

Financial Risk Analysis - Description of Risk Factors

Fiscal Management

rf-1 LOCAL EFFORT INDEX

Each district's Effort Index is calculated annually in the Budget Letter. The local effort index measures a district's capacity to support public schools in relation to the actual local revenues obtained. An index of 1.0 or greater indicates that district's effort was at capacity or greater. Source: FY 2004-2005 MFP Budget Letter

Points Assigned

20 Points - district did not meet Level 1 target

10 Points - effort of .899 or below

5 Points - effort of .900 - .999

0 Points - effort of > or = 1.0

rf-2 LASBO BUSINESS MANAGER CERTIFICATIONS

Certifications for Finance and Business Officials are available thru LASBO. This factor assigns points based on the Business Manager having attained LASBO certification.

Source: Billie Tripp, LASBO, dated November 6, 2004

Certifications of Finance and Business Officials

Points Assigned - Business Manager is Certified

10 Points - No Certification

0 Points - Yes Certification

rf-3 LASBO MULTIPLE CERTIFICATIONS

Certifications for Finance and Business Officials are available thru LASBO. This factor assigns points based on multiple staff within the fiscal operations of the school district having attained LASBO certification.

Source: Billie Tripp, LASBO, dated November 6, 2004

Certifications of Finance and Business Officials

Points Assigned - Multiple Certifications - Fiscal Staff

5 Points - one or less certifications

0 Points - more than one certification

rf-4 UNRESERVED FUND BALANCE AS A PERCENT OF REVENUES

This factor is defined as the Unreserved Fund balance (Total Funds) as a percentage of Total Revenues (Total Funds) per FY2003/04 AFR data.

Points Assigned

20 Points - fund balance of 5.99 percent or less

10 Points - fund balance between 6 and 8.99 percent

5 Points - fund balance between 9 and 9.99 percent

0 Points - fund balance of 10 percent or greater

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rf-5 **BUDGETED GENERAL FUND DEFICIT FY04/05**

This factor is defined as those districts whose FY04/05 General Fund Budget, Form A, reflected a deficit fund balance as of June 30, 2005.

Points Assigned

100 Points - Yes

0 Points - No

rf-6 **GENERAL FUND BUDGET STATUS AS OF OCTOBER 30, 2004**

This factor is defined as the status of submission of the General Fund Form A reporting as of October 30, 2004. These documents are, by law, due on September 30th annually.

Points Assigned

20 Points - No submission as of October 30, 2004

10 Points - Partial submission or submission with outstanding issues as of October 30, 2004

0 Points - Complete submission as of October 30, 2004

rf-7 **AFR STATUS AS OF OCTOBER 30, 2004**

This factor is defined as the status of submission of the Annual Financial Report as of October 30, 2004. This document is, by law, due on September 30th annually.

Points Assigned

20 Points - No submission as of October 30, 2004

10 Points - Submission with outstanding system or audit edits as of October 30, 2004

0 Points - Complete, clean submission as of October 30, 2004

rf-8 **PERCENT CHANGE IN STUDENT ENROLLMENT**

The percent change in a district's Elementary/Secondary enrollment from October 1, 2001 to October 1, 2004 was calculated. Those districts that decreased less than 1% were not assigned any risk points.

Points Assigned

10 Points - decrease of greater than or equal to 5%

5 Points - decrease greater or equal to 1% and less than 5%

0 Points - decrease less than 1%

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Auditing, Internal Controls and Compliance

rf-9 KNOWN MATERIAL FRAUD IN ANY STATE OR FEDERALLY FUNDED PROGRAM.

The determination of points assigned to this factor was based on finding(s) from the sub recipient's Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2003, Louisiana Department of Education (LDOE) program monitoring reviews, LDOE fiscal monitoring reviews, LDOE internal audit reviews, and other public disclosures.

Points Assigned:

20 Points - Known material fraud.

0 Points - No known material fraud.

rf-10 AUDIT OPINION - GENERAL PURPOSE FINANCIAL STATEMENTS.

This factor is defined as the type of opinion (or disclaimer of opinion) that was reported on general purpose financial statements in the sub recipient's CAFR for the year ended June 30, 2003.

Points Assigned

20 Points - Adverse Opinion.

15 Points - Disclaimer of Opinion.

10 Points - Qualified Opinion.

0 Points - Unqualified Opinion.

rf-11 AUDIT OPINION - SCHEDULE OF EXPENDITURES OF FEDERAL PROGRAMS.

On federal programs, the sub recipient is issued an audit opinion on both the schedule of expenditures of federal programs and on the sub recipient's compliance with laws, regulations, and provisions of contracts or grant agreements that could have a direct and material effect on the sub recipient's federal programs. This factor is defined as the type of opinion (or disclaimer of opinion) on the schedule of expenditures of federal programs in the sub recipient's CAFR for the year ended June 30, 2003.

Points Assigned

20 Points - Adverse Opinion.

15 Points - Disclaimer of Opinion.

10 Points - Qualified Opinion.

0 Points - Unqualified Opinion.

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rf-12 AUDIT OPINIONS - COMPLIANCE WITH LAWS AND REGULATIONS ON FEDERAL PROGRAMS.

On federal programs, the sub recipient is issued an audit opinion on both the schedule of expenditures of federal programs and on the sub recipient's compliance with laws, regulations, and provisions of contracts or grant agreements that could have a direct and material effect on the sub recipient's federal programs. This factor is defined as the type of opinion (or disclaimer of opinion) on the sub recipient's compliance with laws, regulations, and provisions that could have a direct and material effect on their federal programs for the year ended June 30, 2003.

Points Assigned

20 Points - Adverse Opinion.

15 Points - Disclaimer of Opinion.

10 Points - Qualified Opinion.

0 Points - Unqualified Opinion.

rf-13 AUDIT OPINION - INTERNAL CONTROL - GOVERNMENT AUDITING STANDARDS

This factor is defined as the assessment of internal controls over the general purpose financial statements in the sub recipient's CAFR for the year ended June 30, 2003.

Points Assigned

10 Points - Weakness over sub recipient's Internal Controls assessed as Material.

5 Points - Weakness over sub recipient's Internal Controls assessed as Not Material.

0 Points - No weakness assessed over sub recipient's Internal Controls.

rf-14 AUDIT FINDINGS - CAFR.

This factor is defined as audit findings from the A-133 single audit of the CAFR for the year ended June 30, 2003.

Points Assigned

4 Points for each finding.

rf-15 QUESTIONED COST - A-133 SINGLE AUDIT.

This Factor is defined as the amount of questioned Federal funds (NCLB, Special Ed - IDEA part B, Adult Education Programs and Vocational Education Basic Grant) as a result of the A-133 single audit of the CAFR for the year ended June 30, 2003. Points assigned for this factor were based on the total questioned costs as a percentage of the total amount of the these Federal funds reported by the sub recipient on the Schedule of Federal Awards for the year ended June 30, 2003.

Points Assigned

10 Points - Questioned costs that equal or exceed ten percent of the federal funds claimed and reimbursed.

5 Points - Questioned costs that are between zero and nine percent of the federal funds claimed and reimbursed.

0 Points - No questioned costs.

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rf-16 **QUESTIONED COST - PROGRAM MONITORING REVIEW.**

This factor is defined as the amount of questioned Federal funds as a result of sub recipient's most recent program monitoring review by the LDOE. Points assigned for this factor were based on the questioned costs as a percentage of the total amount of the Federal funds claimed for reimbursement by the sub recipient for the period(s) reviewed by the LDOE. The following percentages were determined based on auditor judgment.

Points Assigned

10 Points - Questioned costs that equal or exceed ten percent of the federal funds claimed and reimbursed.

5 Points - Questioned costs that are between zero and nine percent of the federal funds claimed and reimbursed.

0 Points - No questioned costs.

rf-17 **QUESTIONED COST - FISCAL MONITORING REVIEW.**

This factor is defined as the amount of questioned federal funds as a result of sub recipient's most recent fiscal monitoring review by the LDOE. Points assigned for this factor were based on the questioned costs as a percentage of the total amount of the Federal funds claimed for reimbursement by the sub recipient for the period(s) reviewed by the LDOE. The following percentages were determined based on auditor judgment.

Points Assigned

10 Points - Questioned costs that equal or exceed ten percent of the federal funds claimed and reimbursed.

5 Points - Questioned costs that are between zero and nine percent of the federal funds claimed and reimbursed.

0 Points - No questioned costs.

Performance/Operations

rf-18 **SINGLE AUDITS OF SCHOOL BOARDS - SIGNIFICANT AUDIT FINDINGS**

This factor is defined as those districts receiving the same audit findings in four or more consecutive years.

Points Assigned

10 Points for each finding.

rf-19 **NEW DISTRICT OR GOING CONCERN OPINION ISSUED**

This factor applies to any district less than three years old or any district for which a going concern opinion has been issued.

Points Assigned

300 Points