Suspension." The Excluded Parties List System in SAM contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.

FRANKLIN PARISH SCHOOL BOARD
SUMMARY SCHEUDLE OF PRIOR AUDIT FINDINGS

C. Findings and Questioned Costs – Major Federal Award Programs (continued)

84.027 **Special Education Cluster (IDEA)** **Procurement** (continued)
84.173

Grant No(s): 2819B121

Condition: While testing compliance with the federal procurement regulations, we selected 2 of the 10 vendors with expenditures greater than \$10,000 and less than \$250,000 and observed the documentation to support the procurement process. These 2 vendors provided professional services during year ended June 30, 2019. Our compliance test focused on the proper renewing and awarding of the contracts to determine compliance with the procurement regulations. The two contracts totaled \$46,727. The federal award, Special Education Cluster responsible for administering and contracting with these 2 vendors is IDEA Part B, no evidence was provided to demonstrate that quotes and prices were obtained from an adequate number of vendors or providers as required by Federal procurement regulations. Also, no evidence was provided to demonstrate that the vendor was appropriately checked for suspension and debarment. And finally, the contracts did not contain the provisions required by Appendix II to Part 200.

Effect: The School Board is not in compliance with the requirements of the Uniform Guidance Procurement regulations.

Cause: Personnel administering the grants and those in the School Board purchasing department did not execute and enforce the revised purchasing policy containing the new Uniform Guidance requirements.

Recommendation: We recommend for the School Board to more fully implement and follow its revised policies and procedures for purchases made with federal awards so that these newly required federal procurement regulations are followed. We recommend that the School Board include Appendix II to Part II Summary as applicable in their future contracts.

Management’s Response and Planned Corrective Action:

The School board will include Appendix II to Part II Summary as applicable in future contracts. We will also more fully implement our revised policies and procedures for purchases made with federal awards so that newly required federal procurement regulations are followed.

Update Status: The contract form has been updated to include the suspension and debarment statement to be affirmed by the contractor. Staff also vet the vendor for suspension and debarment. Contracts in excess of \$10,000 require at least 3 quotes, which is verified by the grant accountant, business manager and the accounts payable clerk.

FRANKLIN PARISH SCHOOL BOARD

Mr. John Gullatt
Superintendent
Mr. Eddie Ray Bryan
District 1
Mrs. Alaina Nichols
District 2
Mr. Danny Davis
Chaplain
District 3

Mr. Richard Kelly
President
District 4
Dr. Jacqueline Johnson
Vice President
District 5
Mr. Tim Eubanks
District 6
Mrs. Mia Dunn
District 7

December 28, 2020

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

RE: Response to Findings and Questioned Costs

For the year ended June 30, 2020, there were two findings and one finding from June 30, 2019. The following is our response to improve management and internal controls to avoid similar findings in the future.

2020-001 Hiring Process Bingo workers are hired as substitutes. They are not interviewed by Human Resources staff due to the high turnover of Bingo employees and also due to their part-time status. The Bingo manager is the only full-time employee and is charged with responsibilities of handling money, payroll, and financial records. In the future the Bingo manager will go through the interview process by human resources staff in the central office and part-time Bingo employees will undergo a background check.

2020-002 Cash Management Child Nutrition Program staff complete the SFS8-8b reports and submit the report to the Louisiana Department of Education. However, due to financial information being reported that does not agree with the general ledger, the SFS8-8b reports will be reviewed for accuracy by the Business Manager before the reports are submitted to the Louisiana Department of Education.

2019-001 Procurement The contract form has been updated to include the suspension and debarment statement to be affirmed by the contractor. Staff also vet the vendor for suspension and debarment on www.sam.gov. Contracts in excess of \$10,000 require at least 3 quotes, which is verified by the grant accountant, business manager and the accounts payable clerk.

Sincerely,



Rebecca Boquet, Business Manager

FRANKLIN PARISH SCHOOL BOARD

REPORT TO MANAGEMENT

JUNE 30, 2020

FRANKLIN PARISH SCHOOL BOARD

REPORT TO MANAGEMENT

JUNE 30, 2020



December 28, 2020

Members of the Board and Management
Franklin Parish School Board
Winnsboro, Louisiana

We have audited the financial statements of the Franklin Parish School Board (School Board), for the year ended June 30, 2020 and have issued our report thereon. As part of our audit, we considered the School Board's internal control over financial reporting as well as compliance with the terms of applicable laws and regulations, contracts, and grant agreements that could have a material effect on the financial statements. The purpose of our consideration of internal control and compliance was to establish a basis for designing our auditing procedures, and to determine the effects of compliance to financial statements amounts. Our consideration was not for the purpose of expressing an opinion on the effectiveness of the School Board's internal control or expressing an opinion on compliance.

The objective of internal control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of the financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

No matter how good a system, there are inherent limitations that should be recognized in considering the potential effectiveness of internal controls. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management either with respect to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of internal accounting control to future periods is subject to the risk that the degree of compliance with the procedures may deteriorate. We say this simply to suggest that any system needs to be constantly reviewed and improved where necessary.

However, during the course of our audit, we became aware of several matters that are opportunities for strengthening internal controls or operating efficiency, or immaterial instances of noncompliance with laws, regulation, contracts and grant agreements. Our comments and suggestions regarding those matters are set forth below. This letter does not affect our reports dated December xx, 2020, on the financial statements of the School Board and the School Board's internal control over financial reporting.

2020-1 **Overpayment of Retirement Contributions on Severance Pay**

Condition: The School Board pays the employer portion of required pension system contributions based upon a percentage covered wages in accordance with state law. Such contributions are not required for payments of accrued and unused leave upon termination. However, we noted instances where contributions were paid into the TRSL for certain employees that were terminated during the year. The overpayment of contributions amounted to approximately \$10,000 for 2020.

Recommendation: The overpayment appears to have been an error as a result of miscoding in the payroll system. We recommend that the School Board's payroll personnel look back at prior years' severance payments to determine whether other such overpayments occurred, and seek recovery of any and all such overpayments. Additionally, the payroll staff should amend the coding within the payroll application to prevent further overpayments.

Management's Response: *Our software provider was contacted and the problem has been corrected. We have reviewed current year payments and have made corrections to annual leave payments.*

2020-2 **Student Activity Accounts Internal Audits (Repeat comment from prior year)**

Condition: During the year under audit, the School Board's internal audit and oversight function for its student activity accounts (SAA's) identified several instances of non-compliance with the Board's internal control policies, including payments of late fees, missing supporting documentation and purchase of a gift card in what may have been a violation of Article VII section 14 of the LA Constitution. The audits also identified instances where proper approvals and documentation for transactions were lacking. These type audit findings have been repeated from prior years.

Recommendation: We commend the School Board on the thoroughness of its SAA audits. In an effort to improve the internal controls over the SAA's and deter such non-compliance in the future, management of the School Board should consider measures such as additional employee training, education, and reprimands to the extent allowed by its human resource policies. Such measures should be formalized and incorporated into the policies and procedures for student activity accounts.

Management's Response: *We had planned to have employee training this past spring; however, schools were closed due to COVID-19. We will plan training for the future. Our accounting Procedures Handbook for Scholl Activity Funds has been revised and will be used as a training tool.*

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

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

Sincerely,

Postlethwaite & Netterville

Independent Accountants' Report on Applying Agreed-Upon Procedures

To the Members of the Franklin Parish School Board and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Franklin Parish School Board (School Board) 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, 2020; to assist those parties in determining 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 exceptions are as follows:

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

1. We selected a sample of 25 transactions, reviewed supporting documentation, and observed that the sampled expenditures/revenues are classified correctly and are reported in the proper amounts among the following amounts reported on the schedule:
 - Total General Fund Instructional Expenditures
 - Total General Fund Equipment Expenditures
 - Total Local Taxation Revenue
 - Total Local Earnings on Investment in Real Property
 - Total State Revenue in Lieu of Taxes
 - Nonpublic Textbook Revenue
 - Nonpublic Transportation Revenue

No exceptions were noted in performing this procedure.

Class Size Characteristics (Schedule 2)

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

No exceptions were noted in performing this procedure.

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.

One exception was noted from the sample wherein a teacher's educational level per the PEP data did not match the personnel records.

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).

No exceptions were noted in performing this procedure.

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

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

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 28, 2020

FRANKLIN PARISH SCHOOL BOARD
WINNSBORO, LOUISIANA

Schedules Required by State Law (R.S. 24:514 - Performance and Statistical Data)
As of and for the Year Ended June 30, 2020

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

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

Schedule 2 - Class Size Characteristics

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

FRANKLIN PARISH SCHOOL BOARD
Winnsboro, Louisiana

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

<u>General Fund Instructional and Equipment Expenditures</u>	Column A	Column B
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$ 8,846,632	
Other Instructional Staff Activities	813,113	
Employee Benefits	5,453,829	
Purchased Professional and Technical Services	111,744	
Instructional Materials and Supplies	352,787	
Instructional Equipment	4,389	
Total Teacher and Student Interaction Activities		15,582,494
Other Instructional Activities		123,437
Pupil Support Activities	1,348,731	
Less: Equipment for Pupil Support Activities	-	
Net Pupil Support Activities		1,348,731
Instructional Staff Services	1,256,078	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		1,256,078
School Administration	1,836,390	
Less: Equipment for School Administration	-	
Net School Administration		1,836,390
Total General Fund Instructional Expenditures		\$ 20,147,130
Total General Fund Equipment Expenditures		\$ -
<u>Certain Local Revenue Sources</u>		
Local Taxation Revenue:		
Constitutional Ad Valorem Taxes	\$ 476,003	
Renewable Ad Valorem Tax	2,082,646	
Debt Service Ad Valorem Tax	-	
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	118,711	
Sales and Use Taxes	5,543,815	
Total Local Taxation Revenue		\$ 8,221,175
Local Earnings on Investment in Real Property:		
Earnings from 16th Section Property	\$ 12,291	
Earnings from Other Real Property	-	
Total Local Earnings on Investment in Real Property		\$ 12,291
State Revenue in Lieu of Taxes:		
Revenue Sharing - Constitutional Tax	\$ -	
Revenue Sharing - Other Taxes	73,120	
Revenue Sharing - Excess Portion	-	
Other Revenue in Lieu of Taxes	-	
Total State Revenue in Lieu of Taxes		\$ 73,120
Nonpublic Textbook Revenue		\$ 17,820
Nonpublic Transportation Revenue		\$ -

FRANKLIN PARISH SCHOOL BOARD
Winnsboro, Louisiana

Class Size Characteristics
As of October 1, 2019

School Type	Class Size Range							
	1 - 20		21 - 26		27-33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	87%	820	11%	101	1%	9	1%	13
Elementary Activity Classes	54%	38	21%	15	15%	11	10%	7
Middle/Jr. High	0%	0	0%	0	0%	0	0%	0
Middle/Jr. High Activity Classes	0%	0	0%	0	0%	0	0%	0
High	60%	181	35%	105	3%	10	1%	4
High Activity Classes	86%	36	12%	5	2%	1	0%	0
Combination	0%	0	0%	0	0%	0	0%	0
Combination Activity Classes	0%	0	0%	0	0%	0	0%	0

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