

**Natchitoches Parish School Board
Natchitoches, Louisiana**

Financial Statements and
Independent Auditor's Reports
as of and for the Year Ended
June 30, 2017

Fortenberry & Ballard, PC
Certified Public Accountants

Natchitoches Parish School Board
Management's Discussion and Analysis
For the Year Ended June 30, 2017

NATCHITOCHE PARISH SCHOOL BOARD

TABLE OF CONTENTS

	Statement	Page
Independent Auditor's Report		6
Required Supplementary Information - Part I		
Management's Discussion and Analysis		11
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Position	A	22
Statement of Activities	B	23
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C	24
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Position	D	26
Statement of Revenues, Expenditures, and		
Changes in Fund Balances	E	28
Reconciliation of the Governmental Funds Statement		
of Revenues, Expenditures, and Changes in Fund		
Balances to the Statement of Activities	F	30
Fiduciary Fund - Statement of Fiduciary Assets and Liabilities	G	31
Notes to the Financial Statements		33
Required Supplementary Information - Part II		
Budgetary Comparison Schedules:		
General Fund		68
Child Nutrition Fund		69
CSD #10 Maintenance Marthaville Fund		70
Title I Funds		71
Schedule of Funding Progress for OPEB		73
Schedule of Employer Contributions on OPEB		74
Schedule of the School Board's Proportionate Share of the Net Pension Liability –		
Teachers' Retirement System of Louisiana (TRSL)		75
Schedule of the School Board's Proportionate Share of the Net Pension Liability –		

Natchitoches Parish School Board
Management's Discussion and Analysis
For the Year Ended June 30, 2017

Louisiana School Employee's Retirement Systems (LSERS)	76
Schedules of the School Board Contributions – Teachers' Retirement System of Louisiana (TRSL)	77
Schedules of the School Board Contributions – Louisiana School Employee's Retirement Systems (LSERS)	78
Notes to the Required Supplementary Information	79
Supplementary Information Schedules:	
Nonmajor Governmental Funds:	
Combining Balance Sheet	82
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	83
Nonmajor Governmental Funds Description	84
Agency Fund - Schedule of Changes in Deposit Balances of Individual School Activity Funds	86
Schedule of Compensation Paid Board Members	87
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer	88
Schedule of Expenditures of Federal Awards	89
Notes to the Schedule of Expenditures of Federal Awards	90
Other Reports Required by <i>Government Auditing Standards</i> and By Uniform Guidance	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	92
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	94
Schedule of Findings and Questioned Costs	97
Management Letter	101
Auditee's Corrective Action Plan and Summary of Prior Year Audit Findings	104
Schedules Required by State Law	
Agreed-Upon Procedures Report (R.S. 24:514 Performance and Statistical Data)	109

Natchitoches Parish School Board
Management's Discussion and Analysis
For the Year Ended June 30, 2017

General Fund Instructional and Support Expenditures and Certain Local Revenue Sources	1	112
Education Levels of Public School Staff	2	113
Number and Type of Public Schools	3	114
Experience of Public School Principals, Assistant Principals, and Full-time Classroom Teachers	4	115
Public School Staff Data: Average Salaries	5	116
Class Size Characteristics	6	117
Louisiana Educational Assessment Program (LEAP)	7	118
Graduation Exit Examination (GEE)	8	120
iLEAP Tests	9	121
Agreed-Upon Procedures Report (R.S. 24:514 Control and Compliance)		123

FINANCIAL AUDIT REPORT

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL
STATEMENTS AND SUPPLEMENTARY INFORMATION

Superintendent and School Board
Natchitoches Parish School Board

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 Natchitoches Parish School Board as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Natchitoches Parish School Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Board'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.

1929 SPILLWAY ROAD, SUITE B
BRANDON, MISSISSIPPI 39047
TELEPHONE (601) 992-5292 FAX (601) 992-2033

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

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
General Fund	Unmodified
Child Nutrition Fund	Unmodified
CSD #10 Maintenance Marthaville Fund	Unmodified
Title I Funds	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Qualified Opinion on the Governmental Activities Capital Assets

The Natchitoches Parish School Board did not maintain adequate records documenting the existence, completeness, and valuation of the capital assets for governmental activities. Due to the nature of the Natchitoches Parish School Board's records, we were unable to satisfy ourselves as to the fair presentation of the capital assets.

Qualified Opinion

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on the Governmental Activities Capital Assets" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Natchitoches Parish School Board, as of June 30, 2017, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities other than Capital Assets, each major fund, and the aggregate remaining fund information of the Natchitoches Parish School Board, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of Funding Progress for OPEB, the Schedule of Employer Contributions on OPEB, the Schedule of the School Board's Proportionate Share of the Net Pension Liability, and the Schedule of School Board's Contributions on pages 11 to 20 and 68 to 80, 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 Natchitoches Parish School Board's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, the combining nonmajor fund financial statements, Agency Fund - Schedule of Changes in Deposit Balances of Individual School Activity Fund, Schedule of Compensation Paid Board Members, and the Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, the combining nonmajor fund financial statements, Agency Fund - Schedule of Changes in Deposit Balances of Individual School Activity Fund, Schedule of Compensation Paid Board Members, and the Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information mentioned above 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 February 9, 2018, on our consideration of the Natchitoches Parish School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Natchitoches Parish School Board's internal control over financial reporting or on

compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Natchitoches Parish School Board's internal control over financial reporting and compliance.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
February 9, 2018

Certified Public Accountants

REQUIRED SUPPLEMENTARY INFORMATION

PART I

**NATCHITOCHEES PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

The following discussion and analysis of Natchitoches Parish School Board's financial performance provides an overview of the School Board's financial activities for the year ended June 30, 2017. The intent of this discussion and analysis is to look at the School Board's performance as a whole. Readers are encouraged to review the financial statements and the notes to the financial statements to enhance their understanding of the School Board's financial performance. Information contained in this section is qualified by the more detailed information contained elsewhere in this School Board's financial statements, notes to financial statements and any accompanying materials. To the extent this discussion contains any forward-looking statements of the School Board's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

FINANCIAL HIGHLIGHTS

- Total net position for 2017 decreased \$6,260,124, including a prior period adjustment of (\$6,662), which represents a 9% decrease from fiscal year 2016. Total net position for 2016 decreased \$4,531,882, including a prior period adjustment of \$367,290, which represents a 7% decrease from fiscal year 2015.
- General revenues account for \$55,642,817 in revenue, or 83% of all revenues. This amount was less, amount wise, than the general revenues reported for the year 2016 of \$57,082,392, or 82% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$11,550,186 or 17% of total revenues, compared with \$12,176,792 or 18% in 2016.
- Natchitoches Parish School Board had \$73,446,465 in expenses, a decrease of 1% from \$74,158,356 in expenses from the prior year. Of these expenses, \$11,303,575 was offset by program specific charges for services, grants and contributions in 2017.
- Among major funds, the General Fund had \$52,052,407 in revenues and \$56,051,771 in expenditures. In 2016, the General Fund had \$52,291,890 in revenues and \$56,689,856 in expenditures. The General Fund's fund balance decreased \$4,310,288, from 2016 to 2017, and decreased \$4,525,154, including a prior period adjustment of \$373,165, from 2015 to 2016.
- Long-term debt decreased by \$1,726,000. This decrease from prior year was due primarily to the principal payments on outstanding long-term debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the School Board's basic financial statements, which include government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains required supplementary information and supplementary information.

Natchitoches Parish School Board
Management's Discussion and Analysis
For the Year Ended June 30, 2017

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the School Board's finances. These statements consist of the Statement of Net Position and the Statement of Activities, which are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. The current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

The government-wide financial statements outline functions of the School Board that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the School Board include instruction, support services, food services, community service programs, pension expense, and interest on long-term debt.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School Board 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 - Most of the School Board's general activities are reported in its governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental funds are accounted for using the modified accrual basis of accounting and the flow of current financial resources measurement focus. The approach focuses on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at year end. The governmental fund statements provide a detailed view of the School Board's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may gain a better understanding of the long-term impact of the School Board's near-term financing decisions. The governmental funds Balance Sheet is reconciled to the Statement of Net Position, and the governmental funds Statement of Revenues, Expenditures,

Natchitoches Parish School Board
Management's Discussion and Analysis
For the Year Ended June 30, 2017

and Changes in Fund Balances is reconciled to the Statement of Activities to facilitate this comparison between governmental funds and governmental activities in the government-wide financial statements.

The School Board maintains individual governmental funds in accordance with the *Louisiana Accounting & Uniform Governmental Handbook*, published by the Louisiana Department of Education. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for all major funds. All non-major funds are combined and presented in these statements as other governmental funds.

Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the School Board. Fiduciary funds are not reflected in the government-wide financial statements because resources of those funds are not available to support the School Board's own programs. These funds are reported using the accrual basis of accounting. The School Board is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

Reconciliation of Government-wide and Fund Financial Statements

The financial statements include two schedules that reconcile the amounts reported on the governmental funds financial statements (modified accrual basis of accounting) with government-wide financial statements (accrual basis of accounting). The following summarizes the major differences between the two statements:

Capital assets used in governmental activities are not reported on governmental funds financial statements.

Capital outlay spending results in capital assets on government-wide financial statements, but is reported as expenditures on the governmental funds financial statements.

Bond and note proceeds result in liabilities on government-wide financial statements, but are recorded as other financing sources on the governmental funds financial statements.

A net pension liability results in a liability on the government-wide financial statements but is not reported on governmental funds financial statements.

Certain other outflows represent either increases or decreases in liabilities on the government-wide financial statements, but are reported as expenditures on the governmental funds financial statements.

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. The notes to the financial statements can be found immediately following the financial statements.

Natchitoches Parish School Board
Management's Discussion and Analysis
For the Year Ended June 30, 2017

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents budgetary comparison schedules, the Schedule of Funding Progress for OPEB, the Schedule of Employer Contributions on OPEB, the Schedule of the School Board's Proportionate Share of the Net Pension Liability, and the Schedule of School Board Contributions as required supplementary information. The School Board adopts an annual operating budget for all governmental funds. A budgetary comparison schedule has been provided for the General Fund and each major special revenue fund as required by the Governmental Accounting Standards Board.

Supplementary Information

Additionally, a Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, the combining nonmajor fund financial statements, Agency Fund - Schedule of Changes in Deposit Balances of Individual School Activity Fund, Schedule of Compensation Paid Board Members, and the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer can be found in this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

Net position may serve over time as a useful indicator of government's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$74,990,683 as of June 30, 2017.

The School Board's financial position is a product of several financial transactions including the net result of activities, the acquisition and payment of debt, the other post-employment benefits liability, the acquisition and disposal of capital assets and the depreciation of capital assets.

Table 1 presents a summary of the School Board's net position at June 30, 2017 and June 30, 2016.

Natchitoches Parish School Board
Management's Discussion and Analysis
For the Year Ended June 30, 2017

Table 1
Condensed Statement of Net Position

	June 30, 2017	June 30, 2016	Percentage Change
Current assets	\$ 15,111,966	24,034,399	-37.12%
Capital assets, net	30,089,732	30,089,732	0.00%
Total assets	45,201,698	54,124,131	-16.49%
Deferred outflows of resources	14,708,537	9,599,130	53.23%
Current liabilities	7,450,686	11,287,311	-33.99%
Long-term debt	8,755,605	10,450,076	-16.21%
Net Pension Liability and Other Postemployment Benefits	116,731,894	105,605,348	10.54%
Total liabilities	132,938,185	127,342,735	4.39%
Deferred inflows of resources	1,962,733	5,111,085	-61.60%
Net position:			
Net investment in capital assets	23,422,732	21,911,732	6.90%
Restricted	5,416,602	6,192,122	-12.52%
Unrestricted	(103,830,017)	(96,834,413)	-7.22%
Total net position (deficit)	\$ (74,990,683)	(68,730,559)	-9.11%

Additional information on unrestricted net position:

In connection with the application of standards on accounting and financial reporting for pensions, management presents the following additional information:

Total unrestricted net position (deficit)	\$ (103,830,017)
Less unrestricted deficit in net position resulting from recognition of the net pension liability, including the deferred outflows and deferred inflows related to pensions	72,718,300
Unrestricted net position, exclusive of the net pension liability effect	<u>\$ (31,111,717)</u>

The following are significant current year transactions that have had an impact on the Statement of Net Position.

- The principal retirement of \$1,726,000 of long-term debt.

Natchitoches Parish School Board
Management's Discussion and Analysis
For the Year Ended June 30, 2017

Changes in net position

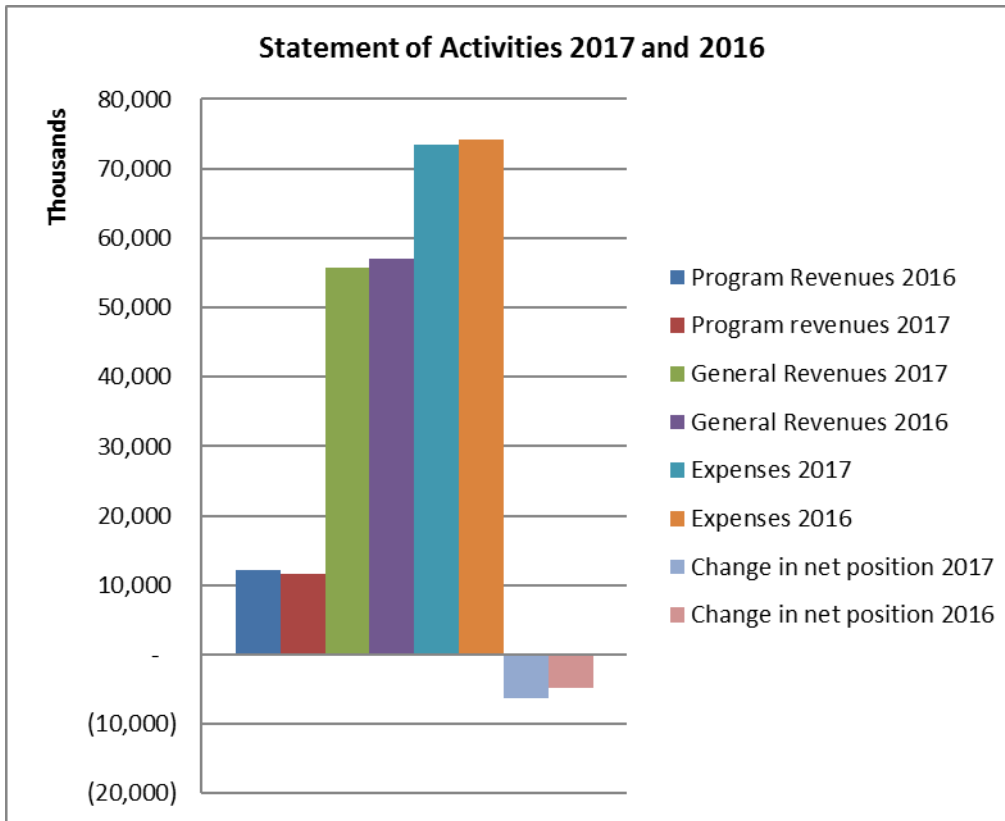
The School Board's total revenues for the fiscal years ended June 30, 2017 and 2016 were \$67,193,003 and \$69,259,184, respectively. The total cost of all programs and services was \$73,446,465 for 2017 and \$74,158,356 for 2016.

Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2017 and June 30, 2016.

Table 2
Changes in Net Position

	For the Year Ended June 30, 2017	For the Year Ended June 30, 2016	Percentage Change
Revenues:			
<u>Program revenues</u>			
Charges for services	\$ 1,255,754	\$ 740,283	69.63%
Operating grants & contributions	10,294,432	11,436,509	-9.99%
Total program revenues	11,550,186	12,176,792	-5.15%
<u>General revenues</u>			
Property taxes	8,542,616	8,840,703	-3.37%
Sales and use taxes	12,469,396	12,655,537	-1.47%
State revenue sharing	190,980	190,966	0.01%
Minimum foundation program	33,611,205	33,444,831	0.50%
Other unrestricted revenues	196,514	273,808	-28.23%
Federal revenue in lieu of taxes	179,309	200,592	-10.61%
Interest & investment earnings	452,797	1,392,647	-67.49%
Miscellaneous		83,308	-100.00%
Total general revenues	55,642,817	57,082,392	-2.52%
Total Revenues	67,193,003	69,259,184	-2.98%
Expenses:			
Instruction	36,810,882	39,771,515	-7.44%
Support services	23,835,698	25,480,382	-6.45%
Food services	3,838,487	4,051,106	-5.25%
Community service programs	1,193	1,563	-23.67%
Pension expense	8,733,407	4,706,548	85.56%
Interest on long-term debt	226,798	147,242	54.03%
Total Expenses	73,446,465	74,158,356	-0.96%
Increase (decrease) in net position	(6,253,462)	(4,899,172)	-27.64%
Net position (Deficit), July 1, 2016, as previously reported	(68,730,559)	(64,198,677)	-7.06%
Prior period adjustment	(6,662)	367,290	-101.81%
Net position (Deficit), July 1, 2016, as restated	(68,737,221)	(63,831,387)	-7.69%
Net position (Deficit), June 30, 2017	\$ (74,990,683)	\$ (68,730,559)	-9.11%

Natchitoches Parish School Board
Management's Discussion and Analysis
For the Year Ended June 30, 2017



Governmental activities

The following table presents the cost of the six major School Board functional activities: instruction, support services, food services, community service programs, pension expense, and interest on long-term debt. The table also shows each functional activity's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost presents the financial burden that was placed on the State and School Board's taxpayers by each of these functions.

Functional expenses	2017		2016	
	Expenses	Expenses	Net (Expense)/ Revenue	Net (Expense)/ Revenue
Instruction	\$ 36,810,882	39,771,515	(32,049,483)	(36,219,158)
Support services	23,835,698	25,480,382	(17,515,224)	(17,211,298)
Food services	3,838,487	4,051,106	(3,370,174)	(3,695,755)
Community service programs	1,193	1,563	(1,193)	(1,563)
Pension expense	8,733,407	4,706,548	(8,733,407)	(4,706,548)
Interest on long-term debt	226,798	147,242	(226,798)	(147,242)
Total	\$ 73,446,465	74,158,356	(61,896,279)	(61,981,564)

Natchitoches Parish School Board
Management's Discussion and Analysis
For the Year Ended June 30, 2017

- Net cost of governmental activities (\$62,142,890), was financed by general revenues. General revenues consist of the Minimum Foundation Program funding, \$33,611,205, federal revenue in lieu of taxes, \$179,309, other unrestricted restricted revenues, \$196,514, property taxes, \$8,542,616, sales and use taxes, \$12,469,396, investment and interest earnings, \$452,797, state revenue sharing, \$190,980 and federal, \$246,611.

FINANCIAL ANALYSIS OF THE SCHOOL BOARD'S FUNDS

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

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

The financial performance of the Board as a whole is reflected in its governmental funds. As the Board completed the year, its governmental funds reported a combined fund balance of \$7,691,370, a decrease of \$5,095,392. \$2,244,678 or 29% of the fund balance is unassigned, which represents the residual classification for the general fund's fund balance that has not been assigned to other funds and that has not been restricted or assigned to specific purposes within the general fund. The remaining fund balance of \$5,446,692 or 71% is restricted to indicate that it is not available for spending except only for the purposes to which it is restricted.

The General Fund is the principal operating fund of the Board. The decrease in fund balance in the General Fund for the fiscal year was \$4,310,288. The fund balance of Other Governmental Funds decreased \$1,030,367. The increase (decrease) in the fund balance for the other major funds were as follows:

Major Fund	Increase (Decrease)
Child Nutrition Fund	no increase or decrease
CSD #10 Maintenance Marthaville Fund	\$ 245,263
Title I Funds	no increase or decrease

BUDGETARY HIGHLIGHTS

During the year, the School Board revised the annual operating budget. Historical data, tentative allocations of state and federal funds, legislative mandates, and anticipated needs are used to determine original budget amounts.

The Board's original budget was prepared with the Board's goals and long range commitments in mind, using historical data, tentative allocations or estimates of state and federal funds, legislative mandates, staffing studies, and current and anticipated needs. Over the course of the year, the Board revised the annual operating budget as changes occurred.

Natchitoches Parish School Board
Management's Discussion and Analysis
For the Year Ended June 30, 2017

At the time the original budget was prepared only estimates were available for federal funding. Typically original budgets are prepared using prior year allocation as estimates. Once federal awards were known, budgets were amended to the actual grant award amount. Over the course of the year, the Board revised the annual operating budget.

A schedule showing the original and final budget amounts compared to the Board's actual financial activity for the General Fund and each major special revenue fund is provided in this report as required supplementary information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2017, the Board's total capital assets were \$75,376,889, including land, school buildings, buses, other school vehicles, furniture and equipment. Total accumulated depreciation as of June 30, 2017 was \$45,287,157, resulting in total net capital assets of \$30,089,732.

	<u>2017</u>	<u>2016</u>	Percentage <u>Change</u>
Land	\$ 1,300,290	1,300,290	0.00%
Buildings & improvements	28,057,403	28,057,403	0.00%
Furniture & equipment	<u>732,039</u>	<u>732,039</u>	<u>0.00%</u>
Total	<u>\$ 30,089,732</u>	<u>30,089,732</u>	<u>0.00%</u>

Additional information about the Board's capital assets can be found in Note 6 of this report.

Debt Administration. At June 30, 2017, the School Board had \$6,667,000 in bonds outstanding, \$225,000 constitutes other long-term debt outstanding of which \$849,000 is due within one year, and \$1,863,605 in compensated absences payable.

	<u>2017</u>	<u>2016</u>	Percentage <u>Change</u>
Compensated absences	\$ 1,863,605	1,832,076	1.72%
Bonds and certificates of indebtedness	<u>6,892,000</u>	<u>8,618,000</u>	<u>-20.03%</u>
Total long-term debt	<u>\$ 8,755,605</u>	<u>10,450,076</u>	<u>-16.21%</u>

Additional information of the Board's long-term debt can be found in Note 12 of this report.

Natchitoches Parish School Board
Management's Discussion and Analysis
For the Year Ended June 30, 2017

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Natchitoches Parish School Board's elected and appointed officials considered the following factors and indicators when setting next year's budget, rates, and fees.

1. Minimum foundation program revenues
2. Taxes (ad valorem and sales)
3. Intergovernmental revenues (federal and state grants)

The Natchitoches Parish School Board does not expect any significant changes in next year's results as compared to the current year.

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, is to be implemented in fiscal year 6/30/2018. At this point, we do not have enough information to judge the impact this will have on this school board.

CONTACTING THE SCHOOL BOARD'S FINANCIAL MANAGEMENT

The financial report is designed to provide citizens, taxpayers, parents, students, and investors and creditors with a general overview of the School Board's finances and to show the School Board's accountability for the financial resources it receives. If you have questions about this report, please contact Mr. Dale Skinner, Superintendent or Mr. Richard Foshee, Director of Business Affairs, at the Natchitoches Parish School Board, 310 Royal Street, Natchitoches, LA 71457, telephone number (318) 352-2358.

BASIC FINANCIAL STATEMENTS

NATCHITOCHE PARISH SCHOOL BOARD

STATEMENT OF NET POSITION

JUNE 30, 2017

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 9,340,190
Cash with fiscal agents	516,070
Investments	3,050,486
Receivables	2,112,159
Inventory	93,061
Capital assets (non-depreciable):	
Land	1,300,290
Capital assets (net of accumulated depreciation):	
Buildings and building improvements	28,057,403
Furniture & equipment	732,039
Total Assets	<u>45,201,698</u>
Deferred Outflows of Resources	
Deferred outflows - pensions	14,708,537
Total Deferred Outflows of Resources	<u>14,708,537</u>
Liabilities	
Accounts payable, salaries payable, and other payables	7,420,596
Accrued interest payable	30,090
Long-term liabilities (due within one year):	
Capital related liabilities	624,000
Non-capital related liabilities	225,000
Long-term liabilities (due beyond one year):	
Capital related liabilities	6,043,000
Non-capital related liabilities	1,863,605
Net pension liability	85,464,104
Other postemployment benefits liability	31,267,790
Total Liabilities	<u>132,938,185</u>
Deferred Inflows of Resources	
Deferred inflows - pensions	1,962,733
Total Deferred Inflows of Resources	<u>1,962,733</u>
Net Position	
Net Investment in Capital Assets	23,422,732
Restricted For:	
Debt service	1,236,355
Capital projects	144,211
Food service	216,444
Other purposes	3,819,592
Unrestricted	(103,830,017)
Total Net Position (Deficit)	<u>\$ (74,990,683)</u>

The accompanying notes are an integral part of this statement.

NATCHITOCHE PARISH SCHOOL BOARD

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
Governmental Activities:				
Instruction:				
Regular programs	23,230,880	1,158,563	101,440	(21,970,877)
Special programs	7,629,291	--	--	(7,629,291)
Vocational programs	1,384,683	--	--	(1,384,683)
All other programs	4,566,028	--	3,501,396	(1,064,632)
Support services:				
Student services	2,934,416	--	379,908	(2,554,508)
Instructional staff support	3,032,523	--	3,522,590	490,067
General administration	1,494,296	--	--	(1,494,296)
School administration	3,256,132	--	--	(3,256,132)
Business services	538,949	--	--	(538,949)
Plant services	7,142,403	--	246,611	(6,895,792)
Student transportation services	4,877,121	--	--	(4,877,121)
Central services	559,858	--	2,171,365	1,611,507
Food services	3,838,487	97,191	371,122	(3,370,174)
Community service programs	1,193	--	--	(1,193)
Pension expense	8,733,407	--	--	(8,733,407)
Interest on long-term debt	226,798	--	--	(226,798)
Total Governmental Activities	<u>\$ 73,446,465</u>	<u>\$ 1,255,754</u>	<u>\$ 10,294,432</u>	<u>(61,896,279)</u>
General Revenues:				
Taxes:				
Property taxes, levied for general purposes				6,784,077
Property taxes, levied for debt services				1,751,104
Property taxes				7,435
Sales and use taxes, levied for general purposes				12,469,396
State revenue sharing				190,980
Grants and contributions not restricted to specific purposes:				
State source - Minimum Foundation Program				33,611,205
State source - Other unrestricted revenues				196,514
Federal Revenue in Lieu of Taxes				179,309
Interest and investment earnings				452,797
Total General Revenues				<u>55,642,817</u>
Change in Net Position				<u>(6,253,462)</u>
Net Position (Deficit), Beginning, as previously reported				(68,730,559)
Prior Period Adjustments				(6,662)
Net Position (Deficit), Beginning, as restated				<u>(68,737,221)</u>
Net Position (Deficit), June 30, 2017				<u>\$ (74,990,683)</u>

The accompanying notes are an integral part of this statement.

NATCHITOCHE PARISH SCHOOL BOARD

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2017

	General Fund	Child Nutrition Fund
	<u> </u>	<u> </u>
Assets		
Cash and Cash Equivalents	\$ 4,843,736	\$ --
Cash with Fiscal Agent	516,070	--
Investments	3,050,486	--
Receivables	204,543	325,936
Interfund Receivables	608,545	--
Inventories	--	93,061
Total Assets	<u>\$ 9,223,380</u>	<u>\$ 418,997</u>
Liabilities and Fund Balances		
Liabilities:		
Accounts payable, salaries payable, and other payables	\$ 6,978,702	\$ 118,657
Interfund payables	--	83,896
Total Liabilities	<u>6,978,702</u>	<u>202,553</u>
Fund Balances:		
Restricted:		
Debt service	--	--
Capital projects	--	--
Food service	--	216,444
Other purposes	--	--
Unassigned	<u>2,244,678</u>	<u>--</u>
Total Fund Balances	<u>2,244,678</u>	<u>216,444</u>
Total Liabilities and Fund Balances	<u>\$ 9,223,380</u>	<u>\$ 418,997</u>

The accompanying notes are an integral part of this statement.

EXHIBIT C

CSD#10 Maintenance Marthaville Fund	Title I Funds	Other Governmental Funds	Total Governmental Funds
\$ 2,945,626	\$ --	\$ 1,550,828	\$ 9,340,190
--	--	--	516,070
--	--	--	3,050,486
562	631,541	949,577	2,112,159
--	--	--	608,545
--	--	--	93,061
<u>\$ 2,946,188</u>	<u>\$ 631,541</u>	<u>\$ 2,500,405</u>	<u>\$ 15,720,511</u>
\$ 1,218	\$ 106,892	\$ 215,127	\$ 7,420,596
--	524,649	--	608,545
<u>1,218</u>	<u>631,541</u>	<u>215,127</u>	<u>8,029,141</u>
--	--	1,266,445	1,266,445
--	--	144,211	144,211
--	--	--	216,444
2,944,970	--	874,622	3,819,592
--	--	--	2,244,678
<u>2,944,970</u>	<u>--</u>	<u>2,285,278</u>	<u>7,691,370</u>
<u>\$ 2,946,188</u>	<u>\$ 631,541</u>	<u>\$ 2,500,405</u>	<u>\$ 15,720,511</u>

NATCHITOCHEs PARISH SCHOOL BOARD

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

Total fund balances for governmental funds	\$ 7,691,370
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	30,089,732
Liabilities due in one year are not recognized in the funds.	(849,000)
Payables for bond principal which are not due in the current period are not reported in the funds.	(6,043,000)
Payables for bond interest which are not due in the current period are not reported in the funds.	(30,090)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(1,863,605)
Other post-employment benefits liability is not reported in the funds.	(31,267,790)
Recognition of the Natchitoches' proportionate share of the net pension liability is not reported in the funds.	(85,464,104)
Deferred Inflows of Resources related to the pension plan are not reported in the funds.	(1,962,733)
Deferred Outflows of Resources related to the pension plan are not reported in the funds.	<u>14,708,537</u>
Net position of governmental activities	<u>\$ (74,990,683)</u>

The accompanying notes are an integral part of this statement.

This page is left blank intentionally.

NATCHITOCHEs PARISH SCHOOL BOARD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	Child Nutrition Fund
	<u> </u>	<u> </u>
Revenues:		
Local sources:		
Taxes:		
Ad valorem	\$ 3,987,056	\$ --
Sales and use	12,469,396	--
Interest earnings	450,224	585
Charges for services	--	87,054
Other	1,043,497	54,334
Total Local Sources	<u>17,950,173</u>	<u>141,973</u>
State sources:		
Minimum Foundation Program	33,378,373	232,832
Other	446,599	10,137
Total State Sources	<u>33,824,972</u>	<u>242,969</u>
Federal Sources	<u>277,262</u>	<u>3,613,530</u>
Total Revenues	<u>52,052,407</u>	<u>3,998,472</u>
Expenditures:		
Current:		
Instruction:		
Regular programs	25,317,957	--
Special programs	7,883,999	--
Vocational programs	1,382,290	--
All other programs	1,476,277	--
Support services:		
Student services	2,553,366	--
Instructional staff support	2,043,197	--
General administration	1,532,271	9,410
School administration	3,673,393	--
Business services	598,922	--
Plant services	4,002,538	1,548
Student transportation services	4,768,043	--
Central services	553,799	--
School food services	21,123	3,987,514
Community service programs	1,479	--
Capital outlay	15,845	--
Debt service:		
Principal retirement	215,000	--
Interest and bank charges	12,272	--
Other	--	--
Total Expenditures	<u>56,051,771</u>	<u>3,998,472</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,999,364)</u>	<u>--</u>
Other Financing Sources (Uses):		
Transfers In	433,053	--
Transfers Out	(632,120)	--
Local Revenue Transfers - Charter Schools	(111,857)	--
Total Other Financing Sources (Uses)	<u>(310,924)</u>	<u>--</u>
Net Change in Fund Balances	(4,310,288)	--
July 1, 2016	6,554,966	216,444
June 30, 2017	<u>\$ 2,244,678</u>	<u>\$ 216,444</u>

The accompanying notes are an integral part of this statement.

EXHIBIT E

CSD#10 Maintenance Marthaville Fund	Title I Funds	Other Governmental Funds	Total Governmental Funds
\$ 823,505	\$ --	\$ 3,732,055	\$ 8,542,616
--	--	--	12,469,396
39	--	1,949	452,797
--	--	--	87,054
6,500	--	551,155	1,655,486
<u>830,044</u>	<u>--</u>	<u>4,285,159</u>	<u>23,207,349</u>
--	--	--	33,611,205
--	--	527,301	984,037
<u>--</u>	<u>--</u>	<u>527,301</u>	<u>34,595,242</u>
--	2,155,912	3,343,708	9,390,412
<u>830,044</u>	<u>2,155,912</u>	<u>8,156,168</u>	<u>67,193,003</u>
102,731	5,903	623,917	26,050,508
--	--	521,558	8,405,557
--	--	74,748	1,457,038
--	1,681,533	1,705,730	4,863,540
--	141,080	715,882	3,410,328
304	663,164	652,136	3,358,801
2,566	2,000	2,758	1,549,005
1,366	4,201	8,995	3,687,955
--	762	1,037	600,721
180,953	--	1,295,569	5,480,608
--	200	74,500	4,842,743
2,587	--	40,368	596,754
31,930	--	--	4,040,567
--	--	--	1,479
262,344	--	1,590,363	1,868,552
--	--	1,511,000	1,726,000
--	--	221,810	234,082
--	--	2,300	2,300
<u>584,781</u>	<u>2,498,843</u>	<u>9,042,671</u>	<u>72,176,538</u>
<u>245,263</u>	<u>(342,931)</u>	<u>(886,503)</u>	<u>(4,983,535)</u>
--	821,856	165,965	1,420,874
--	(478,925)	(309,829)	(1,420,874)
--	--	--	(111,857)
<u>--</u>	<u>342,931</u>	<u>(143,864)</u>	<u>(111,857)</u>
245,263	--	(1,030,367)	(5,095,392)
2,699,707	--	3,315,645	12,786,762
<u>\$ 2,944,970</u>	<u>\$ --</u>	<u>\$ 2,285,278</u>	<u>\$ 7,691,370</u>

NATCHITOCHE PARISH SCHOOL BOARD

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Net change in fund balances - total governmental funds	\$ (5,095,392)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Expenses not requiring the use of current financial resources for OPEB are not reported as expenditures in the funds.	(2,213,270)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,511,000
Repayment of other long-term liabilities principal is an expenditure in the funds but is not an expense in the SOA.	215,000
(Increase) decrease in accrued interest from beginning of period to end of period.	9,584
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(31,529)
Pension contributions made after the measurement date but in current FY were de-expended and reduced NPL.	8,084,552
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	<u>(8,733,407)</u>
Change in net position of governmental activities	<u>\$ (6,253,462)</u>

The accompanying notes are an integral part of this statement.

NATCHITOCHE PARISH SCHOOL BOARD

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

FIDUCIARY FUND

JUNE 30, 2017

	Agency Fund
	School Activity Fund
Assets	
Cash and cash equivalents	\$ 864,165
Total Assets	<u>\$ 864,165</u>
Liabilities	
Amounts due to others	\$ 864,165
Total Liabilities	<u>\$ 864,165</u>

The accompanying notes are an integral part of this statement.

Natchitoches Parish School Board

Notes to the Financial Statements
For the Year Ended June 30, 2017

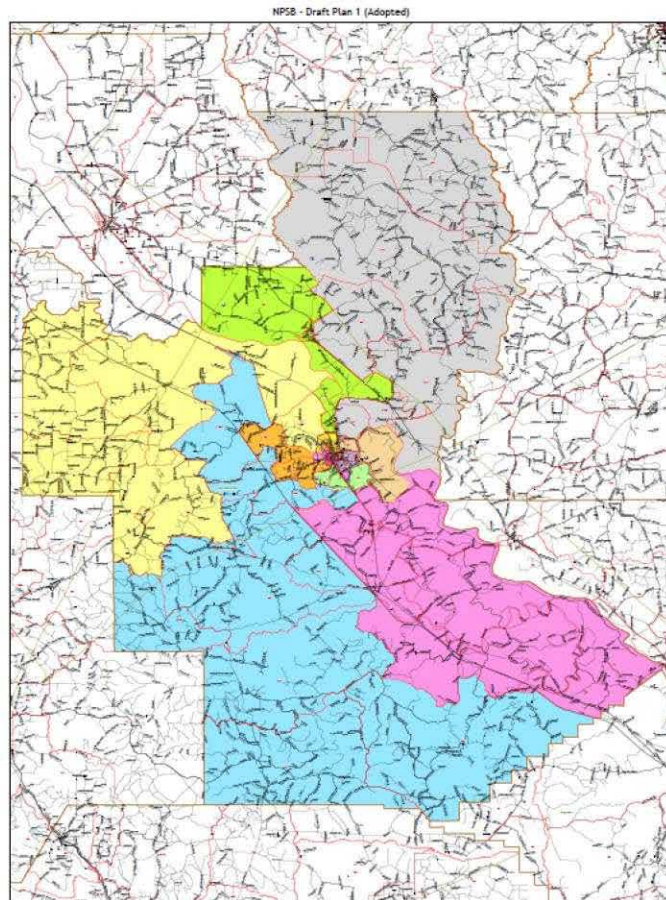
NATCHITOCHES PARISH SCHOOL BOARD

Natchitoches, Louisiana
Notes to the Financial Statements
For the Year Ended June 30, 2017

INTRODUCTION

The Natchitoches Parish School Board was created by Louisiana Revised Statute (R.S.) 17:51 to provide public education for the children within Natchitoches Parish. The School Board is authorized by 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 members who are elected from nine School Boards for terms of four years.

The School Board operates 16 schools within the parish with a total enrollment of 6,362 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.



NATCHITOCHEES PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

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

This financial report has been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements—Management’s Discussion and Analysis—for State and Local Governments*, issued in June 1999.

B. FINANCIAL REPORTING ENTITY

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the School Board is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the School Board may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. Additionally, GASB Statement No. 80, *Blending Requirements for Certain Component Units*, clarifies the display requirements in GASB Statement No. 14 by requiring these component units to be blended into the primary state or local government’s financial statements in a manner similar to a department or activity of the primary government. The School Board also has no component units, defined by GASB Statements No. 14 and 80 as other legally separate organizations for which the elected School Board members are financially accountable. There are no other primary governments with which the School Board has a significant relationship.

C. FUNDS

The School Board uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain School Board functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Funds of the School Board are classified into two categories: governmental and fiduciary, as follows:

Governmental Funds

Governmental funds account for all or most of the School Board’s general activities. These funds focus on the sources, uses, and balances of current financial resources.

NATCHITOCHE PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2017

Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the School Board. The following are the School Board's primary governmental funds:

General fund - the general operating fund of the school board and accounts for all financial resources, except those required to be accounted for in other funds.

Special revenue funds - account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt service funds - account for transactions relating to resources retained and used for the payment of principal and interest on long-term.

Capital projects funds - account for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

The following Governmental Funds are reported as major funds of the school board:

General Fund – accounts for all financial resources, except those required to be accounted for in other funds.

Child Nutrition Fund – accounts for federal, state, and local funds, including fees, to provide meals for students of the school system.

CSD #10 Maintenance Marthaville Fund – accounts for expenditures of bond proceeds obtained for school construction projects.

Title I Funds – accounts for federal funds received by the School Board, the objective of which is to help local educational agencies and schools improve the teaching and learning of children failing, or most at-risk of failing to meet challenging State academic standards and provide assistance to States to ensure that migratory children have the opportunity to meet the same challenging State content and performance standards that all children are expected to meet.

Fiduciary Funds

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the school board. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency fund has no measurement focus, but uses the accrual basis of accounting.

NATCHITOCHE PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2017

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Government-Wide Financial Statements (GWFS)

The Statement of Net Position (Exhibit A) and the Statement of Activities (Exhibit B) display information about the reporting government as a whole. These statements include all the financial activities of the School Board, except for the fiduciary fund. Fiduciary funds are reported only in the Statement of Fiduciary Assets and Liabilities at the fund financial statement level.

The Government-Wide Financial Statements were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Program Revenues - Program revenues included in the Statement of Activities (Exhibit B) derive directly from parties outside the School Board's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the School Board's general revenues.

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

Fund Financial Statements (FFS)

Governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental funds financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental funds statements.

NATCHITOCHEs PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2017

Fund financial statements report detailed information about the School Board. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

Governmental funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both 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 School Board considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on 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. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Federal and state entitlements (which include state equalization and state revenue sharing) are recorded as unrestricted grants-in-aid when available and measurable. Expenditure-driven federal and state grants are recorded as restricted grants-in-aid when the reimbursable expenditures have been incurred.

Federal commodities are recognized as revenues in the accounting period they are received. Food service income is recorded when collected. All food service income applicable to an accounting period is collected during the fiscal year.

Ad valorem taxes are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December, January, and February of the fiscal year.

Sales and use tax revenues are recorded in the month collected by the Natchitoches Parish Sales Tax Commission (collection agent) or by the Louisiana Department of Public Safety and Corrections, Public Safety Services.

Interest earnings are recorded when the investments have matured and the interest is available.

Revenues from rentals, leases, and oil royalties are recorded when earned. Substantially all other revenues are recorded when received.

Based on the above criteria, federal and state entitlements, ad valorem taxes, and sales and use tax are treated as susceptible to accrual by the school board.

NATCHITOCHEES PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2017

Expenditures

Salaries are recorded as expenditures when earned. Teacher salaries are earned over a nine (9) month period, but are paid over a twelve (12) month period.

Purchases of various operating equipment and supplies are recorded as expenditures in the accounting period they are purchased.

Commitments under construction contracts are recognized as expenditures when earned by the contractor.

Food costs are recognized as expenditures in the period in which the food is consumed.

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

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of capital assets, debt extinguishment, long-term debt proceeds, etc.) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Unearned Revenues

Unearned revenues arise when resources are received by the School Board before it has a legal claim to them, as when grant monies are received before the incurrence of qualifying expenditures. In subsequent periods, when the School Board has a legal claim to the resources, the liability for unearned revenue is removed and the revenue is recognized.

E. BUDGETS

The School Board adopts annual budgets on the General Fund and special revenue funds. The proposed budgets are prepared by the business manager, the superintendent, and the finance committee of the School Board during July and/or August of each year. During August and/or September, the availability of the proposed budgets for public inspection and the date of the public hearing on the budgets are advertised in an official journal. At its first meeting in September, the School Board holds a public hearing on the proposed budgets in order to receive comments from residents. Changes are made to the proposed budgets based on the results of the public hearing and the desires of the School Board as a whole. The budgets are then adopted, and notice is published in an official journal.

NATCHITOCHEs PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2017

The budgets are prepared on the modified accrual basis of accounting and all appropriations lapse at year end. Encumbrances are not formally recognized within the accounting system for budgetary control purposes; however, outstanding purchase orders are taken into consideration before expenditures are incurred to ensure that applicable appropriations are not exceeded. Formal budgetary integration (within the accounting records) is employed as a management control device.

The superintendent of schools is authorized to transfer amounts between line items within a fund; however, when requested by the School Board, budgetary comparisons are prepared and presented to the School Board during a regular meeting. The School Board reviews these comparisons and proposed amendments, makes changes as it deems necessary, and formally adopts the amendments.

The adoption of the amendments is included in the School Board minutes published in the official journal. Budget amounts included in the accompanying financial statements include the originally adopted and the final amended budget amounts.

F. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those income-producing items with original maturities of 90 days or less. Under state law, the School Board may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

G. INVESTMENTS

Investments are limited by R.S. 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

In accordance with Louisiana Revised Statute (LSA-R.S.) 32:2955, the School Board, upon determination of the availability of funds in excess of immediate cash requirements by its treasurer or chief financial officer and in the exercise of prudent judgment, may invest in direct US Treasury Obligations, bonds, debentures, notes, or other evidence of indebtedness guaranteed by federal agencies or the US government instrumentalities, provided that such obligations are backed by the full faith and credit of the US government. The School Board may invest in savings accounts and certificates of deposit of state banks organized under the laws of Louisiana or national banks having their principal offices in the state of Louisiana. Additionally, the School Board may invest in mutual or trust fund institutions, limited to 25% of the funds considered available for investment under this section. These mutual or trust fund institutions must be registered with the Securities and Exchange Commission under the Securities Act of 1933 and the

NATCHITOCHEES PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2017

Investment Act of 1940 and have underlying investments consisting solely of securities of the United States government or its agencies.

Investments are stated at fair value.

H. SHORT-TERM INTERFUND RECEIVABLES/ PAYABLES

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between loans. These short-term interfund loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation.

I. INVENTORIES

Inventory of the School Lunch Special Revenue Fund consists of food purchased by the School Board and commodities granted by the United States Department of Agriculture (USDA) through the Louisiana Department of Agriculture and Forestry. Inventory items purchased are valued at the lower of cost, using the first-in, first-out (FIFO) method. Costs are recorded as expenditures at the time individual items are consumed (consumption method). Commodities are assigned values based on information provided by the USDA, also on a FIFO basis. The amount of commodity inventory is included in unearned revenue until consumed.

J. CAPITAL ASSETS

Capital assets are capitalized at historical cost or estimated cost if 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 threshold level of \$5,000 or more for capitalizing capital assets. Expenditures for maintenance, repairs and minor renewals are charged as an expenditure as incurred.

Capital assets are recorded in the Government-Wide Financial Statements, but are not reported in the Fund Financial Statements. 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. All capital assets, other than land and construction in progress, are depreciated using a composite group rate which is applied to similar assets for the purpose of calculating depreciation expense. Interest costs on debt used to finance the construction of capital assets are not capitalized.

K. COMPENSATED ABSENCES

All 12-month employees earn 10 days of vacation leave each year. Upon separation, all unused vacation leave is forfeited.

NATCHITOCHEES PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2017

All school board employees earn 10 days of sick leave each year. Sick leave for teachers and bus drivers may be accumulated without limitation, while all other employees are limited to 25 days of accumulation sick leave. Upon retirement or death, unused sick leave of up to 25 days is paid to the employee (or heirs) at the employee's current rate of pay. Under the Louisiana Teacher's Retirement, the total unused accumulated sick leave, including the 25 days paid, is used in the retirement benefits computation as earned service.

Sabbatical leave may be granted for rest and recuperation and for professional and cultural improvement. Any employee with a teaching certificate is entitled, subject to approval by the School Board, to one semester of sabbatical leave after three years of continuous service or two semesters of sabbatical leave after six or more years of continuous service. Sabbatical leave benefits, being restricted in nature as a condition of the leave, are not subject to accrual and are recorded as expenditures in the period paid.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental funds financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

L. EQUITY CLASSIFICATION

In the government-wide statements, net position is classified, and displayed in three components:

1. Net investment in capital assets—consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowing attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net position—consists of net position with constraints placed on use either by (a) external groups such as creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation. At June 30, 2017, Natchitoches Parish School Board reported \$5,416,602 in restricted net position.
3. Unrestricted net position—all other net position that do not meet the definition of "restricted" or "net investment in capital assets."

GASB Statement 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*" provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent.

NATCHITOCHEES PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2017

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance—amounts that are not in a spendable form (such as prepaid items) or are required to be maintained intact; currently there is no nonspendable fund balance for this School Board;
- Committed fund balance—amounts constrained to a specific purpose by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint; currently there is no committed fund balance for this School Board;
- Restricted fund balance—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Assigned fund balance—amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official to which the governing body delegates the authority; currently there is no assigned fund balance for this School Board;
- Unassigned fund balance—amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Board establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board through adoption or amendment of the budget as intended for a specific purpose (such as for the purchase of capital assets, construction, debt service, or other purposes).

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available, it is the School Board's general policy to use restricted resources first. When expenditures/expense are incurred for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the School Board's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

M. INTERFUND TRANSACTIONS

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

NATCHITOCHEES PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2017

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transactions are reported as transfers.

N. SALES TAXES

The Natchitoches Parish Sales Tax Commission is authorized to collect, within Natchitoches Parish, the following sales and use taxes for the benefit of the Natchitoches Parish School Board:

1. A 1% parish-wide sales and use tax, the proceeds of the tax are dedicated for the operation, maintenance, and upgrading of the public schools in Natchitoches Parish. This tax was effective August 1, 2003, with an expiration date of August 1, 2016.
2. A one-half of 1% sales and use tax, the proceeds are dedicated for the payment of salaries and benefits of teachers and other employees of the school system in Natchitoches Parish. This tax was effective July 1, 1996, with no limit as to term and/or duration.
3. A one-half of 1% sales and use tax, the proceeds are dedicated for the payment of salaries and benefits of teachers and other employees of the school system in Natchitoches Parish. This tax was effective July 1, 2004, with no limit as to term and/or duration.

O. ESTIMATES

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

2. LEVIED TAXES

The following ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. During the fiscal year ended June 30, 2017, taxes were levied by the School Board in August 2016, and were billed to taxpayers by the Assessor in November. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year.

The taxes are based on assessed values determined by the Tax Assessor of Natchitoches Parish and are collected by the Sheriff. The taxes are remitted to the School Board net of deductions for Pension Fund contributions.

NATCHITOCHEES PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2017

For the year ended June 30, 2017, taxes were levied on property with net assessed valuations totaling \$363,513,645, and were dedicated as follows:

Parish-wide Taxes:

General School 4.54 mills

Special School 6.83 mills

School Board Taxes:

School Board No. 24 (School District #9) - maintenance 6.76 mills, debt service 4.75 mills

School Board No. 25 (Consolidated School #7) - maintenance 6.93 mills, debt service 10.50 mills

School Board No. 28 (Consolidated School #8) – bond 33.00 mills, maintenance 6.80 Mills, special 6.80 mills

School Board No. 29 (Consolidated School District #10) – maintenance 19.90 mills

School Board No. 16 (Consolidated School District #6) – maintenance 6.97 mills

Gross taxes levied for the current fiscal year totaled \$8,586,257. After deductions for various pension distributions and uncollectible taxes and collections of back taxes, net taxes remitted to the School Board amounted to \$8,542,616.

3. CASH AND CASH EQUIVALENTS

At June 30, 2017, the School Board has cash and cash equivalents (book balances) totaling \$9,340,190 in governmental funds and \$864,165 in fiduciary funds in interest-bearing demand deposits. These deposits are stated at cost, which approximates market.

Custodial Credit Risk – Deposits. Custodial credit risk is defined as the risk that in the event of the failure of a financial institution, the School Board’s deposits may not be recovered or will not be able to recover the collateral securities that are in possession of an outside party. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2017, the School Board had \$10,204,355 in deposits (collected bank balances). These deposits are secured from risk by \$500,000 of federal deposit insurance and \$9,704,355 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

4. INVESTMENTS

As of June 30, 2017, the Natchitoches Parish School Board had the following investments:

<u>Investment type</u>	<u>Rating</u>	<u>Maturity</u>	<u>Fair Value</u>
Government Securities	n/a	More than one year	\$ <u>3,050,486</u>

NATCHITOCHEES PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2017

The School Board categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The School Board has the following recurring fair value measurements as of June 30, 2017:

- Level 1 type of investments of \$3,050,486 are valued using quoted market prices (Level 1 inputs)

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The School Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School Board does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

Custodial Credit Risk - Investments. Custodial credit risk for investments is the risk that in the event of the failure of the counterparty, the School Board will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School Board does not have a formal investment policy that addresses custodial credit risk. As of June 30, 2017, the School Board did not have any investments to which this would apply.

Concentration of Credit Risk. Concentration of credit risk for investments is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. GASB Statement No. 40 requires disclosure by issuer and amount of investments for any one issuer that represents five percent (5%) or more of total investments for the School Board. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of June 30, 2017, the School Board did not have any investments to which this would apply.

5. RECEIVABLES

The receivables of \$2,112,159 at June 30, 2017, are as follows:

NATCHITOCHES PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2017

Class of Receivable	CSD #10					Total
	General Fund	Child Nutrition Fund	Maintenance Marthaville Fund	Title I Fund	Other Governmental Funds	
Intergovernmental grants:						
Local	\$ 122,183	\$ -	\$ 562	\$ -	\$ 14,713	\$ 137,458
Federal	4,965	320,727	-	631,541	743,721	1,700,954
State	-	5,209	-	-	191,143	196,352
Other	77,395	-	-	-	-	77,395
	<u>\$ 204,543</u>	<u>\$ 325,936</u>	<u>\$ 562</u>	<u>\$ 631,541</u>	<u>\$ 949,577</u>	<u>\$ 2,112,159</u>

The School Board expects to collect the full amount; therefore, no allowance for doubtful accounts has been established.

6. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2017, is as follows:

	Balance, July 1, 2016	Additions	Balance, June 30, 2017
Land	\$ 1,300,290	-	1,300,290
Buildings and improvements	69,758,257	-	69,758,257
Furniture and equipment	4,318,342	-	4,318,342
Total capital assets	<u>75,376,889</u>	<u>-</u>	<u>75,376,889</u>
Accumulated depreciation:			
Buildings and improvements	41,700,854	-	41,700,854
Furniture and equipment	3,586,303	-	3,586,303
Total accumulated depreciation	<u>45,287,157</u>	<u>-</u>	<u>45,287,157</u>
Net capital assets	<u>\$ 30,089,732</u>	<u>0</u>	<u>30,089,732</u>

Natchitoches Parish School Board did not properly maintain capital assets records.

7. RETIREMENT SYSTEMS

Substantially all employees of the School Board are members of two statewide retirement systems. In general, professional employees (such as teachers and principals) and lunchroom workers are members of the Teachers' Retirement System of Louisiana; other employees, such as custodial personnel and bus drivers, are members of the Louisiana School Employees' Retirement System. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

NATCHITOCHEES PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2017

A. Teachers' Retirement System of Louisiana (TRSL)

Plan Description

Employees of Natchitoches Parish School Board are provided with pensions through a cost sharing multiple-employer defined benefit plan administered by the Teachers' Retirement System of Louisiana (TRSL). Chapter 2 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) grants to TRSL Board of Trustees and the Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the plan. TRSL issues a publicly available financial report that can be obtained at www.trsl.org.

Benefits Provided

The following is a description of the plan and its benefits and is provided for general informational purposes only. TRSL provides retirement, deferred retirement option (DROP), disability, survivor's benefits, permanent benefit increases/cost-of-living adjustments and optional retirement plan (ORP). Participants should refer to the appropriate statutes for more complete information.

1. NORMAL RETIREMENT

Regular Plan - Members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after **July 1, 2015** may retire with a 2.5% benefit factor after attaining age sixty-two with at least 5 years of service credit or are eligible for an actuarially reduced benefit with at least 20 years of service credit at any age. Members hired between **January 1, 2011 and June 30, 2015** may retire with a 2.5% benefit factor after attaining age sixty with at least 5 years of service credit or are eligible for an actuarially reduced benefit with 20 years of service credit at any age. Members hired between **July 1, 1999 and December 31, 2010**, are eligible for a 2.5% benefit factor at the earliest of age 60 with 5 years of service credit, age 55 with 25 years of service credit, or at any age with 30 years of service. Members may retire with an actuarially reduced benefit with 20 years of service credit at any age. If hired before **July 1, 1999**, members are eligible for a 2% benefit factor at the earliest of age 60 with 5 years of service credit or at any age with 20 years of service credit, or a 2.5% benefit factor, age 55 with 25 years of service credit, age 65 with 20 years of service credit, or at any age with 30 years of service credit.

Plan A - Members may retire with a 3.0% benefit factor at age 55 with 25 years of service credit, age 60 with at least five years of service credit, or any age with 30 years of service credit. Plan A is closed to new entrants.

Plan B - Members may retire with a 2.0% benefit factor at age 55 with 30 years of service credit, or age 60 (first employed between January 1, 2011 - June 30, 2015) with at least 5 years of service credit, or age 62 (after July 1, 2015) with 5 years of service credit, or an actuarially reduced benefit with 20 years of service credit at any age.

NATCHITOCHEs PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2017

Benefit Formula

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

Payment Options

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

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

2. DEFERRED RETIREMENT OPTION PROGRAM (DROP)

In lieu of terminating employment and accepting a service retirement, an eligible member can begin participation in the Deferred Retirement Option Program (DROP) on the first retirement eligibility date for a period not to exceed the 3 years. A member has a 60 day window from his first eligible date to participate in the program in order to participate for the maximum number of years. Delayed participation reduces the three year maximum participation period. During participation, benefits otherwise payable are fixed, and deposited in an individual DROP account.

Upon termination of DROP participation, the member can continue employment and earn additional accruals to be added to the fixed pre-DROP benefit.

Upon termination of employment, the member is entitled to the fixed benefit, an additional benefit based on post-DROP service (if any), and the individual DROP account balance which can be paid in a lump sum or an additional annuity based upon the account balance.

3. DISABILITY RETIREMENT BENEFITS

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

NATCHITOCHEs PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2017

the date on which the member's first employment made them eligible for membership in a Louisiana state retirement system.

4. SURVIVOR BENEFITS

A surviving spouse with minor children of a deceased active member with at least five years of creditable service (2 years immediately prior to death) but less than 10 years of creditable service is entitled to a benefit equal to the greater of (a) \$600 per month, or (b) 50% of the member's benefit calculated at the 2.5% accrual rate for all creditable service. When a minor child(ren) is no longer eligible to receive survivor benefits, the surviving spouse's benefit ceases.

A surviving spouse with minor children of a deceased active member with at least ten years of creditable service (2 years immediately prior to death) or 20 years of creditable service (regardless when earned) is entitled to a benefit equal to the greater of (a) \$600 per month, or (b) the option 2 equivalent of the benefit calculated at the 2.5% benefit factor for all creditable service. If a surviving spouse remarries before the age of 55 and the deceased active member had less than 20 years of creditable service, the surviving spouse's benefit will cease.

Each minor child (maximum of 2) shall receive an amount equal to the greater of (a) 50% of the spouse's benefit, or (b) \$300 (up to 2 eligible children). Benefits to minors cease at attainment of age 21, marriage, or age 23 if enrolled in an approved institution of higher education.

A surviving spouse without minor children of a deceased active member with at least ten years of creditable service (2 years immediately prior to death) or 20 years of creditable service (regardless when earned) is entitled to a benefit equal to the greater of (a) \$600 per month, or (b) the option 2 equivalent of the benefit calculated at the 2.5% benefit factor for all creditable service. If a surviving spouse remarries before the age of 55 and the deceased active member had less than 20 years of creditable service, the surviving spouse's benefit will cease.

5. PERMANENT BENEFIT INCREASES/COST-OF-LIVING ADJUSTMENTS

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

6. OPTIONAL RETIREMENT PLAN (ORP)

The Optional Retirement Plan (ORP) was established for academic employees of public institutions of higher education who are eligible for membership in TRSL. This plan was designed to provide certain academic and unclassified employees of public institutions of higher education an optional method of funding for their retirement.

The ORP is a defined contribution pension plan which provides for portability of assets and full and immediate vesting of all contributions submitted on behalf of the affected employees to the

NATCHITOCHEs PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2017

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

Employer Contributions

The employer contribution rate is established annually under La. R.S. 11:101-11:104 by the Public Retirement Systems’ Actuarial Committee (PRSAC), taking into consideration the recommendation of the System’s actuary. Each sub plan pays a separate actuarially determined employer contribution rate. However, all assets of TRSL are used for the payment of benefits for all classes of members, regardless of their plan.

The rates in effect for the year ended June 30, 2017, are as follows:

TRSL Sub Plan	Total Employer Contribution
	2017
K-12 Regular Plan	25.5%
Higher Ed Regular Plan	24.4%
Plan A	30.7%
Plan B	28.2%

ORP	Employer UAL
2017	21.2%

The School Board’s contractually required composite contribution rate for the year ended June 30, 2017 was 25.5% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability.

Contributions to the pension plan from the School Board were \$7,702,099 for the year ended June 30, 2017.

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

At June 30, 2017, the School Board reported a liability of \$81,591,542 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial

NATCHITOCHE PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2017

valuation as of that date. 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 entities, actuarially determined. The School Board’s proportionate share used to calculate the June 30, 2017 net pension liability was 0.69517 percent, which was based on a measurement date of June 30, 2016. This was an increase of 0.01216 percent from its proportionate share used to calculate the June 30, 2016 net pension liability, which was based on a measurement date of June 30, 2015.

For the year ended June 30, 2017, the School Board recognized pension expense of \$8,324,082. At June 30, 2017, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$	\$ 1,610,844
Net difference between projected and actual earnings on pension plan investments	5,939,674	
Employer contributions subsequent to the measurement date	7,702,099	
Total	<u>\$ 13,641,773</u>	<u>\$ 1,610,844</u>

\$7,702,099 reported as deferred outflows of resources related to pensions resulting from School Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:		
2018	\$	164,002
2019		164,002
2020		2,600,800
2021		<u>1,400,026</u>
Total	\$	<u>4,328,830</u>

Actuarial Assumptions

The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

NATCHITOCHEES PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2017

Valuation date	June 30, 2016
Actual cost method	Entry Age Normal
Amortization approach	Closed
Actuarial assumptions:	
Expected Remaining Service Lives	5 years
Investment rate of return	7.75% net of investment expenses
Inflation rate	2.5% per annum
Projected salary increases	3.50% - 10.0% varies depending on duration of service
Cost-of-living adjustments	None
Mortality	Mortality rates were projected based on the RP-2000 Mortality Table with projection to 2025 using Scale AA.
Termination and disability	Termination, disability, and retirement assumptions were projected based on a five year (2008-2012) experience study of the System's members.

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 8.23% for 2016. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return
Domestic Equity	4.50%
International Equity	5.31%
Domestic Fixed Income	2.45%
International Fixed Income	3.28%
Private Equity	6.80%
Other Private Assets	4.82%

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System'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

NATCHITOCHEES PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2017

investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate

The following presents the proportionate share of the net pension liability of the participating employers calculated using the discount rate of 7.75%, as well as what the School Board's net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage point higher than the current rate.

	<u>1.0% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1.0% Increase (8.75%)</u>
School Board's proportionate share of the net pension liability	\$ 101,769,626	\$ 81,591,542	\$ 64,421,356

Retirement System Audit Reports

TRSL issues stand-alone audit reports on its financial statements. Access to these reports can be found on the Louisiana Legislative Auditor's website, www.lla.la.gov and the TRSL website, www.trsl.org.

B. Louisiana School Employees' Retirement System (LSERS)

General Information about the Pension Plan

Plan Description

Employees of Natchitoches Parish School Board are provided with pension through a cost-sharing multiple-employer defined benefit plan administered by the State of Louisiana School Employees' Retirement System (LSERS). Section 11:1001 of the Louisiana Revised Statutes grants to LSERS Board of Trustees and the Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the plan. LSERS issues a publicly available financial report that is available for download at www.lasers.net.

Benefits Provided

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Benefits

Benefit provisions are authorized under Louisiana Revised Statutes 11:1141 – 11:1153.

NATCHITOCHEs PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2017

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

For members who joined the System prior to July 1, 2006, the maximum retirement benefit is an amount equal to 3 1/3% of the average compensation for the three highest consecutive years of membership service, subject to the 10% salary limitation, multiplied by the number of years of service plus a supplementary allowance of \$2.00 per month for each year of service (limited to 100% of final average compensation). For members who joined the System on or after July 1, 2006 through June 30, 2010, 3 1/3% of the average compensation is used to calculate benefits, however, the calculation consists of the five highest consecutive years of membership service, subject to the 10% salary limitation.

For members who join the System on or after July 1, 2010, 2 1/2% of the average compensation is used to calculate benefits and consists of the five highest consecutive years' average salary, subject to the 15% salary limitation. The supplemental allowance was eliminated for members entering the System on or after July 1, 1986. Effective January 1, 1992, the supplemental allowance was reinstated to all members whose service retirement became effective after July 1, 1971.

Disability

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

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

Deferred Retirement Option Plan (DROP)

Members of the System may elect to participate in the Deferred Retirement Option Plan, (DROP) and defer the receipt of benefits. The election may be made only one time and the duration is limited to three years. Once an option has been selected, no change is permitted. Upon the effective date of the commencement of participation in the DROP Plan, active membership in the

NATCHITOCHEs PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2017

regular retirement plan of the System terminates. Average compensation and creditable service remain as they existed on the effective date of commencement of participation in DROP. The monthly retirement benefits, that would have been payable had the person elected to cease employment and receive a service retirement allowance, are paid into the Deferred Retirement Option Plan Fund Account.

The System maintains subaccounts within this account reflecting the credits attributed to each participant in the DROP program. Interest credited and payments from the DROP account are made in accordance with Louisiana Revised Statutes 11:1152(F)(3). Upon termination of participation in both the DROP program and employment, a participant may receive his DROP monies either in a lump sum payment from the account or systematic disbursements.

The System also provides for deferred benefits for vested members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable.

Initial Benefit Retirement Plan (IBRP)

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

EMPLOYER CONTRIBUTIONS

Contributions for all participating School Boards are actuarially determined as required by Act 81 of 1988 but cannot be less than the rate required by the Constitution. The actual employer contribution rate for the year ended June 30, 2016, was 30.2%.

Contributions to the pension plan from the School Board were \$382,453 for the year ended June 30, 2017.

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

At June 30, 2017, the Employer reported a liability of \$3,872,562 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School Board's proportion of the net pension liability was based on a projection of the School Board's long-term share of contribution to the pension plan relative to the projected contributions of all participating entities actuarially determined. The School Board's proportionate share used to calculate the June 30, 2017 net pension liability was 0.513366 percent, which was based on a measurement date of June 30, 2016. This was an

NATCHITOCHEs PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2017

increase of 0.022677 percent from its proportionate share used to calculate the June 30, 2016 net pension liability, which was based on a measurement date of June 30, 2015.

For the year ended June 30, 2017, the School Board recognized pension expense of \$409,325. At June 30, 2017, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$	\$ 105,679
Changes in assumptions	91,741	102,355
Net difference between projected and actual earnings on pension plan investments	490,589	
Changes in proportion	101,981	143,855
Employer contributions subsequent to the measurement date	382,453	
Total	\$ <u>1,066,764</u> \$	<u>351,889</u>

\$382,453 reported as deferred outflows of resources related to pensions resulting from School Board contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:

2018	\$ (93,503)
2019	63,036
2020	221,708
2021	<u>141,181</u>
Total	<u>\$ 332,422</u>

ACTUARIAL ASSUMPTIONS

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2016, are as follows:

NATCHITOCHEES PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2017

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	7.125%, per annum (increased from 7.0% in 2015)
Expected Remaining Service Lives	3 years
Inflation rate	2.625% per annum (decreased from 2.75% in 2015)
Mortality	RP-2000 Sex Distinct Mortality Table
Salary increases	2008-2012 experience study, ranging from 3.075% to 5.375% (decreased from a range of 3.2% to 5.5% in 2015)
Cost-of-living adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016, are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Fixed Income	30.00%	1.82%
Equity	51.00%	3.10%
Alternatives	13.00%	0.79%
Real Assets	6.00%	0.36%
Total	100.00%	6.07%
Inflation		2.00%
Expected Arithmetic Nominal Return		8.07%

NATCHITOCHEES PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2017

The discount rate used to measure the total pension liability was 7.125%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by Public Employees' Retirement Systems Actuarial Committee (PERSAC) taking into consideration the recommendation of the pension plan's actuary. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

SENSITIVITY TO CHANGES IN DISCOUNT RATE

The following presents the School Board's proportionate share of the net pension liability calculated using the discount rate of 7.125%, as well as what the School Board's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage-point higher than the current rate.

	<u>1% Decrease (6.125%)</u>	<u>Current Discount Rate (7.125%)</u>	<u>1% Increase (8.125%)</u>
School Board's proportionate share of the net pension liability \$	\$ 5,083,595	\$ 3,872,562	\$ 2,835,021

RETIREMENT SYSTEM AUDIT REPORT

The State of Louisiana School Employees Retirement System issued a stand-alone audit report on its financial statements for the year ended June 30, 2016. Access to the audit report can be found on the Office of Louisiana Legislative Auditor's official [website: www.la.gov](http://www.la.gov).

8. STATE OF LOUISIANA POST-RETIREMENT BENEFIT PLAN

Plan Description

The Natchitoches Parish School Board's (NPSB) employees participate in the State of Louisiana's OPEB plan. The Office of Group Benefits (OGB) administers the State of Louisiana Post-Retirement Benefit Plan – a defined-benefit, agent multiple-employer other post-employment benefit plan. The plan provides medical, prescription drug and life insurance benefits to retirees, disabled retirees, and their eligible beneficiaries through premium subsidies. Current employees, who participate in an OGB health plan while active, are eligible for plan benefits if they retire under one of the state sponsored retirement systems (LASERS, LSPRS, TRSL, or LSERS). Benefit provisions are established under LRS 42:821 for life insurance benefits and LRS 42:851 for health insurance benefits.

NATCHITOCHEES PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2017

A summary of the current active employee and retired population for Natchitoches Parish School Board as of June 30, 2017 is proved in the table below:

	<u>Plan Membership</u>
Retirees and beneficiaries	571
Active plan members	645
Total	<u>1,216</u>

OGB offered to retirees four self-insured healthcare plans and one fully insured plan. Retired employees who have Medicare Part A and Part B coverage also had access to three fully insured Medicare Advantage plans, which include two HMO plans and one Zero-Premium HMO plan.

Employees that participated in OGB medical coverage starting before January 1, 2002 pay 25% of the cost of active coverage in retirement. Employees with an OGB medical participation start (or re-start) date after December 31, 2001 pay a percentage of the total retiree premium rate (active premium if over 20 years of service) based on the following schedule:

<u>OGB Participation</u>	<u>Employer Contribution Percentage</u>	<u>Employee Contribution Percentage</u>
Under 10 years	19%	81%
10-14 years	38%	62%
15-19 years	56%	44%
20+ years	75%	25%

In addition healthcare benefits, retirees may elect to receive life insurance benefits. Basic and supplemental life insurance is available for the individual retiree and spouses of retirees subject to maximum values. Employers pay approximately 50% of monthly premiums. Participating retirees paid \$0.54 each month for each \$1,000 of life insurance and \$0.98 each month for each \$1,000 of spouse life insurance.

The plan does not issue a stand-alone financial report.

Funding Policy

The annual required contribution (ARC) represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation at the end of the year for the OGB plan were as follows (dollar amounts in thousands):

NATCHITOCHEES PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2017

	<u>Primary Government</u>
Annual required contribution	\$ 5,968,000
Annual OPEB cost (cost)	5,968,000
Premium payments made on behalf of retirees	<u>3,754,730</u>
Increase in net OPEB obligation	\$ 2,213,270
Net OPEB obligation, beginning of year	<u>\$ 29,054,519</u>
Net OPEB obligation, ending of year	<u>\$ 31,267,790</u>

The following table provides the State’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last three fiscal years:

<u>Post-Employment Benefit</u>	<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost</u>	<u>Net OPEB Obligation</u>
Medical & life	6/30/2017	\$ 5,968,000	62.91%	\$ 31,267,790
Medical & life	6/30/2016	7,415,000	54.76%	29,054,519
Medical & life	6/30/2015	7,126,200	53.00%	25,699,845

Funded Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial valuation date	7/01/2016
Actuarial accrued liability (AAL)	\$ 90,842,000
Unfunded AAL (UAAL)	\$ 90,842,000
Funded ratio	0%
Annual covered payroll	\$13,719,000
UAAL as a percentage of annual covered payroll	662%

Actuarial Methods and Assumptions

Actuarial valuations of the School Board’s plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress presented as required supplementary information following the notes to the financial statements presents information that shows whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits

NATCHITOCHEs PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2017

provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

The ARC for the year was determined as part of the July 1, 2016 actuarial valuation using the following methods and assumptions:

Actuarial cost method	Projected unit credit
Investment return	3.8% (net of administrative expenses), Based on expected long-term investment returns on employer's own investments
Healthcare inflation rate	7.0% and 6.0% for Pre 65 Medicare/Rx benefits and Post Medicare benefits eligible, respectively, scaling Down to ultimate rate of 4.5%
UAAL amortization method	Level percentage of payroll, open basis
Remaining amortization period	30 years
Projected salary increases	3%

Costs used in the determination of the actuarial accrued liability for the self-insured plans were developed from reported incurred medical and prescription drug claims experience and administrative costs during the period from October 1, 2014 through September 30, 2016 less retiree premiums. Costs for the fully insured plans were developed from the employer share of monthly premiums without adjustment for age.

9. INTER-FUND RECEIVABLES AND PAYABLES

Interfund receivables and payables, by fund, at June 30, 2017 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Title I Funds	\$ 524,649
General Fund	Child Nutrition Fund	83,896
Total		<u>\$ 608,545</u>

NATCHITOCHE PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2017

10. ACCOUNTS PAYABLE, SALARIES PAYABLE, AND OTHER PAYABLES

Payables of \$7,420,596 at June 30, 2017, are as follows:

	General Fund	Child Nutrition Fund	CSD #10 Maintenance Marthaville Fund	Title I Funds	Other Governmental Funds	Total
Salaries and withholdings	\$ 6,931,851	\$ 106,734	\$ -	\$ 106,892	\$ 202,169	\$ 7,347,646
Accounts payable	46,851	11,923	1,218	-	12,958	\$ 72,950
Total	<u>\$ 6,978,702</u>	<u>\$ 118,657</u>	<u>\$ 1,218</u>	<u>\$ 106,892</u>	<u>\$ 215,127</u>	<u>\$ 7,420,596</u>

11. COMPENSATED ABSENCES

At June 30, 2017, employees of the School Board have accumulated and vested \$1,863,605 of employee leave benefits. These employee leave benefits were computed in accordance with GASB Codification Section C60.

12. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended June 30, 2017:

	Bonds and Certificates of Indebtedness	Compensated Absences	Other Post Employment Benefits	Teacher's Retirement System of Louisiana	School Employee's Retirement System of Louisiana	Total
Long-term debt payable, July 1, 2016	\$ 8,618,000	1,832,076	29,054,520	73,439,237	3,111,591	116,055,424
Additions	-	31,529	2,213,270	8,152,305	760,971	11,158,075
Retirements	(1,726,000)	-	-	-	-	(1,726,000)
Long-term debt payable, June 30, 2017	<u>\$ 6,892,000</u>	<u>1,863,605</u>	<u>31,267,790</u>	<u>81,591,542</u>	<u>3,872,562</u>	<u>125,487,499</u>
<u>Long-term Liabilities</u>						
Due within one year	\$ 849,000	-	-	-	-	849,000
Due in more than one year	6,043,000	1,863,605	31,267,790	81,591,542	3,872,562	124,638,499
Total	<u>\$ 6,892,000</u>	<u>1,863,605</u>	<u>31,267,790</u>	<u>81,591,542</u>	<u>3,872,562</u>	<u>125,487,499</u>

The individual issues, which are serial bonds, payable from their respective school board debt service funds and certificates of indebtedness, payable from the General Fund, are as follows:

NATCHITOCHE PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2017

Bond Issue	Original Issue Amount	Interest Rates	Final Due	Interest to Maturity	Principal Outstanding
Consolidated School District No. 7: September 18, 2012	\$ 5,189,000	2.18%	3/1/2023	\$ 257,044	\$ 3,282,000
Consolidated School District No. 8: September 10, 2005	\$ 3,500,000	2.5 - 3.5%	3/1/2035	1,123,175	3,385,000
School District No. 9: September 7, 2005	\$ 13,080,000	3.0 - 5.0%	3/1/2017	0	-
June 25, 2009	\$ 1,250,000	3.0 - 5.0%	6/25/2017	0	-
Total Bonds				\$ 1,380,219	\$ 6,667,000

Certificate of Indebtedness	Original Issue Amount	Interest Rates	Final Due	Interest to Maturity	Principal Outstanding
General Fund: April 30, 2013	\$ 2,545,000	3.68 - 3.69%	9/1/2017	\$ 4,151	\$ 225,000

All principal and interest requirements are funded in accordance with Louisiana law by the annual ad valorem tax levy on taxable property within the parish (or other as indicated). At June 30, 2017, the School Board has accumulated \$1,266,445 in the debt service funds for future debt requirements. The bonds and certificates of indebtedness are due as follows:

Year Ending June 30,	Principal Payments	Interest Payments	Total
2018	\$ 849,000	176,386	1,025,386
2019	646,000	157,648	803,648
2020	667,000	142,540	809,540
2021	696,000	126,934	822,934
2022	719,000	110,963	829,963
2023-2027	1,435,000	376,887	1,811,887
2028-2032	1,085,000	236,313	1,321,313
2033-2035	795,000	56,700	851,700
Total	\$ 6,892,000	\$ 1,384,371	\$ 8,276,371

In accordance with R.S. 39:562, the School Board is legally restricted from incurring long-term bonded debt in excess of 35% of the assessed value of taxable property. At June 30, 2017, the statutory limit is \$127,229,776, and outstanding bonded debt totals \$6,892,000.

Defeased Debt:

In prior years, the School Board defeased certain general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the School Board's financial statements. On June 30, 2017, a total of \$3,302,000 of bonds outstanding is considered defeased.

NATCHITOCHEES PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2017

13. INTER-FUND TRANSFERS

Transfers amount total \$1,420,874 (See Finding 2017-002).

14. RISK MANAGEMENT

The School Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. With respect to the aforementioned risks, with the exception of property losses below the policy deductibles, and for injuries to employees (worker's compensation), the School Board has obtained commercial insurance, and settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

With respect to injuries to employees (worker's compensation), the School Board has initiated a risk management program for worker's compensation insurance. Operation of this program is accounted for within the General Fund and funds are available to pay claims, claim reserves, and administrative costs of the program. An excess coverage insurance policy covers claims in excess of \$400,000 with an aggregate limit of \$1,000,000. Interfund premiums are based primarily on the individual funds' payroll and are reported as expenditures in the individual funds.

15. LITIGATION AND CLAIMS

Federal Grants - The school board has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowances resulting from the grantor audit may become a liability of the school board.

Litigation - The school board is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate the outcome or liability, if any, of the School Board with respect to the various proceedings. The School Board is a defendant in several lawsuits. The School Board's legal counsel has reviewed the School Board's claims and lawsuits in order to evaluate the likelihood of an unfavorable outcome to the School Board and to arrive at an estimate, if any of the amount or range of potential loss to the School Board. As a result of the review, the various claims and lawsuits have been categorized into probable, reasonably possible, or remote as defined by the Governmental Accounting Standards Board. The amounts of claims and lawsuits which have been classified as reasonably possible individually range from \$50,000 to \$100,000. It is the opinion of the School Board, after conferring with legal counsel, that the liability, if any, which might arise from these lawsuits would not have a material adverse effect on the School Board's financial position.

NATCHITOCHEES PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2017

16. ECONOMIC DEPENDENCY

Statement of Financial Accounting Standards (SFAS) No. 14 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenue.

The Minimum Foundation funding provided by the state to all public school systems in Louisiana is primarily based on October 1 student count. The State provided \$33,611,205 to the School Board, which represents approximately 50% of the School Board's total revenue for the year.

17. PERFORMANCE-BASED ENERGY EFFICIENCY CONTRACT

In prior years, the School Board entered into an energy performance contract with Siemens Building Technologies, Inc. (Energy Service Company or ESCO) for the purpose of the purchase and installation of an energy saving scope of work. ESCO installed equipment designed to save energy and reduce related costs for certain property and buildings owned by the School Board. The Louisiana Attorney General issued an opinion (A.G. Opinion Number 07-0002) regarding a similar contract with another School Board and concluded that because the operational stipulated savings are not guaranteed by the contractor, the contract does not meet the statutory definition of a performance-based energy efficiency contract.

The contractor sued the other School Board in the 18th Judicial School Board Court for payment relating to the contract. The court for the School Board found and determined that the contract was not fully guaranteed and was found to be null and void. Siemen's requests for review and reversal by the Fifth Circuit Court of Appeals and the Supreme Court were rejected.

The contract of the Natchitoches Parish School Board, in addition to the operational stipulated savings clause, also contains a verifiable (measured) energy savings clause. The School Board entered into the contract based solely on the savings provided by the verifiable (measured) energy savings clause without consideration for the amount of the stipulated savings clause. Management of the School Board determined that their verifiable (measured) savings is more than the annual payments being made, and they will continue to monitor the performance of the contract.

18. EFFECT ON DEFERRED AMOUNTS ON NET POSITION

The unrestricted net position amount of (\$103,830,017) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. The \$14,708,537 balance of deferred outflow of resources, at June 30, 2017 will be recognized as an expense and will decrease the unrestricted net position over the next few years.

NATCHITOCHEs PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2017

The unrestricted net position amount of (\$103,830,017) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$1,962,733 balance of deferred inflow of resources, at June 30, 2017 will be recognized as a revenue and will increase the unrestricted net position over the next few years.

19. PRIOR PERIOD ADJUSTMENTS

A summary of significant Net Position/Fund Balance adjustments is as follows:

<u>Explanation</u>	<u>Amount</u>
To adjust net pension liability.	\$ <u><u>(6,662)</u></u>

20. SUBSEQUENT EVENTS

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Natchitoches Parish School Board evaluated the activity of the board through the date the financial statements were available to be issued and determined a subsequent event has occurred requiring disclosure in the notes to the financial statements:

On November 30, 2017, the School Board issued general obligation bonds, series 2017 in the amount of \$7,200,000. It will mature on March 1, 2037 with a 2.00 - 4.00% interest rate.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

NATCHITOCHE PARISH SCHOOL BOARD
Natchitoches, Louisiana
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2017

	BUDGETED AMOUNTS		ACTUAL AMOUNTS (Budgetary Basis)	VARIANCE WITH FINAL BUDGET Positive (Negative)
	ORIGINAL	FINAL		
Revenues:				
Local sources:				
Taxes:				
Ad valorem	\$ 3,752,495	3,830,188	3,987,056	156,868
Sales and use	12,654,000	12,390,000	12,469,396	79,396
Interest earnings	750,241	571,300	450,224	(121,076)
Other	231,177	561,524	1,043,497	481,973
Total local sources	<u>17,387,913</u>	<u>17,353,012</u>	<u>17,950,173</u>	<u>597,161</u>
State sources:				
Minimum Foundation Program	33,055,000	32,900,000	33,378,373	478,373
Other	174,439	298,015	446,599	148,584
Total state sources	<u>33,229,439</u>	<u>33,198,015</u>	<u>33,824,972</u>	<u>626,957</u>
Federal sources	<u>322,003</u>	<u>200,000</u>	<u>277,262</u>	<u>77,262</u>
Total Revenues	<u>50,939,355</u>	<u>50,751,027</u>	<u>52,052,407</u>	<u>1,224,118</u>
Expenditures:				
Instruction:				
Regular programs	23,720,890	25,814,041	25,317,957	496,084
Special programs	7,735,951	8,112,147	7,883,999	228,148
Vocational programs	1,314,481	1,367,723	1,382,290	(14,567)
All other programs	1,398,327	1,332,857	1,476,277	(143,420)
Support services:				
Student services	2,256,078	2,378,005	2,553,366	(175,361)
Instructional staff support	2,509,944	2,129,391	2,043,197	86,194
General administration	1,168,232	1,316,569	1,532,271	(215,702)
School administration	3,656,662	3,663,543	3,673,393	(9,850)
Business services	588,545	611,190	598,922	12,268
Plant services	3,942,688	4,194,797	4,002,538	192,259
Student transportation services	4,650,977	4,758,529	4,768,043	(9,514)
Central services	417,112	491,484	553,799	(62,315)
School food services	18,808	400	21,123	(20,723)
Community service programs	1,775	1,755	1,479	276
Capital outlay	608	16,453	15,845	608
Debt service:				
Principal retirement	210,000	215,000	215,000	0
Interest and bank charges	20,109	12,272	12,272	0
Total Expenditures	<u>53,611,187</u>	<u>56,416,156</u>	<u>56,051,771</u>	<u>364,385</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,671,832)</u>	<u>(5,665,129)</u>	<u>(3,999,364)</u>	<u>859,733</u>
Other Financing Sources (Uses)				
Transfers in	2,672,529	5,665,642	433,053	5,232,589
Transfers out	(697)	(513)	(632,120)	631,607
Local revenue transfers - charter schools	0	0	(111,857)	111,857
Total Other Financing Sources (Uses)	<u>2,671,832</u>	<u>5,665,129</u>	<u>(310,924)</u>	<u>5,976,053</u>
Net Change in Fund Balances	0	0	(4,310,288)	6,835,786
July 1, 2016	8,269,576	0	6,554,966	(6,554,966)
July 30, 2017	<u>\$ 8,269,576</u>	<u>0</u>	<u>2,244,678</u>	<u>280,820</u>

The notes to the required supplementary information are an integral part of this schedule.

NATCHITOCHEs PARISH SCHOOL BOARD
Natchitoches, Louisiana
Child Nutrition Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2017

	BUDGETED AMOUNTS		ACTUAL AMOUNTS (Budgetary Basis)	VARIANCE WITH FINAL BUDGET Positive (Negative)
	ORIGINAL	FINAL		
Revenues:				
Local sources:				
Interest earnings	\$ 0	0	585	585
Charges for services	84,107	96,585	87,054	(9,531)
Other	0	0	54,334	54,334
Total local sources	<u>84,107</u>	<u>96,585</u>	<u>141,973</u>	<u>45,388</u>
State sources:				
Minimum Foundation Program	496,749	511,749	232,832	(278,917)
Other	0	0	10,137	10,137
Total state sources	<u>496,749</u>	<u>511,749</u>	<u>242,969</u>	<u>(268,780)</u>
Federal sources	<u>3,200,000</u>	<u>3,351,150</u>	<u>3,613,530</u>	<u>262,380</u>
Total Revenues	<u>3,780,856</u>	<u>3,959,484</u>	<u>3,998,472</u>	<u>38,988</u>
Expenditures:				
Support services:				
General administration	1,362	9,410	9,410	0
Plant services	1,548	1,500	1,548	(48)
School food services	3,872,571	3,836,678	3,987,514	(150,836)
Total Expenditures	<u>3,875,481</u>	<u>3,847,588</u>	<u>3,998,472</u>	<u>(150,884)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(94,625)</u>	<u>111,896</u>	<u>0</u>	<u>189,872</u>
Other Financing Sources (Uses)				
Transfers out	0	(111,896)	0	(111,896)
Total Other Financing Sources (Uses)	<u>0</u>	<u>(111,896)</u>	<u>0</u>	<u>(111,896)</u>
Net Change in Fund Balances	(94,625)	0	0	77,976
July 1, 2016	<u>0</u>	<u>0</u>	<u>216,444</u>	<u>(216,444)</u>
July 30, 2017	<u>\$ (94,625)</u>	<u>0</u>	<u>216,444</u>	<u>(111,896)</u>

The notes to the required supplementary information are an integral part of this schedule.

NATCHITOCHEs PARISH SCHOOL BOARD
Natchitoches, Louisiana
CSD #10 Maintenance Marthaville Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2017

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS (Budgetary Basis)</u>	<u>VARIANCE WITH FINAL BUDGET Positive (Negative)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Revenues:				
Local sources:				
Taxes:				
Ad valorem	\$ 891,770	855,009	823,505	(31,504)
Interest earnings	40	39	39	-
Other	7,500	6,000	6,500	500
Total local sources	<u>899,310</u>	<u>861,048</u>	<u>830,044</u>	<u>(31,004)</u>
Total Revenues	<u>899,310</u>	<u>861,048</u>	<u>830,044</u>	<u>(31,004)</u>
Expenditures:				
Instruction:				
Regular programs	132,410	102,731	102,731	0
Vocational programs	1,500	0		0
Support services:				
Instructional staff support	0	304	304	0
General administration	86,143	34,131	2,566	31,565
School administration	0	1,366	1,366	0
Plant services	655,035	179,735	180,953	(1,218)
Central services	0	2,587	2,587	0
School food services	24,222	31,930	31,930	0
Capital outlay	0	262,344	262,344	0
Total Expenditures	<u>899,310</u>	<u>615,128</u>	<u>584,781</u>	<u>30,347</u>
Net Change in Fund Balances	0	245,920	245,263	657
July 1, 2016	0	2,024,269	2,699,707	(675,438)
July 30, 2017	<u>\$ 0</u>	<u>2,270,189</u>	<u>2,944,970</u>	<u>(657)</u>

The notes to the required supplementary information are an integral part of this schedule.

NATCHITOCHE PARISH SCHOOL BOARD
Natchitoches, Louisiana
Title I Funds
Budgetary Comparison Schedule
For the Year Ended June 30, 2017

	BUDGETED AMOUNTS		ACTUAL AMOUNTS (Budgetary Basis)	VARIANCE WITH FINAL BUDGET Positive (Negative)
	ORIGINAL *	FINAL		
Revenues:				
Local sources:				
Charges for services	\$ 0	50,688	0	(50,688)
Total local sources	<u>0</u>	<u>50,688</u>	<u>0</u>	<u>(50,688)</u>
Federal sources	<u>0</u>	<u>4,211,651</u>	<u>2,155,912</u>	<u>(2,055,739)</u>
Total Revenues	<u>0</u>	<u>4,262,339</u>	<u>2,155,912</u>	<u>(2,106,427)</u>
Expenditures:				
Instruction:				
Regular programs	0	0	5,903	(5,903)
All other programs	0	2,837,162	1,681,533	1,155,629
Support services:				
Student services	0	146,340	141,080	5,260
Instructional staff support	0	974,609	663,164	311,445
General administration	0	2,000	2,000	0
School administration	0	0	4,201	(4,201)
Business services	0	0	762	(762)
Student transportation services	0	0	200	(200)
Total Expenditures	<u>0</u>	<u>3,960,111</u>	<u>2,498,843</u>	<u>1,461,268</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>0</u>	<u>302,228</u>	<u>(342,931)</u>	<u>(3,567,695)</u>
Other Financing Sources (Uses)				
Transfers in	0	0	821,856	(821,856)
Transfers out	0	(302,228)	(478,925)	176,697
Total Other Financing Sources (Uses)	<u>0</u>	<u>(302,228)</u>	<u>342,931</u>	<u>(645,159)</u>
Net Change in Fund Balances	0	0	0	(4,212,854)
July 1, 2016	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
July 30, 2017	<u>\$ 0</u>	<u>0</u>	<u>0</u>	<u>(4,212,854)</u>

The notes to the required supplementary information are an integral part of this schedule.

* An original budget for Title I was prepared but did not contain the elements needed to agree with the format required for presentation.

This page is left blank intentionally.

Natchitoches Parish School Board
Schedule of Funding Progress for OPEB
For the Year Ended June 30, 2017

Postemployment Health Care and Life Insurance Benefits

	<u>June 30, 2011</u>	<u>June 30, 2012</u>	<u>June 30, 2013</u>	<u>June 30, 2014</u>
Actuarial Valuation Date	-	-	-	-
Actuarial Value of Assets (a)	\$ -	-	-	-
Actuarial Accrued Liability (AAL) (b)	<u>123,131,800</u>	<u>120,339,900</u>	<u>90,320,800</u>	<u>97,926,500</u>
Unfunded AAL (UAAL)(b-a)	\$ 123,131,800	120,339,900	90,320,800	97,926,500
Funded Ratio (a/b)	0%	0%	0%	0%
Covered Payroll (c)	\$ 22,441,700	22,478,700	23,655,100	24,287,700
Unfunded AAL (Funding Excess) as a Percentage of Covered Payroll (b-a)/c)	549%	536%	382%	403%

	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>
Actuarial Valuation Date	-	-	-
Actuarial Value of Assets (a)	-	-	-
Actuarial Accrued Liability (AAL) (b)	<u>\$ 105,293,900</u>	<u>110,249,000</u>	<u>90,842,000</u>
Unfunded AAL (UAAL)(b-a)	105,293,900	110,249,000	90,842,000
Funded Ratio (a/b)	\$ 0%	0%	0%
Covered Payroll (c)	30,282,302	12,366,463	13,719,000
Unfunded AAL (Funding Excess) as a Percentage of Covered Payroll (b-a)/c)	350%	892%	662%

The notes to the required supplementary information are an integral part of this schedule.

Natchitoches Parish School Board
Schedule of Employer Contributions for OPEB
For the Year Ended June 30, 2017

Fiscal Year Ending	Annual OPEB Cost	Annual Contributed	Percentage of Annual OPEB Costs Contributed	Increase (Decrease) to Net OPEB Obligation	Net OPEB Obligation
June 30, 2017	\$ 5,968,000	\$ 3,754,730	62.91%	\$ 2,213,270	\$ 31,267,790
June 30, 2016	7,415,000	4,060,325	54.76%	3,354,675	29,054,519
June 30, 2015	7,125,200	3,753,532	52.68%	3,372,668	25,699,845
June 30, 2014	6,528,400	3,650,943	55.92%	2,877,449	22,327,177
June 30, 2013	6,323,100	3,689,297	58.35%	2,633,803	19,449,720
June 30, 2012	6,302,400	3,544,411	61.01%	2,633,803	16,815,917
June 30, 2011	7,477,818	3,510,136	47.40%	3,933,407	14,358,550

The notes to the required supplementary information are an integral part of this schedule.

Natchitoches Parish School Board

Schedule of the School Board's Proportionate Share of the Net Pension Liability

TRSL

Last 10 Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
School Board's proportion of the net pension liability (asset) \$	81,591,542	73,439,237	71,396,513
School Board's proportionate share of the net pension liability (asset)	0.69517%	0.68301%	0.69850%
School Board's covered payroll	33,291,460	30,558,771	31,177,287
School Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	245.08%	240.32%	229.00%
Plan fiduciary net position as a percentage of the total pension liability	59.90%	62.47%	63.65%

The notes to the required supplementary information are an integral part of this schedule.

* The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the year prior to the fiscal year presented.

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 6/30/15, and, until a full 10-year trend is compiled, the School Board has only presented information for the years in which information is available.

Natchitoches Parish School Board

Schedule of the School Board's Proportionate Share of the Net Pension Liability

LSERS

Last 10 Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
School Board's proportion of the net pension liability (asset) \$	3,872,562	3,111,591	3,199,283
School Board's proportionate share of the net pension liability (asset)	0.51337%	0.49069%	0.55190%
School Board's covered payroll	361,642	330,958	339,235
School Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	1070.83%	940.18%	943.09%
Plan fiduciary net position as a percentage of the total pension liability	70.09%	74.49%	76.18%

The notes to the required supplementary information are an integral part of this schedule.

* The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the year prior to the fiscal presented.

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 6/30/15, and, until a full 10-year trend is compiled, the School Board has only presented information for the years in which information is available.

Natchitoches Parish School Board
 Schedule of School Board Contributions
 TRSL
 Last 10 Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 7,702,099	8,755,654	8,556,456
Contributions in relation to the contractually required contribution	7,702,099	8,755,654	8,556,456
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>
School Board's covered payroll	30,204,310	33,291,460	30,558,771
Contributions as a percentage of covered payroll	25.50%	26.30%	28.00%

The notes to the required supplementary information are an integral part of this schedule.

Natchitoches Parish School Board
 Schedule of the School Board Contributions
 LSERS
 Last 10 Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 382,453	109,216	109,216
Contributions in relation to the contractually required contribution	382,453	109,216	109,216
Contribution deficiency (excess)	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
School Board's covered payroll	1,400,927	361,642	330,958
Contributions as a percentage of covered payroll	27.30%	30.20%	33.00%

The notes to the required supplementary information are an integral part of this schedule.

Natchitoches Parish School Board

Notes to the Required Supplementary Information
For the Year Ended June 30, 2017

A. BUDGETS

General Budget Practice: 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 include the original and adopted budget and all subsequent amendments. These revisions were not considered significant.

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

B. PENSION SCHEDULES

Louisiana School Employees' Retirement System (LSERS)

2015

1. Changes of benefit provisions

None.

Natchitoches Parish School Board

Notes to the Required Supplementary Information (Continued)

For the Year Ended June 30, 2017

2. Changes of assumptions

The expectation of retired life mortality was changed to the RP-2000 Combined Healthy Sex Distinct Mortality Table, rather than the RP-2000 Sex Distinct Mortality Table.

2016

1. Changes of benefit provisions

None

2. Changes of assumptions

The price inflation and investment rate of return assumptions were changed from 2.75% to 2.625% per annum and from 7.0% to 7.125%, respectively.

The expectation of retired life mortality was changed to the RP-2000 Sex Distinct Mortality Table rather than the RP-2000 Combined Healthy Sex Distinct Mortality Table.

The assumed rates of salary from the 2008-2012 experience study increased to a range of 3.075% to 5.375% from 3.2% to 5.5% in 2015.

Teachers' Retirement System of Louisiana (TRSL)

2015

1. Changes of benefit provisions

None

2. Changes of assumptions

None

2016

1. Changes of benefit provisions

None

2. Changes of assumptions

None

SUPPLEMENTARY INFORMATION

NATCHITOCHE PARISH SCHOOL BOARD
Natchitoches, Louisiana
NONMAJOR GOVERNMENTAL FUNDS
Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 2017

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES				
Local sources:				
Taxes:				
Ad valorem	\$ 1,979,384	\$ 1,752,671	\$ -	\$ 3,732,055
Interest earnings	1,815	134	-	1,949
Other	551,155	-	-	551,155
Total Local Sources	<u>2,532,354</u>	<u>1,752,805</u>	<u>-</u>	<u>4,285,159</u>
State sources:				
Other	519,606	7,695	-	527,301
Total State Sources	<u>519,606</u>	<u>7,695</u>	<u>-</u>	<u>527,301</u>
Federal Sources	<u>3,343,708</u>	<u>-</u>	<u>-</u>	<u>3,343,708</u>
TOTAL REVENUES	<u>6,395,668</u>	<u>1,760,500</u>	<u>-</u>	<u>8,156,168</u>
EXPENDITURES				
Current:				
Instruction:				
Regular programs	566,452	-	57,465	623,917
Special programs	521,558	-	-	521,558
Vocational programs	74,748	-	-	74,748
All other programs	1,705,730	-	-	1,705,730
Support services:				
Student services	715,882	-	-	715,882
Instructional staff support	652,136	-	-	652,136
General administration	2,283	-	475	2,758
School administration	4,217	-	4,778	8,995
Business services	1,037	-	-	1,037
Plant services	1,261,352	-	34,217	1,295,569
Student transportation services	74,500	-	-	74,500
Central services	40,368	-	-	40,368
Capital outlay	359,829	-	1,230,534	1,590,363
Debt service:				
Principal retirement	-	1,511,000	-	1,511,000
Interest and bank charges	-	221,810	-	221,810
Other	-	2,300	-	2,300
Total expenditures	<u>5,980,092</u>	<u>1,735,110</u>	<u>1,327,469</u>	<u>9,042,671</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>415,576</u>	<u>25,390</u>	<u>(1,327,469)</u>	<u>(886,503)</u>
OTHER FINANCING SOURCES (Uses)				
Transfers in	165,965	-	-	165,965
Transfers out	(309,829)	-	-	(309,829)
Total other financing sources (uses)	<u>(143,864)</u>	<u>-</u>	<u>-</u>	<u>(143,864)</u>
NET CHANGES IN FUND BALANCES	271,712	25,390	(1,327,469)	(1,030,367)
FUND BALANCES - JULY 1, 2016	602,911	1,241,055	1,471,679	3,315,645
FUND BALANCES - JUNE 30, 2017	<u>\$ 874,623</u>	<u>\$ 1,266,445</u>	<u>\$ 144,210</u>	<u>\$ 2,285,278</u>

NATCHITOCHE PARISH SCHOOL BOARD
Natchitoches, Louisiana
SUPPLEMENTARY INFORMATION SCHEDULES
As of and for the Year Ended June 30, 2017

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue:

Preschool Grants: To provide grants to states to assist them in providing a free appropriate public education to preschool disabled children from 3 to 5 years old.

Title II: The purpose of the program is to increase academic achievement by improving the quality and effectiveness of teachers, principals and other school leaders. This program is carried out by: increasing the number of teachers, principals and other school leaders who are effective in improving student academic achievement in schools.

IDEA (Special Education Grants): Funds are used by State and local educational agencies, in accordance with the IDEA, to help provide the special education and related services needed to make a free appropriate public education available to all eligible children and, in some cases, early intervening services.

Vocational Education: To develop more fully the academic, career, and technical skills of secondary and post-secondary students who elect to enroll in career and technical education programs.

Temporary Assistance to Needy Families: To provide grants to assist needy families with children so that children can be cared for in their own homes; to reduce dependency by promoting job preparation, work, and marriage; to reduce and prevent out-of-wedlock pregnancies; and to encourage the formation and maintenance of two-parent families.

Debt Service:

SD#9 Bonds – City Schools
CSD #7 Bonds – FA-LHS-Goldonna
CSD #8 Bonds - Principal

The debt service funds are used to account for the accumulation of resources to pay the principal and interest on the School Board's long-term debt.

Capital Projects Fund:

The capital projects fund for this School Board is used to account for major capital acquisitions or construction.

AGENCY FUND

School Activities Agency Fund: The activities of the various individual school accounts are accounted for in the school activities agency fund. While the accounts are under the supervision of the School Board, they belong to the individual schools or their student bodies and are not available for use by the School Board.

NATCHITOCHE PARISH SCHOOL BOARD

Natchitoches, Louisiana

AGENCY FUND

Schedule of Changes in Deposit Balances of Individual School Activity Funds
For the Year Ended June 30, 2017

School	Beginning Balance	Additions	Reductions	Ending Balance
Cloutierville Elementary & Junior High School	\$ 16,604	\$ 33,278	\$ 39,123	\$ 10,759
East Natchitoches Elementary	22,429	15,750	22,935	15,244
Frankie Ray Jackson, Senior Technical Center	933	9,108	8,544	1,497
Fairview Alpha Elementary & Junior High School	1,159	64,841	55,437	10,563
Goldonna Elementary & Junior High School	16,823	60,445	59,236	18,032
Lakeview Senior and Junior High	58,586	275,851	265,244	69,193
L. P. Vaughn Elementary & Middle School	43,991	83,292	86,632	40,651
Marthaville Elementary & Junior High School	34,631	94,330	86,463	42,498
Natchitoches Central High	293,065	702,761	697,936	297,890
Natchitoches Junior High	9,397	128,118	116,985	20,530
Natchitoches Magnet	65,115	109,914	107,116	67,913
Northwestern Elementary Laboratory	88,621	144,854	158,037	75,438
Northwestern State University Middle Laboratory	92,902	148,389	155,613	85,678
Parks Elementary & Middle School	634	-	634	0
Provençal Elementary & Junior High School	81,637	116,233	124,005	73,865
Weaver Elementary	23,124	61,713	50,423	34,414
Total School Activity Funds	<u>\$ 849,651</u>	<u>\$ 2,048,877</u>	<u>\$ 2,034,363</u>	<u>\$ 864,165</u>

NATCHITOCHE PARISH SCHOOL BOARD
Natchitoches, Louisiana

Schedule of Compensation Paid Board Members
For the Year Ended June 30, 2017

The schedule of compensation paid to the School Board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the School Board members is included in the general administrative expenditures of the General Fund. In accordance with Louisiana Revised Statute 17:56, the School Board members have elected the monthly payment of compensation. Under this method, each member of the School Board receives \$650 per month. In addition, the president receives \$50 per month for exercising the duties of the office.

Ralph D. Wilson	\$ 8,400
Carroll Daniels	7,800
Russell E. Danzy	7,800
Willis Eugene Garner	7,800
Harry D. Graham	7,800
Steven R. Harris	7,800
Michael W. Hilton	7,800
Thomas G. Melder	7,800
Emile E. Metoyer	7,800
Joella Wilson	7,800
Rhonda E. Guidroz	<u>7,800</u>
Total	<u>\$86,400</u>

NATCHITOCHE PARISH SCHOOL BOARD
Natchitoches, Louisiana

Schedule of Compensation, Benefits and Other Payments
to Agency Head or Chief Executive Officer
Year Ended June 30, 2017

Agency Head Name: Mr. Dale Skinner, Superintendent

Purpose		Amount
Salary	\$	120,062
Benefits - insurance		-
Benefits - retirement		31,566
Benefits - life		-
Car allowance		-
Vehicle provided by government		-
Per diem		-
Reimbursements		-
Travel		324
Registration fees		-
Conference travel		-
Continuing professional education fees		-
Housing		-
Unvouchered expenses		-
Special meals		-

NATCHITOCHE PARISH SCHOOL BOARD
Natchitoches, Louisiana
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2017

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	PASS-THROUGH GRANT NUMBER	FEDERAL CFDA NUMBER	FEDERAL EXPENDITURES
UNITED STATES DEPARTMENT OF AGRICULTURE			
Passed through Louisiana Department of Education:			
National School Lunch Program	05-SFS-054A	10.555	\$ 3,425,794
National School Lunch Program		10.555	187,736
Total passed-through Louisiana Department of Education			<u>3,613,530</u>
Total United States Department of Agriculture			<u>3,613,530</u>
UNITED STATES DEPARTMENT OF DEFENSE			
Direct Program:			
Issue of Department of Defense Excess Equipment		12.000	97,952
Total United States Department of Defense			<u>97,952</u>
UNITED STATES DEPARTMENT OF INTERIOR			
Direct Programs:			
Timber Sales		15.xxx	22,560
Payments in Lieu of Taxes		15.226	156,749
Total United States Department of Defense			<u>179,309</u>
UNITED STATES DEPARTMENT OF EDUCATION			
Passed through Louisiana Department of Education:			
Title I Grants to Local Educational Agencies	28-15-TA-35	84.010	31,500
Title I Grants to Local Educational Agencies	28-16-BG-35	84.010	136,018
Title I Grants to Local Educational Agencies	28-17-BJ-35	84.010	26,500
Title I Grants to Local Educational Agencies	28-17-T1-35	84.010	2,152,680
Migrant Education - State Grant Program	28-17-M1-35	84.011A	62,802
Career and Technical Education - Basic Grants to States	28-17-02-35	84.048	75,602
Twenty-First Century Community Learning Centers	28-17-C8-35	84.287	258,372
Special Education - State Personnel Development	28-17-P6-35	84.323	15,617
Rural Education	28-17-RE-35	84.358	103,921
Supporting Effective Instruction State Grants	28-17-50-35	84.367	376,536
Striving Readers/Comprehensive Literacy Development	28-16-U3-35	84.371C	210,933
Subtotal			<u>3,450,481</u>
Special Education Cluster:			
Special Education - Grants to States	28-17-B1-35	84.027	1,446,921
Special Education - Preschool Grants	28-17-P1-35	84.173	58,881
Total Special Education Cluster			<u>1,505,802</u>
Total passed-through Louisiana Department of Education			<u>4,956,283</u>
Total United States Department of Education			<u>4,956,283</u>
UNITED STATES DEPARTMENT OF HEALTH & HUMAN SERVICES			
Direct Programs:			
Child Care and Development Block Grant	28-17-C3-35	93.575	14,973
Subtotal			<u>14,973</u>
Passed through the Louisiana Department of Education:			
Temporary Assistance for Needy Families	28-17-36-35	93.558	369,332
Temporary Assistance for Needy Families	28-17-JS-35	93.558	28,735
Subtotal			<u>398,067</u>
Total passed-through the Louisiana Department of Education			<u>398,067</u>
Total United States Department of Health & Human Services			<u>413,040</u>
UNITED STATES DEPARTMENT OF HOMELAND SECURITY			
Passed-through the Governor's Office of Homeland Security and Emergency Preparedness:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)		97.036	246,611
Total passed-through the Governor's Office of Homeland Security and Emergency Preparedness			<u>246,611</u>
Total United States Department of Homeland Security			<u>246,611</u>
Total Expenditures of Federal Awards			\$ <u>9,506,725</u>

The notes to the supplementary information are an integral part of this schedule.

NATCHITOCHES PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2017

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the School Board under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the School Board, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School Board.

Note 2. Noncash Programs

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

Donated commodities of \$187,736 are included in the National School Lunch Program.

Note 3. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are presented on the same basis of accounting and the same significant accounting policies, as applicable, as those used for the financial statements; however, the expenditures include transfers out. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Natchitoches Parish School Board has not elected to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

The identifying numbers for the School Board for the remaining were not available.

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S 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

Superintendent and School Board
Natchitoches Parish School Board

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 Natchitoches Parish School Board, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Natchitoches Parish School Board's basic financial statements, and have issued our report thereon dated February 9, 2018. Our report differed from the standard report because Natchitoches Parish School Board did not maintain adequate records documenting the existence, completeness, and valuation of the capital assets for governmental activities.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying, Schedule of Finding and Questioned Cost, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as Finding 2017-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as Finding 2017-002 and 2017-003 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Natchitoches Parish School Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as Finding 2017-001.

Natchitoches Parish School Board's Responses to Findings

The Natchitoches Parish School Board's responses to the findings identified in our audit are described in the accompanying auditee's corrective action plan. The Natchitoches Parish School Board's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
February 9, 2018

Certified Public Accountants

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
Natchitoches Parish School Board

Report on Compliance for Each Major Federal Program

We have audited Natchitoches Parish School Board's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Natchitoches Parish School Board's major federal programs for the year ended June 30, 2017. The Natchitoches Parish School Board's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Natchitoches Parish School Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

1929 SPILLWAY ROAD, SUITE B
BRANDON, MISSISSIPPI 39047
TELEPHONE (601) 992-5292 FAX (601)992-2033

Report on Internal Control Over Compliance

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

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

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

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

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
February 9, 2018

Certified Public Accountants

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

Section 1: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued:

Governmental Activities	Qualified
General Fund	Unmodified
Child Nutrition Fund	Unmodified
CSD#10 Maintenance Marthaville Fund	Unmodified
Title I Funds	Unmodified
Aggregate Remaining Fund Information	Unmodified

2. Internal control over financial reporting:

- a. Material weakness(es) identified? Yes.
- b. Significant deficiency(ies) identified? Yes.

3. Noncompliance material to financial statements noted? Yes.

Federal Awards:

4. Internal control over major programs:

- a. Material weakness(es) identified? No.
- b. Significant deficiency(ies) identified? None reported.

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

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No.

7. Was a management letter issued? Yes

8. Identification of major programs:

- a. National School Lunch Program
CFDA# 10.555
- b. Title I Grants to Local Educational Agencies
CFDA# 84.010

9. Dollar threshold used to distinguish between type A and type B programs: \$750,000.

10. Auditee qualified as low-risk auditee, as defined by Uniform Guidance? No.

Section 2: Financial Statement Findings

The results of our tests disclosed the following findings related to the financial statements which are required to be reported by *Government Auditing Standards*.

Material Weakness and Material Noncompliance

Finding 2017-001:

Criteria:

R.S. 24:515(B) outlines compliance requirements relating to the record keeping of capital assets. An effective system of internal control over capital assets requires that certain data elements be captured in capital asset records for all capital assets. Required data elements include descriptions of assets, costs, locations, acquisition dates, disposition dates, methods of disposition, and other relevant information. The presence of these data elements in capital asset records help identify and distinguish school board assets from one another, thereby safeguarding school board assets from loss or misappropriation.

Condition:

Deficiencies were noted in the capital asset records. Buildings and improvements titled to the School Board were not kept on a subsidiary ledger. The School Board kept asset records through their previous external auditor. No asset descriptions were provided to the current external auditor.

Cause:

These errors in the capital asset records were caused by failure to implement internal control procedures to ensure that all items are recorded, valued properly, and classified properly in the school board's capital asset records.

Effect/Possible Effect:

The Independent Auditor's Report on the governmental activities is modified because we are unable to satisfy ourselves as to the fair presentation of the School Board's governmental capital assets. Failure to maintain an inventory control system could result in the reporting of inaccurate amounts and increases the possibility of the loss or misappropriation of assets.

Recommendation:

The School Board should implement appropriate control procedures to ensure that all items are recorded, valued properly and classified properly in the School Board's capital asset records. The information listed in the School Board's capital asset records should be reconciled by all involved department heads through an annual inventory to ensure records are accurate and complete.

Significant Deficiencies

Finding 2017-002:

Criteria:

An effective system of internal control over interfund transfers requires that fund transfers from one fund have a reciprocal fund in which the amount of funds are transferred. Along with fund transferred being noted individually between funds, a purpose for said transfer needs to be explicitly stated for each transfer along with appropriate management approval of fund movement.

Condition:

Interfund transfers overall seemed to balance. However, details of individual transactions between funds were not provided during audit procedures performed.

Cause:

Processes were not noted detailing individual fund transfers and reasons for said transfers.

Effect/Possible Effect:

Transfers between governmental funds may be difficult to track and accurately present in the governmental financial statements and the related notes to the financial statements. Proceeds may be transferred between funds in which restrictions are in place and limitations may exist as to whether these proceeds can be moved without a stated explanation as to the transfer of funds.

Recommendation:

The School Board should implement appropriate control procedures to ensure that transfers are recorded properly including a detailed explanation as to why the funds are being moved between funds. Management needs to ensure funds are being used for appropriate purposes and not moved from funds in which use of proceeds is restricted.

Finding 2017-003:

Criteria:

An effective system of internal control involves budgeting individual funds and involves proper grouping and classification of revenues and expenditures consistent with GAAP.

Condition:

Title I budgets were not allocated by function.

Cause:

Personnel used budget format as illustrated through grant documentation allocated by object code instead of function.

Effect/Possible Effect:

Requires supplementary information is not presented in a format consistent with GAAP.

Recommendation:

Title I should be input into centralized accounting under function as long as it is deemed a major fund for governmental funds financial statement presentation.

Section 3: Federal Award Findings and Questioned Costs

The results of our tests did not disclose any findings and questioned costs related to the federal awards.

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

Management Letter

Natchitoches Parish School Board
Natchitoches, Louisiana

We have audited the basic financial statements of Natchitoches Parish School Board as of and for the year ended June 30, 2017, and have issued our report thereon dated February 9, 2018. 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.

As a part of our examination, we have issued our report on the financial statements, dated February 9, 2018, and our report on internal control and compliance with laws, regulations, contracts, and grants, dated February 9, 2018.

During the course of our examination, we became aware of the following matters which represent immaterial deviations of compliance or suggestions for improved internal controls.

Suggestion 2017-1

- Criteria: Louisiana law R.S. 39:75 requires that fiscal activity be monitored to ensure expenditures do not exceed available financial resources.
- Condition: At June 30, 2017, Consolidated School District #8 reported a deficit of approximately \$285,906, a decrease of \$41,684 from the previous year.
- Cause: Noncompliance occurred with the school board not properly reconciling expenditures with available resources.
- Effect: Noncompliance with R.S. 39:75 could result in the School Board violating state laws regarding limiting expenditures to resources available for each fiscal year.
- Recommendation: R.S. 39:76 requires if a deficit exist in any fund at the end of the fiscal year, that deficit shall be eliminated no later than the end of the next fiscal year. The School Board should implement action to eliminate the deficit in Consolidated School District #8.
- Response: Management, on a vote by the taxpayers, has doubled, effective with the 2016 tax roll (fiscal year 2016-2017), the millage to be assessed on the taxable property in the District which should help eliminate the deficit in the next few years.

Suggestion 2017-2

- Criteria: R.S. 24:513 (5)(a)(1) requires licensed certified public accountants to complete audit reports within six months of the close of the entity's fiscal year. The certified public accountant completed the School Board audit report on February 9, 2018, after the December 31 deadline for completion.
- Condition: The School Board 2017 audit report was not completed by December 31, 2017.
- Cause: The School Board failed to comply with R.S. 24:513 (5)(a)(1).
- Effect: Noncompliance with R.S. 24:513 (5)(a)(1) could result in the School Board violating state laws.
- Recommendation: The School Board should implement action to ensure completion of the audit report within the time frame in accordance with RS 24:513 (5)(a)(1).
- Response: Management recognizes the requirement to have a completed audit within six months of the close of the fiscal year. There were changes being made in the management of the business office which contributed to the delays in the audit. The School Board plans to work closely with our auditor to complete the audit for the 2017-18 fiscal year within the time frame in accordance with RS 24:513 (5)(a)(1).

We recommend management address the foregoing issues as an improvement to operations and the administration of public programs. We are available to further explain the suggestions or help implement the recommendations.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
February 9, 2018

Certified Public Accountants

AUDITEE'S CORRECTIVE ACTION PLAN



Natchitoches Parish School Board

310 Royal Street P.O. Box 16
Natchitoches, Louisiana 71458-0016
(318) 352-2358
FAX (318) 352-8138

DALE SKINNER
Superintendent

MICHAEL HILTON
President

THOMAS MELDER
Vice-President

AUDITEE'S CORRECTIVE ACTION PLAN

As required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards (UG), the Natchitoches Parish School Board has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Cost for the year ended June 30, 2017:

<u>Finding</u>	<u>Corrective Action Plan Details</u>
2017-001	<p>a. Name of Contact Person Responsible for Corrective Action</p> <p>Name: Richard Foshee Title: Supervisor of Business Affairs Phone Number: 318-352-2358</p> <p>b. Corrective Action Planned:</p> <p>Management will continue to consult with all parties involved with capital asset records to insure all records are recorded properly in the school boards accounting software going forward to ensure that items are valued and classified properly. Management will do so by implementing an updated internal control process over capital assets. Management will work with all parties to insure that historical records are re-created in order to accurately depict the Board's current financial standing as it related to capital assets.</p> <p>c. Anticipated Completion Date: 6/30/18</p>



Natchitoches Parish School Board

310 Royal Street P.O. Box 16
Natchitoches, Louisiana 71458-0016
(318) 352-2358
FAX (318) 352-8138

DALE SKINNER
Superintendent

MICHAEL HILTON
President

THOMAS MELDER
Vice-President

AUDITEE'S CORRECTIVE ACTION PLAN (CONTINUES)

As required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards (UG), the Natchitoches Parish School Board has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Cost for the year ended June 30, 2017:

- 2017-002
- a. Name of Contact Person Responsible for Corrective Action

Name: Richard Foshee
Title: Supervisor of Business Affairs
Phone Number: 318-352-2358
 - b. Corrective Action Planned:

Historically funds are transferred between funds in order to account for payroll liabilities, balance cash, to transfer indirect cost, etc. Management intends to review the circumstances that are driving these fund transfers and determine the root cause. Management intends to implement a process to notate the reason for each transfer between funds throughout the year.
 - c. Anticipated Completion Date: 3/31/18



Natchitoches Parish School Board

310 Royal Street P.O. Box 16
Natchitoches, Louisiana 71458-0016
(318) 352-2358
FAX (318) 352-8138

DALE SKINNER
Superintendent

MICHAEL HILTON
President

THOMAS MELDER
Vice-President

AUDITEE'S CORRECTIVE ACTION PLAN (CONTINUES)

As required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards (UG), the Natchitoches Parish School Board has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Cost for the year ended June 30, 2017:

- 2017-003
- a. Name of Contact Person Responsible for Corrective Action
- Name: Richard Foshee
Title: Supervisor of Business Affairs
Phone Number: 318-352-2358
- b. Corrective Action Planned:
- Historically Title I funds have been managed in the state E-Grant Management System (EGMS) and detailed expenses were recorded in our accounting system based on the location code of the expense. The total grant award (revenue) was not entered into the budget in NPSB accounting system at the location level. Management plans to implement changes beginning in the 2018-19 fiscal year so that the initial budget will include location level line items that should estimate the expenses that we expect to incur for the fiscal year.
- c. Anticipated Completion Date: 6/30/18



Natchitoches Parish School Board

310 Royal Street P.O. Box 16
Natchitoches, Louisiana 71458-0016
(318) 352-2358
FAX (318) 352-8138

DALE SKINNER
Superintendent

MICHAEL HILTON
President

THOMAS MELDER
Vice-President

SUMMARY OF PRIOR AUDIT FINDINGS

As required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards (UG), the Natchitoches Parish School Board has prepared and hereby submits the following summary of prior year audit findings follow up as of June 30, 2017:

<u>Finding</u>	<u>Status</u>
2016-001	Not Corrected (Repeat Finding See 2017-001)
2016-002	Corrected
2016-003	Not Corrected (Repeat Finding See 2017-002)
2016-004	Corrected
2016-005	Corrected

SCHEDULES REQUIRED BY STATE LAW

(R. S. 24:514—PERFORMANCE AND STATISTICAL DATA)

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING
AGREED-UPON PROCEDURES TO THE
MANAGEMENT OF NATCHITOCHE PARISH SCHOOL BOARD

Superintendent and School Board
Natchitoches Parish School Board

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Natchitoches Parish School Board and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of Natchitoches Parish School Board and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE). Management of Natchitoches Parish School Board is responsible for its financial records and compliance with applicable laws. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

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

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

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

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

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

Education Levels of Public School Staff (Schedule 2)

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

the combined total number of full-time classroom teachers per this schedule and to School Board supporting payroll records as of October 1st.

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

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

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

4. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1 and as reported on the schedule. We traced a random sample of 25 teachers to the individual's personnel file and determine if the individual's education level was properly classified on the schedule.

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

Number and Type of Public Schools (Schedule 3)

5. We obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the Title 1 Grants to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555) application.

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

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

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

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

Public School Staff Data: Average Salaries (Schedule 5)

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

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

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

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

Class Size Characteristics (Schedule 6)

9. We obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule 3 data, as obtained in procedure 5. We then traced a random sample of 10 classes to the October 1 roll books for those classes and determined if the class was properly classified on the schedule.

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

Louisiana Educational Assessment Program (LEAP) (Schedule 7)

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

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

Graduation Exit Examination (GEE) (Schedule 8)

11. The Graduation Examination (GEE) is no longer administered. This schedule is no longer applicable.

iLEAP Tests (Schedule 9)

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

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

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

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

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
February 9, 2018

General Fund Instructional and Support Expenditures
 and Certain Local Revenue Sources
 For the Year Ended June 30, 2017

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$ 20,434,968	
Other Instructional Staff Activities	2,810,682	
Instructional Staff Employee Benefits	11,206,779	
Purchased Professional and Technical Services	692,637	
Instructional Materials and Supplies	385,803	
Total Teacher and Student Interaction Activities		\$ 35,530,869

Other Instructional Activities

-

Pupil Support Activities

2,410,190

Less: Equipment for Pupil Support Services

Net Pupil Support Activities

\$ 2,410,190

Instructional Staff Services

2,043,195

Less: Equipment for Instructional Staff Services

Net Instructional Staff Services

\$ 2,043,195

School Administration

3,673,395

Less: Equipment for School Administration

Net Instructional Staff Services

\$ 3,673,395

Total General Fund Instructional Expenditures

\$ 43,657,649

Total General Fund Equipment Expenditures

\$ 18,796

Certain Local Revenue Sources

Local Taxation Revenues:

Constitutional Ad Valorem Taxes	\$ 1,473,172	
Renewable Ad Valorem Taxes	2,216,214	
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	118,058	
Sales and Use Taxes	12,469,396	
Total Local Taxation Revenues		\$ 16,276,840

Local Earnings on Investment in Real Property:

Earnings from 16th Section Property	\$ 216,452	
Earnings from Other Real Property	0	
Total Local Earnings on Investment in Real Property		\$ 216,452

State Revenue in Lieu of Taxes:

Revenue Sharing - Constitutional Tax	67,794	
Revenue Sharing - Other Taxes	70,332	
Total State Revenue in Lieu of Taxes		\$ 138,126

Nonpublic Textbook Revenue

\$ 10,519

Nonpublic Transportation Revenue

\$ 0

Natchitoches, Louisiana

Education Levels of Public School Staff
As of October 1, 2016

Category	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certified		Uncertified		Certified		Uncertified	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	2	0%	-	0%	-	0%	-	0%
Bachelor's Degree	282	61%	-	0%	2	7%	-	0%
Master's Degree	132	29%	1	100%	12	41%	-	0%
Master's Degree + 30	37	8%	-	0%	12	41%	-	0%
Specialist in Education	5	1%	-	0%	2	7%	-	0%
Ph. D. or Ed. D	4	1%	-	0%	1	3%	-	0%
	462	100%	1	100%	29	100%	0	0%

Number and Type of Public Schools
For the Year Ended June 30, 2017

Type	Number
Elementary	10
Middle / Jr. High	2
Secondary	1
Combination	3
	<hr/>
	16

Experience of Public School Principals, Assistance Principals and Full-time Classroom Teachers
 As of October 1, 2016

Type	Years of Experience							Total
	0-1 Year	2-3 Years	4-10 Years	11-14 Years	15-19 Years	20-24 Years	25 + Years	
Assistant Principals	-	-	1	2	3	1	3	10
Principals	-	-	3	3	4	5	4	19
Classroom Teachers	50	48	121	67	63	57	57	463
	50	48	125	72	70	63	64	492

Public School Staff Data: Average Salaries
For the Year Ended June 30, 2017

	All Classroom Teachers	Classroom Teachers Excluding ROTC, Rehired Retirees, and Flagged Salary Reductions
Average Classroom Teachers' Salary Including Extra Compensation	\$ 51,289	50,941
Average Classroom Teachers' Salary Excluding Extra Compensation	50,724	50,375
Number of Teacher Full-time Equivalents (FTEs) used in computation of Average Salaries	414	403

Class Size Characteristics
 As of October 1, 2016

School Type	Class Size Range							
	1-20		21-26		27-33		34 +	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	46%	908	52%	386	25%	52	33%	19
Elementary Activity Classes	5%	104	6%	43	8%	16	39%	22
Middle / Jr. High	5%	103	9%	68	24%	50	9%	5
Middle / Jr. High Activity Classes	1%	17	1%	7	4%	9	0%	-
High	12%	229	6%	48	1%	2	3%	2
High Activity Classes	3%	59	0%	-	0%	1	0%	-
Combination	23%	463	25%	187	35%	74	7%	4
Combination Activity Classes	5%	90	1%	11	3%	7	9%	5
Other	0%	-	0%	-	0%	-	0%	-
	100%	1,973	100%	750	100%	211	100%	57

Louisiana Educational Assessment Program (LEAP)
 For the Years Ended June 30, 2017, 2016 and 2015

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
	Percent	Percent	Percent	Percent	Percent	Percent
Grade 3 Students						
Advanced	4%	3%	3%	5%	5%	4%
Mastery	33%	25%	32%	30%	35%	29%
Basic	23%	26%	24%	31%	27%	28%
Approaching Basic	20%	20%	22%	18%	19%	22%
Unsatisfactory	20%	26%	19%	16%	14%	17%
Total	100%	100%	100%	100%	100%	100%

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
	Percent	Percent	Percent	Percent	Percent	Percent
Grade 4 Students						
Advanced	6%	9%	4%	3%	4%	2%
Mastery	32%	31%	30%	31%	30%	24%
Basic	24%	22%	34%	28%	28%	32%
Approaching Basic	24%	24%	22%	23%	27%	32%
Unsatisfactory	14%	14%	10%	15%	11%	10%
Total	100%	100%	100%	100%	100%	100%

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
	Percent	Percent	Percent	Percent	Percent	Percent
Grade 5 Students						
Advanced	4%	4%	-	2%	6%	2%
Mastery	31%	29%	24%	23%	23%	23%
Basic	31%	30%	30%	32%	31%	27%
Approaching Basic	22%	25%	32%	30%	30%	32%
Unsatisfactory	12%	12%	14%	13%	10%	16%
Total	100%	100%	100%	100%	100%	100%

Louisiana Educational Assessment Program (LEAP)
For the Years Ended June 30, 2017, 2016 and 2015

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
	Percent	Percent	Percent	Percent	Percent	Percent
Grade 6 Students						
Advanced	5%	5%	2%	4%	3%	2%
Mastery	31%	30%	36%	21%	23%	25%
Basic	29%	35%	32%	25%	27%	32%
Approaching Basic	25%	24%	21%	35%	35%	30%
Unsatisfactory	10%	6%	9%	15%	12%	11%
Total	100%	100%	100%	100%	100%	100%

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
	Percent	Percent	Percent	Percent	Percent	Percent
Grade 7 Students						
Advanced	10%	13%	5%	4%	4%	2%
Mastery	32%	31%	28%	22%	22%	20%
Basic	22%	29%	34%	29%	29%	31%
Approaching Basic	22%	17%	23%	30%	33%	34%
Unsatisfactory	14%	10%	10%	15%	12%	13%
Total	100%	100%	100%	100%	100%	100%

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
	Percent	Percent	Percent	Percent	Percent	Percent
Grade 8 Students						
Advanced	11%	9%	3%	2%	-	7%
Mastery	40%	40%	38%	28%	30%	29%
Basic	23%	25%	27%	24%	26%	21%
Approaching Basic	15%	18%	19%	27%	28%	24%
Unsatisfactory	11%	8%	13%	19%	16%	19%
Total	100%	100%	100%	100%	100%	100%

Graduation Exit Examination (GEE)
For the Years Ended June 30, 2017, 2016 and 2015

N/A: GEE is no longer administered.

iLEAP Test Results
 For the Years Ended June 30, 2017, 2016 and 2015

District Achievement Level Results Grade 3 Students	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	4%	4%	2%	4%	N/A	-
Mastery	13%	15%	16%	13%	N/A	14%
Basic	40%	35%	37%	26%	N/A	44%
Approaching Basic	23%	27%	26%	32%	N/A	20%
Unsatisfactory	20%	19%	19%	25%	N/A	22%
Total	100%	100%	100%	100%	N/A	100%

District Achievement Level Results Grade 4 Students	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	4%	4%	3%	4%	N/A	-
Mastery	14%	13%	13%	18%	N/A	12%
Basic	37%	43%	41%	23%	N/A	48%
Approaching Basic	31%	25%	30%	26%	N/A	23%
Unsatisfactory	14%	15%	13%	29%	N/A	17%
Total	100%	100%	100%	100%	N/A	100%

District Achievement Level Results Grade 5 Students	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	5%	6%	4%	2%	N/A	5%
Mastery	13%	15%	12%	14%	N/A	9%
Basic	35%	34%	32%	19%	N/A	37%
Approaching Basic	27%	24%	30%	24%	N/A	27%
Unsatisfactory	20%	21%	22%	41%	N/A	22%
Total	100%	100%	100%	100%	N/A	100%

iLEAP Test Results
 For the Years Ended June 30, 2017, 2016 and 2015

District Achievement Level Results Grade 6 Students	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	6%	4%	4%	5%	N/A	4%
Mastery	16%	12%	14%	13%	N/A	8%
Basic	40%	39%	38%	25%	N/A	42%
Approaching Basic	24%	28%	28%	33%	N/A	29%
Unsatisfactory	14%	17%	16%	24%	N/A	17%
Total	100%	100%	100%	100%	N/A	100%

District Achievement Level Results Grade 7 Students	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	7%	4%	3%	10%	N/A	5%
Mastery	23%	23%	18%	22%	N/A	14%
Basic	33%	35%	35%	24%	N/A	46%
Approaching Basic	23%	24%	27%	19%	N/A	23%
Unsatisfactory	14%	14%	17%	25%	N/A	12%
Total	100%	100%	100%	100%	N/A	100%

District Achievement Level Results Grade 8 Students	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	0%	0%	3%	14%	N/A	2%
Mastery	16%	12%	12%	24%	N/A	14%
Basic	34%	35%	30%	23%	N/A	39%
Approaching Basic	30%	30%	32%	21%	N/A	25%
Unsatisfactory	20%	23%	23%	18%	N/A	20%
Total	100%	100%	100%	100%	N/A	100%

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING
AGREED-UPON PROCEDURES REQUIRED BY THE
LOUISIANA LEGISLATIVE AUDITOR

School Board and the Louisiana Legislature Auditor
Natchitoches Parish School Board

We have performed the procedures enumerated below, which were agreed to by Natchitoches Parish School Board and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the Louisiana Legislature Auditor's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The Natchitoches Parish School Board's management is responsible for those control and compliance (C/C) areas identified in the Statewide Agreed-Upon Procedures.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving
 - d) ***Receipts***, including receiving, recording, and preparing deposits
 - e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

- g) *Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)*, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
- h) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) *Debt Service*, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

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

Board (or Finance Committee, if applicable)

- 2. Obtain and review the board/committee minutes for the fiscal period, and:
 - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
 - c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

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

Bank Reconciliations

- 3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
 - a) Bank reconciliations have been prepared;
 - b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
 - c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

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

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.
6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**
 - a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
 - b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
 - c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
 - Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.
7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

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

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management’s representation that the listing or general ledger population is complete.
9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
 - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
 - c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.
10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity’s purchasing/disbursement system.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.
12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.
13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

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

Credit Cards/Debit Cards/Fuel Cards/P-Cards

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - b) Report whether finance charges and/or late fees were assessed on the selected statements.
16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).
 - a) For each transaction, report whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased)

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)
- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

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

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.
18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.
19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.
 - b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)
- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

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

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.
21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:
- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
 - b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

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

Payroll and Personnel

- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
 - a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
 - b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.
- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:
 - a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
 - c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.
- 24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the

fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

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

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under “Payroll and Personnel” above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.
27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management’s actions complied with the entity’s ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

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

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.
29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.
30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

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

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.
33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

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

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

The purpose of this report is solely to describe the scope of testing performed on those control and compliance areas identified in the Statewide Agreed-Upon Procedures, 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 LLA as a public document.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
February 9, 2018