

**Natchitoches Parish School Board
Natchitoches, Louisiana**

Financial Statements and
Independent Auditor's Reports
as of and for the Year Ended
June 30, 2016

NATCHITOCHE PARISH SCHOOL BOARD

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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, 2016, 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.

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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, 2016, 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, 2016, 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 69 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 March 3, 2017, 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 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 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
March 3, 2017

Certified Public Accountants

REQUIRED SUPPLEMENTARY INFORMATION
PART I

**NATCHITOCHEES PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

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, 2016. 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 2016 decreased \$4,531,882, including a prior period adjustment of \$367,290, which represents a 7% decrease from fiscal year 2015. Total net position for 2015 increased \$7,373,321, which represents a 10% decrease from fiscal year 2014.
- General revenues account for \$57,082,392 in revenue, or 82% of all revenues. This amount was less, amount wise, than the general revenues reported for the year 2015 of \$60,068,394, or 83% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$12,176,792 or 18% of total revenues, compared with \$12,364,801 or 17% in 2015.
- Natchitoches Parish School Board had \$74,158,356 in expenses, an increase of 14% from \$65,059,874 in expenses from the prior year. Of these expenses, \$12,176,792 was offset by program specific charges for services, grants and contributions in 2016.
- Among major funds, the General Fund had \$52,291,890 in revenues and \$56,689,856 in expenditures. In 2015, the General Fund had \$54,125,456 in revenues and \$55,938,091 in expenditures. The General Fund's fund balance decreased \$4,525,154, including a prior period adjustment of \$373,165, from 2015 to 2016, and decreased \$2,003,270 from 2014 to 2015.
- Long-term debt increased by \$1,112,000. This increase from prior year was due primarily to the issuance of the general obligation bond in the amount of \$3,500,000.

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, 2016

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, 2016

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

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.

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, 2016

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 \$68,730,559 as of June 30, 2016.

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, 2016 and June 30, 2015.

Natchitoches Parish School Board
Management's Discussion and Analysis
For the Year Ended June 30, 2016

Table 1
Condensed Statement of Net Position

	June 30, 2016	June 30, 2015	Percentage Change
Current assets	\$ 24,034,399	25,581,048	-6.05%
Capital assets, net	30,089,732	31,772,079	-5.30%
Total assets	54,124,131	57,353,127	-5.63%
Deferred outflows of resources	9,599,130	9,202,933	4.31%
Current liabilities	11,287,311	10,504,499	7.45%
Long-term debt	10,450,076	9,333,764	11.96%
Net Pension Liability and Other Postemployment Benefits	105,605,348	100,268,641	5.32%
Total liabilities	127,342,735	120,106,904	6.02%
Deferred inflows of resources	5,111,085	10,647,833	-52.00%
Net position:			
Net investment in capital assets	21,911,732	24,266,079	-9.70%
Restricted	6,192,122	1,564,333	295.83%
Unrestricted	(96,834,413)	(90,029,089)	-7.56%
Total net position (deficit)	\$ (68,730,559)	(64,198,677)	-7.06%

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)	\$ -96,834,413
Less unrestricted deficit in net position resulting from recognition of the net pension liability, including the deferred outflows and deferred inflows related to pensions	72,062,783
Unrestricted net position, exclusive of the net pension liability effect	<u>\$ -24,771,630</u>

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

- The principal retirement of \$2,388,000 of long-term debt.

Natchitoches Parish School Board
Management's Discussion and Analysis
For the Year Ended June 30, 2016

Changes in net position

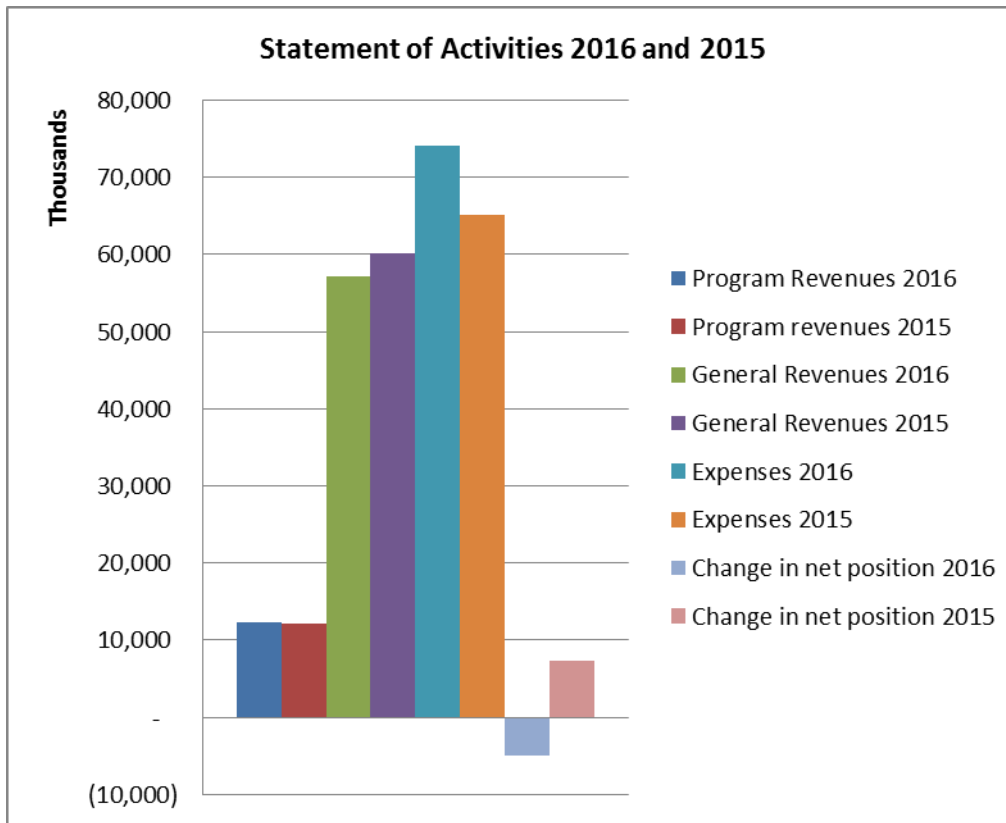
The School Board's total revenues for the fiscal years ended June 30, 2016 and 2015 were \$69,259,184 and \$72,433,197, respectively. The total cost of all programs and services was \$74,158,356 for 2016 and \$65,059,874 for 2015.

Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2016 and June 30, 2015.

Table 2
Changes in Net Position

	For the Year Ended June 30, 2016	For the Year Ended June 30, 2015	Percentage Change
Revenues:			
<u>Program revenues</u>			
Charges for services	\$ 740,283	\$ 1,309,139	-43%
Operating grants & contributions	11,436,509	11,055,662	3%
Total program revenues	12,176,792	12,364,801	-2%
<u>General revenues</u>			
Property taxes	8,840,703	9,038,978	-2%
Sales and use taxes	12,655,537	12,734,435	-1%
State revenue sharing	190,966	59,481	221%
Minimum foundation program	33,444,831	35,900,844	-7%
Federal grant programs		712,637	-100%
State grant programs		173,973	-100%
Other unrestricted revenues	273,808		N/A
Federal revenue in lieu of taxes	200,592		N/A
Interest & investment earnings	1,392,647	674,599	106%
Miscellaneous	83,308	773,447	-89%
Total general revenues	57,082,392	60,068,394	-5%
Total Revenues	69,259,184	72,433,195	-4%
Expenses:			
Instruction	39,771,515	37,542,270	6%
Support services	25,480,382	23,161,270	10%
Food services	4,051,106	4,139,912	-2%
Community service programs	1,563	1,639	-5%
Pension expense	4,706,548		N/A
Interest on long-term debt	147,242	214,783	-31%
Total Expenses	74,158,356	65,059,874	14%
Increase (decrease) in net position	(4,899,172)	7,373,321	-166%
Net position (Deficit), July 1, 2015, as previously reported	(64,198,677)	(71,571,998)	10%
Prior period adjustment	367,290	-	N/A
Net position (Deficit), July 1, 2015, as restated	(63,831,387)	(71,571,998)	11%
Net position (Deficit), June 30, 2016	\$ (68,730,559)	\$ (64,198,677)	-7%

Natchitoches Parish School Board
Management's Discussion and Analysis
For the Year Ended June 30, 2016



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	2016	2015	2016	2015
	Expenses	Expenses	Net (Expense)/ Revenue	Net (Expense)/ Revenue
Instruction	\$ 39,771,515	37,542,272	(36,219,158)	(32,145,385)
Support services	25,480,382	23,161,270	(17,211,298)	(19,860,031)
Food services	4,051,106	4,139,912	(3,695,755)	(473,235)
Community service programs	1,563	1,639	(1,563)	(1,639)
Pension expense	4,706,548		(4,706,548)	
Interest on long-term debt	147,242	214,783	(147,242)	(214,783)
Total	\$ 74,158,356	65,059,876	(61,981,564)	(52,695,073)

Natchitoches Parish School Board
Management's Discussion and Analysis
For the Year Ended June 30, 2016

- Net cost of governmental activities \$61,981,564, was financed by general revenues. General revenues consist of the Minimum Foundation Program funding, \$33,444,831, federal revenue in lieu of taxes, \$200,592, state grant programs, \$273,808, property taxes, \$8,840,703, sales and use taxes, \$12,655,537, investment and interest earnings, \$1,392,647, state revenue sharing, \$190,966 and miscellaneous revenue, \$83,308.

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 \$12,786,762, a decrease of \$2,503,022, inclusive of \$394,290 in prior period adjustments. \$6,554,966 or 51% 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 \$6,231,796 or 49% 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 \$4,525,154, inclusive of a \$373,165 prior period adjustment. The fund balance of Other Governmental Funds increased \$1,130,250.

Major Fund	Increase (Decrease)
Child Nutrition Fund	\$ 216,444
CSD #10 Maintenance Marthaville Fund	\$ 675,438
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, 2016

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, 2016, the Board's total capital assets were \$75,376,889, including land, school buildings, buses, other school vehicles, furniture and equipment. This amount represents an increase of \$169,533 from the previous year. Total accumulated depreciation as of June 30, 2016 was \$45,287,157, and total depreciation expense for the year was \$1,851,878, resulting in total net capital assets of \$30,089,732.

	2016	2015	Percentage Change
Land	\$ 1,300,290	1,300,290	0%
Buildings & improvements	28,057,403	29,748,573	-6%
Furniture & equipment	732,039	723,214	1%
Total	<u>\$ 30,089,732</u>	<u>31,772,077</u>	<u>-5%</u>

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

Debt Administration. At June 30, 2016, the School Board had \$8,178,000 in bonds outstanding, \$440,000 constitutes other long-term debt outstanding, and \$1,832,076 in compensated absences payable, of which \$1,726,000 is due within one year.

	2016	2015	Percentage Change
Compensated absences	\$ 1,832,076	1,827,764	0%
Bonds and certificates of indebtedness	8,618,000	7,506,000	15%
Total long-term debt	<u>\$ 10,450,076</u>	<u>9,333,764</u>	<u>12%</u>

Additional information of the Board's long-term debt can be found in Note 11 of this report.

Natchitoches Parish School Board
Management's Discussion and Analysis
For the Year Ended June 30, 2016

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.

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. Steven Solomon, 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, 2016

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 8,007,130
Cash with fiscal agents	1,581,081
Investments	11,665,646
Receivables	2,706,096
Inventory	74,446
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>54,124,131</u>
Deferred Outflows of Resources	
<i>Pension related</i>	9,599,130
Total Deferred Outflows of Resources	<u>9,599,130</u>
Liabilities	
Accounts, salaries, and other payables	11,247,637
Accrued interest payable	39,674
Long-term liabilities (due within one year):	
Capital related liabilities	1,511,000
Non-capital related liabilities	215,000
Long-term liabilities (due beyond one year):	
Capital related liabilities	6,667,000
Non-capital related liabilities	2,057,076
Net pension liability	76,550,828
Other postemployment benefits liability	29,054,520
Total Liabilities	<u>127,342,735</u>
Deferred Inflows of Resources	
<i>Pension related</i>	5,111,085
Total Deferred Inflows of Resources	<u>5,111,085</u>
Net Position	
Net Investment in Capital Assets	21,911,732
Restricted For:	
Debt service	1,201,381
Capital projects	1,471,679
Food service	216,444
Other purposes	3,302,618
Unrestricted	(96,834,413)
Total Net Position (Deficit)	<u>\$ (68,730,559)</u>

The accompanying notes are an integral part of this statement.

NATCHITOCHE PARISH SCHOOL BOARD

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2016

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	25,071,560	454,932	103,288	(24,513,340)
Special programs	8,136,926	--	--	(8,136,926)
Vocational programs	1,271,598	--	--	(1,271,598)
All other programs	5,291,431	--	2,994,137	(2,297,294)
Support services:				
Student services	3,087,537	--	255,690	(2,831,847)
Instructional staff support	3,146,131	--	5,188,625	2,042,494
General administration	3,033,176	--	--	(3,033,176)
School administration	3,710,023	--	--	(3,710,023)
Business services	588,603	--	--	(588,603)
Plant services	6,969,611	--	--	(6,969,611)
Student transportation services	4,404,644	--	--	(4,404,644)
Central services	540,657	--	2,824,769	2,284,112
Food services	4,051,106	285,351	70,000	(3,695,755)
Community service programs	1,563	--	--	(1,563)
Pension expense	4,706,548	--	--	(4,706,548)
Interest on long-term debt	147,242	--	--	(147,242)
Total Governmental Activities	<u>\$ 74,158,356</u>	<u>\$ 740,283</u>	<u>\$ 11,436,509</u>	<u>(61,981,564)</u>
General Revenues:				
Taxes:				
				6,742,902
<i>Property taxes, levied for general purposes</i>				2,092,090
<i>Property taxes, levied for debt services</i>				5,711
<i>Property taxes</i>				12,655,537
<i>Sales and use taxes, levied for general purposes</i>				190,966
<i>State revenue sharing</i>				
Grants and contributions not restricted to specific purposes:				
<i>State source - Minimum Foundation Program</i>				33,444,831
<i>State source - Other unrestricted revenues</i>				273,808
<i>Federal Revenue in Lieu of Taxes</i>				200,592
<i>Interest and investment earnings</i>				1,392,647
<i>Miscellaneous</i>				83,308
Total General Revenues				<u>57,082,392</u>
Change in Net Position				<u>(4,899,172)</u>
Net Position (Deficit), Beginning, as previously reported				(64,198,677)
Prior Period Adjustments				367,290
Net Position (Deficit), Beginning, as restated				<u>(63,831,387)</u>
Net Position (Deficit), June 30, 2016				<u>\$ (68,730,559)</u>

The accompanying notes are an integral part of this statement.

NATCHITOCHE PARISH SCHOOL BOARD

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2016

	General Fund	Child Nutrition Fund
	<u> </u>	<u> </u>
Assets		
Cash and Cash Equivalents	\$ 1,364,786	\$ 548,029
Cash with Fiscal Agent	1,542,560	--
Investments	11,255,554	--
Receivables	148,128	14,887
Interfund Receivables	1,967,897	--
Inventories	--	74,446
Total Assets	<u>\$ 16,278,925</u>	<u>\$ 637,362</u>
Liabilities and Fund Balances		
Liabilities:		
<i>Accounts payable and accrued liabilities</i>	\$ 9,723,959	\$ 420,918
<i>Interfund payables</i>	--	--
Total Liabilities	<u>9,723,959</u>	<u>420,918</u>
Fund Balances:		
Restricted:		
<i>Debt service</i>	--	--
<i>Capital projects</i>	--	--
<i>Food service</i>	--	216,444
<i>Other purposes</i>	--	--
Unassigned	<u>6,554,966</u>	<u>--</u>
Total Fund Balances	<u>6,554,966</u>	<u>216,444</u>
Total Liabilities and Fund Balances	<u>\$ 16,278,925</u>	<u>\$ 637,362</u>

The accompanying notes are an integral part of this statement.

NATCHITOCHE PARISH SCHOOL BOARD

BALANCE SHEET - GOVERNMENTAL FUNDS (continued)

JUNE 30, 2016

CSD#10 Maintenance Marthaville Fund	Title I Funds	Other Governmental Funds	Total Governmental Funds
\$ 2,700,085	\$ 86,983	\$ 3,307,247	\$ 8,007,130
--	--	38,521	1,581,081
--	--	410,092	11,665,646
--	830,191	1,712,890	2,706,096
--	--	--	1,967,897
--	--	--	74,446
<u>\$ 2,700,085</u>	<u>\$ 917,174</u>	<u>\$ 5,468,750</u>	<u>\$ 26,002,296</u>
\$ 378	\$ 328,230	\$ 774,152	\$ 11,247,637
--	588,944	1,378,953	1,967,897
<u>378</u>	<u>917,174</u>	<u>2,153,105</u>	<u>13,215,534</u>
--	--	1,241,055	1,241,055
--	--	1,471,679	1,471,679
--	--	--	216,444
2,699,707	--	602,911	3,302,618
--	--	--	6,554,966
<u>2,699,707</u>	<u>--</u>	<u>3,315,645</u>	<u>12,786,762</u>
<u>\$ 2,700,085</u>	<u>\$ 917,174</u>	<u>\$ 5,468,750</u>	<u>\$ 26,002,296</u>

NATCHITOCHE PARISH SCHOOL BOARD

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2016

Total fund balances for governmental funds	\$ 12,786,762
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.	(1,726,000)
Payables for bond principal which are not due in the current period are not reported in the funds.	(6,667,000)
Payables for bond interest which are not due in the current period are not reported in the funds.	(39,674)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(1,832,076)
Other long-term liabilities which are not due and payable in the current period are not reported in the funds.	(225,000)
Other post-employment liability is not reported in the funds.	(29,054,520)
Recognition of the Natchitoches' proportionate share of the net pension liability is not reported in the funds.	(76,550,828)
Deferred Inflows of Resources related to the pension plan are not reported in the funds.	(5,111,085)
Deferred Outflows of Resources related to the pension plan are not reported in the funds.	<u>9,599,130</u>
Net position of governmental activities	<u>\$ (68,730,559)</u>

The accompanying notes are an integral part of this statement.

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NATCHITOCHE PARISH SCHOOL BOARD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Child Nutrition Fund
Revenues:		
Local sources:		
Taxes:		
Ad valorem	\$ 3,779,447	\$ --
Sales and use	12,655,537	--
Interest earnings	1,373,148	389
Charges for services	--	245,464
Other	721,311	11,561
Total Local Sources	<u>18,529,443</u>	<u>257,414</u>
State sources:		
Minimum Foundation Program	32,948,082	496,749
Other	524,660	39,887
Total State Sources	<u>33,472,742</u>	<u>536,636</u>
Federal Sources	<u>289,705</u>	<u>3,083,407</u>
Total Revenues	<u>52,291,890</u>	<u>3,877,457</u>
Expenditures:		
Current:		
Instruction:		
Regular programs	25,660,454	--
Special programs	8,228,541	--
Vocational programs	1,273,254	--
All other programs	1,516,018	--
Support services:		
Student services	2,411,161	--
Instructional staff support	2,227,918	--
General administration	1,281,788	1,362
School administration	3,901,174	--
Business services	639,542	--
Plant services	4,125,189	--
Student transportation services	4,640,904	--
Central services	500,833	--
School food services	20,715	4,181,607
Community service programs	1,775	--
Capital outlay	30,481	--
Debt service:		
Principal retirement	210,000	--
Interest and bank charges	20,109	--
Other	--	--
Total Expenditures	<u>56,689,856</u>	<u>4,182,969</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,397,966)</u>	<u>(305,512)</u>
Other Financing Sources (Uses):		
Bond Proceeds	--	--
Accrued Interest and Premium on Bonds Sold	--	--
Transfers In	487,793	521,956
Transfers Out	(848,735)	--
Local Revenue Transfers - Charter Schools	(139,411)	--
Total Other Financing Sources (Uses)	<u>(500,353)</u>	<u>521,956</u>
Net Change in Fund Balances	(4,898,319)	216,444
July 1, 2015, as previously reported	11,080,120	--
Prior period adjustment	373,165	--
July 1, 2015, as restated	<u>11,453,285</u>	<u>--</u>
June 30, 2016	<u>\$ 6,554,966</u>	<u>\$ 216,444</u>

The accompanying notes are an integral part of this statement.

NATCHITOCHE PARISH SCHOOL BOARD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2016

CSD#10 Maintenance Marthaville Fund	Title I Funds	Other Governmental Funds	Total Governmental Funds
\$ 866,253	\$ --	\$ 4,195,003	\$ 8,840,703
--	--	--	12,655,537
57	--	19,053	1,392,647
--	--	--	245,464
6,000	--	173,475	912,347
<u>872,310</u>	<u>--</u>	<u>4,387,531</u>	<u>24,046,698</u>
--	--	--	33,444,831
--	--	249,228	813,775
<u>--</u>	<u>--</u>	<u>249,228</u>	<u>34,258,606</u>
--	2,817,870	4,859,999	11,050,981
<u>872,310</u>	<u>2,817,870</u>	<u>9,496,758</u>	<u>69,356,285</u>
32,265	191	1,100,067	26,792,977
--	--	474,877	8,703,418
1,500	--	83,092	1,357,846
--	2,071,527	2,099,200	5,686,745
--	207,898	774,589	3,393,648
--	482,482	798,506	3,508,906
35,201	1,645	160,109	1,480,105
--	63	19,989	3,921,226
--	693	1,172	641,407
102,855	--	1,529,907	5,757,951
--	609	119,241	4,760,754
1,387	--	111,593	613,813
23,664	--	130,772	4,356,758
--	--	--	1,775
--	--	1,980,882	2,011,363
--	--	2,178,000	2,388,000
--	--	242,879	262,988
--	--	57,814	57,814
<u>196,872</u>	<u>2,765,108</u>	<u>11,862,689</u>	<u>75,697,494</u>
<u>675,438</u>	<u>52,762</u>	<u>(2,365,931)</u>	<u>(6,341,209)</u>
--	--	3,500,000	3,500,000
--	--	83,308	83,308
--	--	209,473	1,219,222
--	(52,762)	(317,725)	(1,219,222)
--	--	--	(139,411)
<u>--</u>	<u>(52,762)</u>	<u>3,475,056</u>	<u>3,443,897</u>
675,438	--	1,109,125	(2,897,312)
2,024,269	--	2,185,395	15,289,784
--	--	21,125	394,290
<u>2,024,269</u>	<u>--</u>	<u>2,206,520</u>	<u>15,684,074</u>
<u>\$ 2,699,707</u>	<u>\$ --</u>	<u>\$ 3,315,645</u>	<u>\$ 12,786,762</u>

NATCHITOCHEES 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, 2016*

Net change in fund balances - total governmental funds	\$ (2,897,312)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	169,533
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,851,878)
Expenses not requiring the use of current financial resources are not reported as expenditures in the funds.	(3,354,675)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	2,178,000
Repayment of other long-term liabilities principal is an expenditure in the funds but is not an expense in the SOA.	210,000
(Increase) decrease in accrued interest from beginning of period to end of period.	173,560
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(4,312)
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.	(3,500,000)
Pension contributions made after the measurement date but in current FY were de-expended and reduced NPL.	8,864,870
The Natchitoches' share of the unrecognized deferred inflows and outflows for the pension plan was amortized.	(180,409)
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	(4,706,548)
Rounding difference	(1)
Change in net position of governmental activities	<u>\$ (4,899,172)</u>

The accompanying notes are an integral part of this statement.

NATCHITOCHE PARISH SCHOOL BOARD

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

FIDUCIARY FUNDS

JUNE 30, 2016

	Agency Fund	School Activity Fund
	<u> </u>	<u> </u>
Assets		
<i>Cash and cash equivalents</i>	\$ 849,651	
Total Assets	<u>\$ 849,651</u>	
Liabilities		
<i>Amounts due to others</i>	\$ 849,651	
Total Liabilities	<u>\$ 849,651</u>	

The accompanying notes are an integral part of this statement.

Natchitoches Parish School Board

Notes to the Financial Statements
June 30, 2016

NATCHITOCHEES PARISH SCHOOL BOARD

Natchitoches, Louisiana

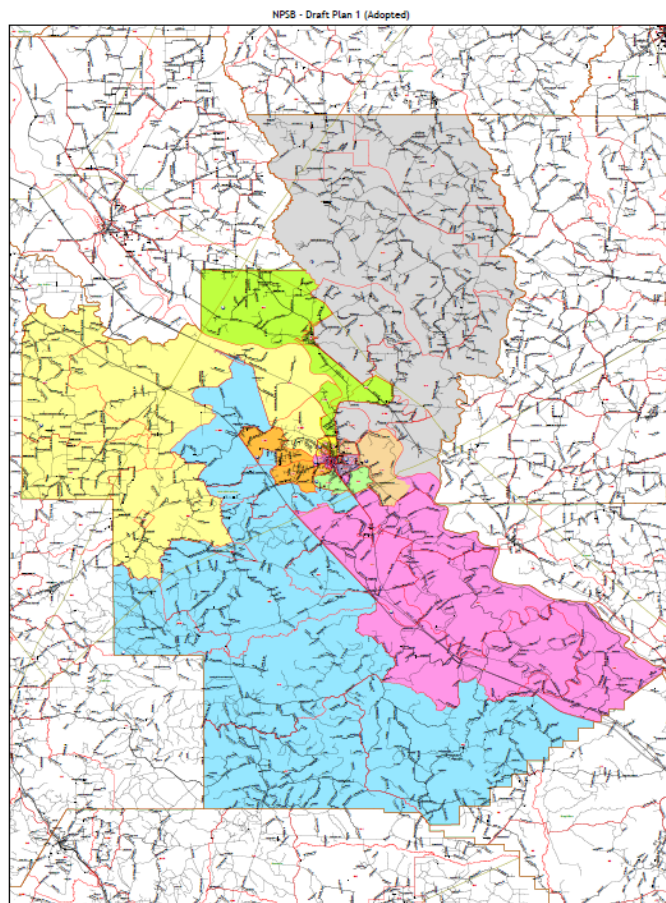
Notes to the Financial Statements

For the Year Ended June 30, 2016

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 17 schools within the parish with a total enrollment of 6,339 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, 2016

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 principles.

This financial report has been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements— and 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. The School Board also has no component units, defined by GASB Statement No. 14 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. 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

NATCHITOCHE PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2016

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.

School Food Service 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 expenditure 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 does use the modified accrual basis of accounting.

NATCHITOCHE PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2016

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 fund statements.

NATCHITOCHE PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2016

Fund financial statements report detailed information about the School Board. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. 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.

NATCHITOCHE PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2016

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

The School Board reports unearned revenues on its Fund Financial Statements balance sheet. Unearned revenues arise when resources are received by the School Board before it has a legal claim to them, as when grant monies are received 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 from the combined balance sheet 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.

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

NATCHITOCHE PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2016

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

NATCHITOCHE PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2016

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.

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

NATCHITOCHEES PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2016

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, 2016, Natchitoches Parish School Board reported \$6,192,122 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. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

NATCHITOCHEES PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2016

- 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 purposes 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 or body 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).

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. 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:

NATCHITOCHEES PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2016

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. Effective August 1, 2003, with an expiration date of August 1, 2015.
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. 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. 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, 2016, taxes were levied by the School Board in August 2009, 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.

For the year ended June 30, 2016, taxes were levied on property with net assessed valuations totaling \$325,268,939, and were dedicated as follows:

Parish-wide Taxes:

General School 4.65 mills

Special School 7.00 mills

School Board Taxes:

School Board No. 24 (School District #9) - maintenance 7.00 mills, debt service 7.00 mills

NATCHITOCHE PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2016

School Board No. 25 (Consolidated School #7) - maintenance 7.00 mills, debt service 10.50 mills

School Board No. 28 (Consolidated School #8) – bond 33.00 mills, maintenance 14.00 mills

School Board No. 29 (Consolidated School District #10) – maintenance 20.00 mills

School Board No. 16 (Consolidated School District #6) – maintenance 7.00 mills

Gross taxes levied for the current fiscal year totaled \$8,863,489. After deductions for various pension distributions and uncollectible taxes and collections of back taxes, net taxes remitted to the School Board amounted to \$8,840,703.

3. CASH AND CASH EQUIVALENTS

At June 30, 2016, the School Board has cash and cash equivalents (book balances) totaling \$8,007,130 in governmental funds and \$849,651 in fiduciary funds in interest-bearing demand deposits. These deposits are stated at cost, which approximates market.

Custodial credit risk for deposits is 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, 2016, the School Board has \$8,856,778 in deposits (collected bank balances). These deposits are secured from risk by \$500,000 of federal deposit insurance and \$9,937,860 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

4. INVESTMENTS

As of June 30, 2016, 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>11,665,646</u>

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 in puts.

The School Board has the following recurring fair value measurements as of June 30, 2016:

- Level 1 type of investments of \$11,665,646 are valued using quoted market prices (Level 1 inputs)

NATCHITOCHE PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2016

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 to the transaction, the School Board will not be able to recover the value of investment 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, 2016, 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 in 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, 2016, the School Board did not have any investments to which this would apply.

5. RECEIVABLES

The receivables of \$2,706,096 at June 30, 2016, are as follows:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Child Nutrition Fund</u>	<u>Title I Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Intergovernmental grants:					
Federal	\$ 145,613	\$ 14,887	\$ -	\$ 85,501	\$ 246,001
State	2,515	-	830,191	1,627,389	2,460,095
	<u>\$ 148,128</u>	<u>\$ 14,887</u>	<u>\$ 830,191</u>	<u>\$ 1,712,890</u>	<u>\$ 2,706,096</u>

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

NATCHITOCHEES PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2016

6. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2016, is as follows:

	Balance, July 1, 2015	Additions	Balance, June 30, 2016
Land	\$ 1,300,290	-	1,300,290
Buildings and improvements	69,758,257	-	69,758,257
Furniture and equipment	4,148,809	169,533	4,318,342
Total capital assets	<u>75,207,356</u>	<u>169,533</u>	<u>75,376,889</u>
Accumulated depreciation:			
Buildings and improvements	40,009,684	1,691,170	41,700,854
Furniture and equipment	3,425,595	160,708	3,586,303
Total accumulated depreciation	<u>43,435,279</u>	<u>1,851,878</u>	<u>45,287,157</u>
Net capital assets	<u>\$ 31,772,077</u>	<u>(1,682,345)</u>	<u>30,089,732</u>

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

Depreciation expense of \$1,851,878 for the year ended June 30, 2016, was charged to the following governmental functions:

Depreciation Expense:	Amount
Instruction	\$ 98,405
Support services	1,744,170
Food services	9,299
Community Service Programs	4
Total depreciation expense	<u>\$ 1,851,878</u>

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:

NATCHITOCHE PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2016

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, and survivor's benefits. 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 5 years of service credit and are eligible for an actuarially reduced benefit with 20 years of service 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 and are eligible for an actuarially reduced benefit with 20 years of service at any age. Members hired between **July 1, 1999 and December 21, 2010**, are eligible for a 2.5% benefit factor at the earliest of age 60 with 5 years of service, age 55 with 25 years of service, or at any age with 30 years of service. Members may retire with an actuarially reduced benefit with 20 years of service at any age. If hired before July 1, 1999, members are eligible for a 2% benefit factor at the earliest of age 60 with 5 years of service, or at any age with 20 years of service, age 55 with 25 years of service, or at any age with 30 years of service.

Plan A - Members may retire with a 3.0% benefit factor at age 55 with 25 years of service, age 60 with five years of service, or any age with 30 years of service. 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, or age 60 (first employed between January 1, 2011 - June 30, 2015) with 5 years of service, or age 62 (first employed after July 1, 2015) with 5 years of service, or an actuarially reduced benefit with 20 years of service at any age.

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

NATCHITOCHEES PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2016

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

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

NATCHITOCHEES PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2016

4. SURVIVOR BENEFITS

A surviving spouse with minor children of an active member with five years of creditable service (2 years immediately prior to death) or 20 years of creditable service is entitled to a benefit equal to the greater of (a) \$600 per month, or (b) 50% of the member's benefit calculated at the 2.5% accrual rate for all creditable service. When a minor child(ren) is no longer eligible to receive survivor benefits, the spouse's benefit reverts to a survivor benefit in accordance with the provisions for a surviving spouse with no minor child(ren). Benefits for the minor child(ren) cease when he/she is no longer eligible.

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

A surviving spouse without minor children of an active member with 10 years of creditable service (2 years immediately prior to death) or 20 years of creditable service is entitled to a benefit equal to the greater of (a) \$600 per month, or (b) the option 2 equivalent of the benefit calculated at the 2.5% benefit factor for all creditable service.

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 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.

NATCHITOCHEES PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2016

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, 2015, are as follows:

TRSL Sub Plan	Total Employer Contribution
	2016
K-12 Regular Plan	26.3%
Higher Ed Regular Plan	25.3%
Plan A	31.3%
Plan B	28.8%

ORP	Employer UAL
2016	22.0%

The School Board's contractually required composite contribution rate for the year ended June 30, 2016 was 26.3% 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 \$8,755,654 for the year ended June 30, 2016.

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

At June 30, 2016, the School Board reported a liability of \$73,439,237 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the Net Pension Obligation 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 contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The School Board's proportionate share used to calculate the June 30, 2016 net pension liability was 0.68301%, which was based on a measurement date of June 30, 2015. This was a decrease of 0.01549% from its proportionate share used to calculate the June 30, 2015 net pension liability, which was based on a measurement date of June 30, 2014.

NATCHITOCHE PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2016

For the year ended June 30, 2016, the School Board recognized pension expense of \$4,824,899. At June 30, 2016, 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	\$	\$ 842,751
Net difference between projected and actual earnings on pension plan investments		1,620,705
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Employer Contributions	353,492	1,440,998
Employer contributions subsequent to the measurement date	8,755,654	
Total	\$ <u>9,109,146</u>	\$ <u>3,904,454</u>

\$8,755,654 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, 2017. 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 ended June 30:

2017	\$ (1,472,973)
2018	(1,472,972)
2019	(1,472,973)
2020	<u>867,956</u>
Total	<u>\$ (3,550,962)</u>

Actuarial Assumptions

The total pension liability in the June 30, 2015, 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, 2016

Valuation date	June 30, 2015
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. 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, 2015 are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return
Domestic Equity	4.71%
International Equity	5.69%
Domestic Fixed Income	2.04%
International Fixed Income	2.80%
Alternative Investments	5.94%

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

NATCHITOCHEES PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2016

Sensitivity to Changes in Discount Rate

The following presents the proportionate share of the net pension liability of the 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 for 2015	\$ 92,927,326	\$	73,439,237	\$	56,864,240

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.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.

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

NATCHITOCHEs PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2016

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

For members who joined the System prior to July 1, 2006, the maximum retirement benefit is an amount equal to 3 1/3% of the average compensation for the three highest consecutive years of membership service, subject to the 10% salary limitation, multiplied by the number of years of service limited to 100% of final average compensation plus a supplementary allowance of \$2.00 per month for each year of service. For members who joined the System on or after July 1, 2006 through June 30, 2010, 3 1/3% of the average compensation is used to calculate benefits, however, the calculation consists of the five highest consecutive years of membership service, subject to the 10% salary limitation. For members who join the System on or after July 1, 2010, 2 1/2% of the average compensation is used to calculate benefits and consists of the five highest consecutive years' average salary, subject to the 15% salary limitation. The supplemental allowance was eliminated for members entering the 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 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 regular retirement plan of the System terminates. Average compensation and creditable service remain as they existed on the effective date of commencement of participation in the System. 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

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Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2016

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 the maximum benefit, Option 2 benefit, Option 3 benefit or Option 4 benefit. Thereafter, these members are ineligible to participate in the DROP. The IBRP program provides both a one-time single sum payment of up to 36 months of a regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest credited and payments from IBRP account are made in accordance with 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, 2015 was 33.0% of annual payroll, with the employee contributing 7.5% of annual payroll.

Contributions to the pension plan from the School Board were \$109,216 for the year ended June 30, 2016.

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

At June 30, 2016, the Employer reported a liability of \$3,111,591 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 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, 2016 net pension liability was 0.490689 percent, which was based on a measurement date of June 30, 2015. This was an decrease of 0.061211 percent from its proportionate share used to calculate the June 30, 2015 net pension liability, which was based on a measurement date of June 30, 2014.

For the year ended June 30, 2016, the School Board recognized pension expense of (\$118,351). At June 30, 2016, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NATCHITOCHEs PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2016

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$	\$ 277,459
Changes in assumptions	223,812	
Net difference between projected and actual earnings on pension plan investments		144,773
Changes in proportion and differences between Employer contributions and proportionate share of contributions	156,956	784,399
Employer contributions subsequent to the measurement date	109,216	
Total	\$ <u>489,984</u>	\$ <u>1,206,631</u>

\$109,216 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, 2017. 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 ended June 30:

2017	\$ (484,353)
2018	(344,565)
2019	(73,914)
2020	<u>76,969</u>
Total	\$ <u>(825,863)</u>

ACTUARIAL ASSUMPTIONS

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2015 are as follows:

NATCHITOCHEES PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2016

Valuation Date	June 30, 2015
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	7.0%, net of investment expense
Expected Remaining Service Lives	2015 – 3 years 2014 – 3 years
Inflation rate	2.75%
Mortality	Mortality rates based on the RP-2000 Combined Healthy Sex Distinct Mortality Table
Salary increases	Salary increases were projected based on a 2008-2012 experience study of the Plan's members. The annual salary growth rates are based upon the members' years of service.
Cost-of-living adjustments	Cost-of-living raises may be granted from the Experience Account provided there are sufficient funds needed to offset the increase in the actuarial liability and the plan has met the criteria and eligibility requirements outline by ACT 399 of 2014.

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 best estimates of geometric real rates of return for each major asset class are summarized in the following table:

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Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2016

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Fixed Income	30%	1.06%
Equity	51%	3.61%
Alternative	13%	0.89%
Real Assets	6%	0.44%
Total	100%	6.00%
Inflation		2.30%
Expected Arithmetic Nominal Return		8.30%

The discount rate used to measure the total pension liability was 7.0%. 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 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 7.0%, as well as what the School Board’ proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.0% or one percentage-point higher 8.0% than the current rate.

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
School Board's proportionate share of the net pension liability	\$ 4,274,571	\$ 3,111,591	\$ 2,117,147

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, 2015. Access to the audit report can be found on the Office of Louisiana Legislative Auditor’s official [website: www.lla.la.gov](http://www.lla.la.gov).

NATCHITOCHEs PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2016

8. STATE OF LOUISIANA POST-RETIREMENT BENEFIT PLAN

Plan Description

The Natchitoches Parish School Board's (SPSB) 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.

A summary of employers and members participating in the plan at June 30, 2015 is as follows:

	Number of Employers		Plan Membership
States	1	Retirees and beneficiaries	55,056
School systems	43	Active plan members	76,329
Non-state agencies	100	Total	131,385
State agencies	230		
Total	<u>374</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.

Employer contributions are based on plan premiums and the employer contribution percentage. This percentage is based on the date of participation in an OGB plan (before or after January 1, 2002) and employee years of service at retirement. Employees who begin participation or rejoin the plan before January 1, 2002 pay approximately 25% of the cost of active coverage (except single retirees under age 65 who pay approximately 25% of the active employee cost). For those beginning participation or rejoining on or after January 1, 2002, the percentage of premiums contributed by the employer is 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%

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Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2016

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):

	Primary Government
Annual required contribution	\$ 7,415,000
Annual OPEB cost (cost)	7,415,000
Premium payments made on behalf of retirees	<u>4,060,325</u>
Increase in net OPEB obligation	\$ 3,354,675
Net OPEB obligation, beginning of year	<u>\$ 25,699,845</u>
Net OPEB obligation, ending of year	<u>\$ 29,054,519</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:

Post-Employment Benefit	Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost	Net OPEB Obligation
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
Medical & life	6/30/2014	6,528,400	57.00%	24,287,700
Medical & life	6/30/2013	6,323,106	58.00%	19,449,720
Medical & life	6/30/2012	6,302,400	56.00%	16,815,917
Medical & life	6/30/2011	7,477,818	47.00%	14,358,550

Funded Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, the funded status of the plan was as follows:

NATCHITOCHEES PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2016

Actuarial valuation date	7/01/2015
Actuarial accrued liability (AAL)	\$110,249,000
Unfunded AAL (UAAL)	\$110,249,000
Funded ratio	0%
Annual covered payroll	\$12,366,463
UAAL as a percentage of annual covered payroll	892%

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 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, 2014 actuarial valuation using the following methods and assumptions:

Actuarial cost method	Projected unit credit
Investment return	4% (net of administrative expenses), Based on expected long-term investment returns on employer's own investments
Healthcare inflation rate	8% and 7% for pre-Medicare and Medicare eligible, respectively, scaling Down to ultimate rate of 4.5%
UAAL amortization method	Level percentage of payroll, open
Remaining amortization period	30 years

NATCHITOCHE PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2016

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 March 1, 2013 through February 28, 2015 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, 2016 are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Title I Funds	\$ 588,944
General Fund	Other Governmental Funds	1,378,953
Total		\$ 1,967,897

10. ACCOUNTS, SALARIES, AND OTHER PAYABLES

Payables of \$11,247,636 at June 30, 2016, are as follows:

	General Fund	Child Nutrition Fund	CSD#10 Maintenance Marthaville Fund	Title I Fund	Other Governmental Funds	Total
Salaries and withholdings	\$ 9,581,446	\$ 411,216	\$ -	\$ 327,137	\$ 736,933	\$ 11,056,732
Accounts payable	142,513	9,702	378	1,093	37,219	\$ 190,905
Total	\$ 9,723,959	\$ 420,918	\$ 378	\$ 328,230	\$ 774,152	\$ 11,247,637

11. COMPENSATED ABSENCES

At June 30, 2016, employees of the School Board have accumulated and vested \$1,832,076 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, 2016:

NATCHITOCHEES PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2016

	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, 2015	\$ 7,506,000	1,827,764	25,699,845	71,369,513	3,199,283	109,602,405
Additions	3,500,000	4,312	3,354,675	2,069,724	-	8,928,711
Retirements	(2,388,000)	-	-	-	(87,692)	(2,475,692)
Long-term debt payable, June 30, 2016	\$ <u>8,618,000</u>	<u>1,832,076</u>	<u>29,054,520</u>	<u>73,439,237</u>	<u>3,111,591</u>	<u>116,055,424</u>

Long-term Liabilities

Due within one year	\$ 1,726,000					1,726,000
Due in more than one year	6,892,000	1,832,076	29,054,520	73,439,237	3,111,591	114,329,424
Total	\$ <u>8,618,000</u>	<u>1,832,076</u>	<u>29,054,520</u>	<u>73,439,237</u>	<u>3,111,591</u>	<u>116,055,424</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:

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	\$ 339,294	\$ 3,773,000
Consolidated School District No. 8: September 10, 2005	\$ 3,500,000	2.5 - 3.5%	3/1/2035	1,227,313	3,500,000
School District No. 9: September 7, 2005	\$ 13,080,000	3.0 - 5.0%	3/1/2017	32,400	810,000
June 25, 2009	\$ 1,250,000	3.0 - 5.0%	6/25/2017	3,021	95,000
Total Bonds				\$ <u>1,602,028</u>	\$ <u>8,178,000</u>

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	\$ 16,420	\$ 440,000

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, 2016, the School Board has accumulated \$1,241,055 in the debt service funds for future debt requirements. The bonds and certificates of indebtedness are due as follows:

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Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2016

Year Ending June 30,	Principal Payments	Interest Payments	Total
2017	\$ 1,726,000	234,079	1,960,079
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
2022-2026	1,969,000	423,962	2,392,962
2027-2031	1,030,000	265,175	1,295,175
2032-2035	1,035,000	91,724	1,126,724
Total	<u>\$ 8,618,000</u>	<u>\$ 1,618,448</u>	<u>\$ 10,236,448</u>

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, 2016, the statutory limit is \$113,844,129, and outstanding bonded debt totals \$8,618,000.

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, 2016, a total of \$5,123,000 of bonds outstanding is considered defeased.

13. INTER-FUND TRANSFERS

Transfers amount total \$1,219,222 (See Finding 2016-003).

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

NATCHITOCHE PARISH SCHOOL BOARD

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Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2016

excess of \$200,000 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

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 \$5,000 to \$25,000. 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.

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 \$33,444,831 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.

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Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2016

The contract of the Natchitoches Parish School Board, in addition to the operational stipulated savings clause, the contract 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 (\$96,834,413) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. The \$9,599,130 balance of deferred outflow of resources, at June 30, 2016 will be recognized as an expense and will decrease the unrestricted net position over the next 3 years.

The unrestricted net position amount of (\$96,834,413) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$5,111,085 balance of deferred inflow of resources, at June 30, 2016 will be recognized as a revenue and will increase the unrestricted net position over the next 4 years.

19. PRIOR PERIOD ADJUSTMENTS

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

Exhibit B – Statement of Activities

<u>Explanation</u>	<u>Amount</u>
See explanation below.	\$ 394,290
To adjust net pension liability.	(27,000)
Total	<u>\$ 367,290</u>

Exhibit B – Statement of Activities

<u>Fund</u>	<u>Explanation</u>	<u>Amount</u>
General Fund	To adjust assets and liabilities in prior year.	\$ 373,165
Other Governmental Funds	To adjust assets and liabilities in prior year.	21,125
Total		<u>\$ 394,290</u>

NATCHITOCHEES PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2016

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 April 29, 2017, voters approved of a ½% sales tax increase within the School Sales Tax District for Consolidated School District #7 effective July 1, 2017.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

NATCHITOCHE PARISH SCHOOL BOARD
Natchitoches, Louisiana
GENERAL FUND
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

	BUDGETED AMOUNTS		ACTUAL AMOUNTS (Budgetary Basis)	VARIANCE WITH FINAL BUDGET Positive (Negative)
	ORIGINAL	FINAL		
Revenues:				
Local sources:				
Taxes:				
Ad valorem	\$ 3,762,200	3,727,200	3,779,447	52,247
Sales and use	12,694,332	12,350,000	12,655,537	305,537
Interest earnings	780,006	946,242	1,373,148	426,906
Other	838,372	776,508	721,311	(55,197)
Total local sources	<u>18,074,910</u>	<u>17,799,950</u>	<u>18,529,443</u>	<u>729,493</u>
State sources:				
Minimum Foundation Program	33,739,343	33,146,344	32,948,082	(198,262)
Other	164,957	164,957	524,660	359,703
Total state sources	<u>33,904,300</u>	<u>33,311,301</u>	<u>33,472,742</u>	<u>161,441</u>
Federal sources	<u>381,284</u>	<u>259,281</u>	<u>289,705</u>	<u>30,424</u>
Total Revenues	<u>52,360,494</u>	<u>51,370,532</u>	<u>52,291,890</u>	<u>890,934</u>
Expenditures:				
Instruction:				
Regular programs	29,881,431	27,415,660	25,660,454	1,755,206
Special programs	7,079,006	7,528,651	8,228,541	(699,890)
Vocational programs	1,163,504	1,207,603	1,273,254	(65,651)
All other programs	1,269,771	1,327,003	1,516,018	(189,015)
Support services:				
Student services	1,900,364	2,085,436	2,411,161	(325,725)
Instructional staff support	2,036,288	2,161,186	2,227,918	(66,732)
General administration	1,196,084	1,201,924	1,281,788	(79,864)
School administration	3,308,852	3,603,830	3,901,174	(297,344)
Business services	516,635	563,209	639,542	(76,333)
Plant services	3,959,087	4,045,839	4,125,189	(79,350)
Student transportation services	4,816,307	4,684,780	4,640,904	43,876
Central services	333,216	428,304	500,833	(72,529)
School food services	2,109	31	20,715	(20,684)
Community service programs	1,980	1,980	1,775	205
Capital outlay	245,751	33,038	30,481	2,557
Debt service:				
Principal retirement		210,000	210,000	0
Interest and bank charges		20,110	20,109	1
Total Expenditures	<u>57,710,385</u>	<u>56,518,584</u>	<u>56,689,856</u>	<u>(171,273)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,349,891)</u>	<u>(5,148,052)</u>	<u>(4,397,966)</u>	<u>1,062,207</u>
Other Financing Sources (Uses)				
Transfers in	5,350,075	5,719,565	487,793	5,231,772
Transfers out		(571,513)	(848,735)	277,222
Local revenue transfers - charter schools			(139,411)	139,411
Other financing use	(184)			
Total Other Financing Sources (Uses)	<u>5,349,891</u>	<u>5,148,052</u>	<u>(500,353)</u>	<u>5,648,405</u>
Net Change in Fund Balances	0	0	(4,898,319)	6,710,612
July 1, 2015, as previously reported	0	0	11,080,120	(11,080,120)
Prior period adjustments	0	0	373,165	(373,165)
July 1, 2015, as restated	<u>0</u>	<u>0</u>	<u>11,453,285</u>	<u>(11,453,285)</u>
July 30, 2016	<u>\$ 0</u>	<u>0</u>	<u>6,554,966</u>	<u>(4,742,673)</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, 2016

	BUDGETED AMOUNTS		ACTUAL AMOUNTS (Budgetary Basis)	VARIANCE WITH FINAL BUDGET Positive (Negative)
	ORIGINAL	FINAL		
Revenues:				
Local sources:				
Interest earnings	\$		389	389
Charges for services		309,628	258,296	245,464
Other			11,561	11,561
Total local sources		<u>309,628</u>	<u>258,296</u>	<u>257,414</u>
State sources:				
Minimum Foundation Program		496,750	496,750	496,749
Other			39,887	39,887
Total state sources		<u>496,750</u>	<u>496,750</u>	<u>536,636</u>
Federal sources		<u>2,796,247</u>	<u>2,850,500</u>	<u>3,083,407</u>
Total Revenues		<u>3,602,625</u>	<u>3,605,546</u>	<u>3,877,457</u>
Expenditures:				
Support services:				
General administration		1,470	1,362	1,362
School food services		4,151,155	4,174,642	4,181,607
Total Expenditures		<u>4,152,625</u>	<u>4,176,004</u>	<u>4,182,969</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures		<u>(550,000)</u>	<u>(570,458)</u>	<u>(305,512)</u>
Other Financing Sources (Uses)				
Transfers in		550,000	570,458	521,956
Total Other Financing Sources (Uses)		<u>550,000</u>	<u>570,458</u>	<u>521,956</u>
Net Change in Fund Balances		0	0	216,444
July 1, 2015		0	0	0
July 30, 2016	\$	<u>0</u>	<u>0</u>	<u>216,444</u>
		<u>0</u>	<u>0</u>	<u>264,946</u>

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

NATCHITOCHE PARISH SCHOOL BOARD
Natchitoches, Louisiana
CSD #10 MAINTENANCE MARTHAVILLE FUND
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

	BUDGETED AMOUNTS		ACTUAL AMOUNTS (Budgetary Basis)	VARIANCE WITH FINAL BUDGET Positive (Negative)
	ORIGINAL	FINAL		
Revenues:				
Local sources:				
Taxes:				
Ad valorem	\$ 899,310	899,310	866,253	(33,057)
Interest earnings			57	57
Other			6,000	6,000
Total local sources	<u>899,310</u>	<u>899,310</u>	<u>872,310</u>	<u>(27,000)</u>
Total Revenues	<u>899,310</u>	<u>899,310</u>	<u>872,310</u>	<u>(27,000)</u>
Expenditures:				
Instruction:				
Regular programs	128,760	128,760	32,265	96,495
Vocational programs			1,500	(1,500)
Support services:				
General administration	36,143	36,143	35,201	942
Plant services	79,698	79,698	102,855	(23,157)
Student transportation services			1,387	(1,387)
Central services			23,664	(23,664)
School food services	10,222	10,222		10,222
Total Expenditures	<u>254,823</u>	<u>254,823</u>	<u>196,872</u>	<u>57,951</u>
Net Change in Fund Balances	644,487	644,487	675,438	(30,951)
July 1, 2015	<u>0</u>	<u>0</u>	2,024,269	(2,024,269)
July 30, 2016	<u>\$ 644,487</u>	<u>644,487</u>	<u>2,699,707</u>	<u>30,951</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, 2016

	BUDGETED AMOUNTS		ACTUAL AMOUNTS (Budgetary Basis)	VARIANCE WITH FINAL BUDGET Positive (Negative)
	ORIGINAL	FINAL		
Revenues:				
Federal sources	\$ 2,600,867	3,879,088	2,817,870	(1,061,218)
Total Revenues	<u>2,600,867</u>	<u>3,879,088</u>	<u>2,817,870</u>	<u>(1,061,218)</u>
Expenditures:				
Instruction:				
Regular programs	44,244		191	(191)
All other programs	1,270,156	2,355,515	2,071,527	283,988
Support services:				
Student services	33,553	203,469	207,898	(4,429)
Instructional staff support	365,477	432,667	482,482	(49,815)
General administration	1,286	1,286	1,645	(359)
School administration	1,144	1,144	63	1,081
Business services	1,597	1,597	693	904
Student transportation services	4,903	4,903	609	4,294
Total Expenditures	<u>1,722,360</u>	<u>3,000,581</u>	<u>2,765,108</u>	<u>235,473</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>878,507</u>	<u>878,507</u>	<u>52,762</u>	<u>(1,296,691)</u>
Other Financing Sources (Uses)				
Transfers out	(878,507)	(878,507)	(52,762)	(825,745)
Total Other Financing Sources (Uses)	<u>(878,507)</u>	<u>(878,507)</u>	<u>(52,762)</u>	<u>(825,745)</u>
Net Change in Fund Balances	0	0	0	(2,122,436)
July 1, 2015	0	0	0	0
July 30, 2016	<u>\$ 0</u>	<u>0</u>	<u>0</u>	<u>(2,122,436)</u>

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

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Natchitoches Parish School Board
 Schedule of Funding Progress for OPEB
 For the Year Ended June 30, 2016

Postemployment Health Care and Life Insurance Benefits

	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
Actuarial Valuation Date						
Actuarial Value of Assets (a)	\$ -	-	-	-	-	-
Actuarial Accrued Liability (AAL) (b)	123,131,800	120,339,900	90,320,800	97,926,500	105,293,900	110,249,000
Unfunded AAL (UAAL)(b-a)	\$ 123,131,800	120,339,900	90,320,800	97,926,500	105,293,900	110,249,000
Funded Ratio (a/b)	0%	0%	0%	0%	0%	0%
Covered Payroll (c)	\$ 22,441,700	22,478,700	23,655,100	24,287,700	30,282,302	12,366,463
Unfunded AAL (Funding Excess) as a Percentage of Covered Payroll (b-a)/c)	549%	536%	382%	403%	350%	892%

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, 2016

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, 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>2016</u>	<u>2015</u>
School Board's proportion of the net pension liability (asset) \$	73,439,237	71,396,513
School Board's proportionate share of the net pension liability (asset)	0.68301%	0.69850%
School Board's covered - employee payroll	30,558,771	31,177,287
School Board's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	240.32%	229.00%
Plan fiduciary net position as a percentage of the total pension liability	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>2016</u>	<u>2015</u>
School Board's proportion of the net pension liability (asset)	\$ 3,111,591	3,199,283
School Board's proportionate share of the net pension liability (asset)	0.4907%	0.5519%
School Board's covered - employee payroll	330,958	339,235
School Board's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	940.18%	943.09%
Plan fiduciary net position as a percentage of the total pension liability	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 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 School Board Contributions
TRSL
Last 10 Fiscal Years*

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 8,755,654	8,556,456
Contributions in relation to the contractually required contribution	8,755,654	8,556,456
Contribution deficiency (excess)	<u> -</u>	<u> -</u>
School Board's covered - employee payroll	33,291,460	30,558,771
Contributions as a percentage of covered - employee payroll	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>2016</u>	<u>2015</u>
Contractually required contribution	\$ 109,216	109,216
Contributions in relation to the contractually required contribution	109,216	109,216
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>-</u></u>
School Board's covered - employee payroll	361,642	330,958
Contributions as a percentage of covered - employee payroll	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, 2016

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

1. Changes of benefit terms

None.

2. Changes of assumptions

None.

SUPPLEMENTARY INFORMATION

NATCHITOCHE PARISH SCHOOL BOARD
Natchitoches, Louisiana
NONMAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2016

	<u>SPECIAL REVENUE FUNDS</u>	<u>DEBT SERVICE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
Assets				
Cash and cash equivalents	\$ 594,513	\$ 1,241,055	\$ 1,471,679	\$ 3,307,247
Cash with fiscal agents	38,521	-	-	38,521
Investments	410,092	-	-	410,092
Receivables	1,712,890			1,712,890
Total Assets	<u>\$ 2,756,016</u>	<u>\$ 1,241,055</u>	<u>\$ 1,471,679</u>	<u>\$ 5,468,750</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts, salaries, and other payables	774,152	-	-	774,152
Interfund payables	1,378,953			1,378,953
Total Liabilities	<u>2,153,105</u>	<u>-</u>	<u>-</u>	<u>2,153,105</u>
Fund Balances:				
Restricted:				
Debt Service	-	1,241,055	-	1,241,055
Capital Projects	-	-	1,471,679	1,471,679
Other purposes	602,911	-	-	602,911
Total Fund Balances	<u>602,911</u>	<u>1,241,055</u>	<u>1,471,679</u>	<u>3,315,645</u>
Total Liabilities and Fund Balances	<u>\$ 2,756,016</u>	<u>\$ 1,241,055</u>	<u>\$ 1,471,679</u>	<u>\$ 5,468,750</u>

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, 2016

	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES				
Local sources:				
Taxes:				
Ad valorem	\$ 2,020,439	\$ 2,174,564	\$ -	\$ 4,195,003
Interest earnings	18,858	195	-	19,053
Other	173,475	-	-	173,475
Total Local Sources	<u>2,212,772</u>	<u>2,174,759</u>	<u>-</u>	<u>4,387,531</u>
State sources:				
Other	238,478	10,750	-	249,228
Total State Sources	<u>238,478</u>	<u>10,750</u>	<u>-</u>	<u>249,228</u>
Federal Sources	4,859,999	-	-	4,859,999
TOTAL REVENUES	<u>7,311,249</u>	<u>2,185,509</u>	<u>-</u>	<u>9,496,758</u>
EXPENDITURES				
Current:				
Instruction:				
Regular programs	1,100,067	-	-	1,100,067
Special programs	474,877	-	-	474,877
Vocational programs	83,092	-	-	83,092
All other programs	2,099,200	-	-	2,099,200
Support services:				
Student services	774,589	-	-	774,589
Instructional staff support	798,506	-	-	798,506
General administration	76,809	83,160	140	160,109
School administration	19,989	-	-	19,989
Business services	1,172	-	-	1,172
Plant services	1,529,907	-	-	1,529,907
Student transportation services	119,241	-	-	119,241
Central services	111,593	-	-	111,593
School food services	130,772	-	-	130,772
Capital outlay	384	885	1,979,613	1,980,882
Debt service:				
Principal retirement	-	2,178,000	-	2,178,000
Interest and bank charges	-	240,854	2,025	242,879
Other	-	11,271	46,543	57,814
Total expenditures	<u>7,320,198</u>	<u>2,514,170</u>	<u>2,028,321</u>	<u>11,862,689</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(8,949)	(328,661)	(2,028,321)	(2,365,931)
OTHER FINANCING SOURCES (Uses)				
Bond proceeds	-	-	3,500,000	3,500,000
Accrued interest and premium on bonds sold	-	83,308	-	83,308
Transfers in	209,473	-	-	209,473
Transfers out	(317,725)	-	-	(317,725)
Total other financing sources (uses)	<u>(108,252)</u>	<u>83,308</u>	<u>3,500,000</u>	<u>3,475,056</u>
NET CHANGES IN FUND BALANCES	<u>(117,201)</u>	<u>(245,353)</u>	<u>1,471,679</u>	<u>1,109,125</u>
FUND BALANCES - JULY 1, 2015, AS PREVIOUSLY REPORTED	698,987	1,486,408	-	2,185,395
PRIOR PERIOD ADJUSTMENT	21,125	-	-	21,125
FUND BALANCES - JULY 1, 2015, AS RESTATED	<u>720,112</u>	<u>1,486,408</u>	<u>-</u>	<u>2,206,520</u>
FUND BALANCES - JUNE 30, 2016	<u>\$ 602,911</u>	<u>\$ 1,241,055</u>	<u>\$ 1,471,679</u>	<u>\$ 3,315,645</u>

NATCHITOCHE PARISH SCHOOL BOARD
Natchitoches, Louisiana
SUPPLEMENTARY INFORMATION SCHEDULES
As of and for the Year Ended June 30, 2016

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 Funds:

The capital projects funds for these School Boards are 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.

NATCHITOCES PARISH SCHOOL BOARD

Natchitoches, Louisiana

AGENCY FUND

Schedule of Changes in Deposit Balances of Individual School Activity Funds
For the Year Ended June 30, 2016

School	Beginning Balance	Additions	Reductions	Ending Balance
Cloutierville Elementary & Junior High School	\$ 12,927	\$ 49,149	\$ 45,472	\$ 16,604
East Natchitoches Elementary	24,397	19,785	21,753	22,429
Frankie Ray Jackson, Senior Technical Center	1,116	9,597	9,780	933
Fairview Alpha Elementary & Junior High School	8,123	34,084	41,048	1,159
Goldonna Elementary & Junior High School	14,967	63,537	61,681	16,823
Lakeview Senior and Junior High	58,556	259,977	259,947	58,586
L. P. Vaughn Elementary & Middle School	35,685	95,901	87,595	43,991
Marthaville Elementary & Junior High School	34,180	74,835	74,384	34,631
Natchitoches Central High	317,120	923,859	947,914	293,065
Natchitoches Junior High	-	97,856	88,459	9,397
Natchitoches Magnet	56,738	104,691	96,314	65,115
Northwestern Elementary Laboratory	70,911	136,279	118,569	88,621
Northwestern State University Middle Laboratory	91,449	71,906	70,453	92,902
Parks Elementary & Middle School	3,826	22,469	25,661	634
Provençal Elementary & Junior High School	69,789	127,653	115,805	81,637
Weaver Elementary	34,784	70,558	82,218	23,124
Total School Activity Funds	<u>\$ 834,568</u>	<u>\$ 2,162,136</u>	<u>\$ 2,147,053</u>	<u>\$ 849,651</u>

NATCHITOCHE PARISH SCHOOL BOARD
Natchitoches, Louisiana

Schedule of Compensation Paid Board Members
For the Year Ended June 30, 2016

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	\$ 8,250
Carroll Daniels	7,800
Russell E. Danzy	7,800
Willis E. 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
Altorio R. Holden	3,000
George C. Rhymes	2,600
Rhonda E. Guidroz	<u>2,200</u>
Total	<u>\$86,250</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, 2016

Agency Head Name: Mr. Dale Skinner, Superintendent

Purpose		Amount
Salary	\$	120,168
Benefits - insurance		-
Benefits - retirement		30,788
Benefits - life		-
Car allowance		-
Vehicle provided by government		-
Per diem		-
Reimbursements		-
Travel		1,721
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, 2016

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		10.555	\$ 3,083,407
Total United States Department of Agriculture			<u>3,083,407</u>
UNITED STATES DEPARTMENT OF DEFENSE			
Direct Program:			
Issue of Department of Defense		12.000	113,726
Total United States Department of Defense			<u>113,726</u>
UNITED STATES DEPARTMENT OF INTERIOR			
Direct Programs:			
Timber Sales		15.xxx	27,526
Payments in Lieu of Taxes		15.226	173,066
Total United States Department of Defense			<u>200,592</u>
UNITED STATES DEPARTMENT OF EDUCATION			
Passed through Louisiana Department of Education:			
Title I Grants to Local Educational Agencies	28-15-BJ-35	84.010	6,899
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	189,527
Title I Grants to Local Educational Agencies	28-16-T1-35	84.010	2,786,370
Migrant Education - State Grant Program	28-16-M1-35	84.011A	159,092
Career and Technical Education - Basic Grants to States	28-16-02-35	84.048	78,323
Twenty-First Century Community Learning Centers	28-16-C8-35	84.287	486,845
Special Education - State Personnel Development	28-12-P6-35	84.323	49,696
Rural Education	28-12-RE-35	84.358	129,298
Supporting Effective Instruction State Grant	28-16-50-35	84.367	608,379
Striving Readers	28-16-U1-35	84.371C	119,147
Striving Readers	28-16-U2-35	84.371C	324,802
Striving Readers	28-16-U3-35	84.371C	202,467
Striving Readers	28-16-U4-35	84.371C	206,616
Subtotal			<u>5,378,961</u>
Special Education Cluster:			
Special Education - Grants to States	28-19-B1-35	84.027	1,406,815
Special Education - Preschool Grants	28-16P1-35	84.173	54,309
Total Special Education Cluster			<u>1,461,124</u>
Total United States Department of Education			<u>6,840,085</u>
UNITED STATES DEPARTMENT OF HEALTH & HUMAN SERVICES			
Direct Programs:			
Child Care and Development Block Grant	28-16-C0-35	93.575	14,615
Child Care and Development Block Grant	28-16-C3-35	93.575	20,495
Subtotal			<u>35,110</u>
Passed through the Louisiana Department of Education:			
Temporary Assistance for Needy Families	28-16-36-35	93.558	777,652
Subtotal			<u>777,652</u>
Total United States Department of Health & Human Services			<u>812,762</u>
Total Expenditures of Federal Awards			<u>\$ 11,050,572</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, 2016

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Natchitoches Parish School Board and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. 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 \$167,593 are included in the National School Lunch Program.

Note 3. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The expenditure amounts include transfers out.

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

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, 2016, 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 March 3, 2017. 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 to be a material weakness as Finding 2016-001.

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 to be significant deficiencies as Findings 2016-002 and 2016-003.

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 2016-001.

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
March 3, 2017

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, 2016. 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, 2016.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item Finding 2016-004. Our opinion on each major federal program is not modified with respect to these matters.

Natchitoches Parish School Board's response to the noncompliance finding identified in our audit is described in the accompanying auditee's corrective action plan. Natchitoches Parish School Board's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the 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.

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

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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as Finding 2016-004 to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as Finding 2016-005 to be a significant deficiency.

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

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
March 3, 2017

Certified Public Accountants

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

NATCHITOCHE PARISH SCHOOL BOARD
Natchitoches, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

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? Yes.
 - b. Significant deficiency(ies) identified? Yes.

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)? Yes.

7. Was a management letter issued? Yes

8. Identification of major programs:
 - a. Title I Grants to Local Educational Agencies
CFDA# 84.010

 - b. Special Education Cluster
CFDA# 84.027 & 84.173

 - c. Supporting Effective Instruction State Grant
CFDA #84.367

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? Yes.

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 2016-001:

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. The previous audit report noted \$75,207,356 in buildings and improvements net \$43,435,279 in accumulated depreciation.

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 investment in 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 2016-002:

Criteria:

Office of Management and Budget (OMB) Circular A-87 Attachment (A) (2) (a) (3) states, "Each governmental unit, in recognition of its own unique combination of staff, facilities, and experience, will have primary responsibility for employing whatever form of organization and management techniques may be necessary to assure proper and efficient administration of Federal awards." Code of Federal Regulations, Title 34 80.20 (b) (3) states, "*Internal Control*. Effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets. Grantees and subgrantees must adequately safeguard all such property and must assure that it is used solely for authorized purposes."

Condition:

During the monitoring review conducted by the Louisiana Department of Education, it was noted that the School Board did not have proper controls in place to adequately safeguard the disbursement of federal grant funds for fiscal year 2014-2015.

Cause:

The School Board did not demonstrate processes to prevent unauthorized use of federal grant funds that could result in errors, irregularities, and unsubstantiated expenditures.

Effect/Possible Effect:

Failure to properly safeguard federal award amounts could result in the reporting of inaccurate amounts and increases the possibility of the loss or misappropriation of federal grant funds.

Recommendation:

The School Board should implement appropriate control procedures to ensure that sufficient accountability and controls are in place that governs the use and tracking of federal grant funds.

Finding 2016-003:

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.

Section 3: Federal Award Findings and Questioned Costs

The results of our tests disclosed the following findings and questioned costs related to the federal awards.

Material Weakness and Material Noncompliance:

Finding 2016-004:

Program: Title I Grants to Local Educational Agencies
Passed-Through Louisiana Department of Education

CFDA Number: 84.010
Compliance Requirement: Cash Management

Grant Number: 28-15-BG-35

Criteria:

(Pre-Uniform Guidance Regulations are applicable as noted below)

Office of Management and Budget (OMB) Circular A-87 Attachment A (C) (1) states, “*Basic Guidelines*”. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:

- a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
- b. Be allocable to Federal awards under the provisions of the Circular.
- c. Be authorized or not prohibited under State or local laws or regulations.
- d. Conform to any limitations or exclusions set forth in these principles, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.
- e. Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.

- f. Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- g. Except as otherwise provided for in this Circular, be determined in accordance with generally accepted accounting principles.
- h. Not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award in either the current or a prior period, except as specifically provided by Federal law or regulation.
- i. Be the net of all applicable credits.
- j. Be adequately documented.

Office of Management and Budget (OMB) Circular A-87 Attachment B (1) (F) (3) states, “Advertising and public relations costs. Unallowable advertising and public relations costs include....costs of promotional items and memorabilia, including models, gifts, and souvenirs.”

Office of Management and Budget (OMB) Circular A-87 Attachment A (D) (1) states in part, “The total cost of Federal awards is comprised of the allowable direct cost of the program, plus its allocable portion of allowable indirect costs, less applicable credits.”

Code of Federal Regulations, Title 34 80.20 (b) (6) states, “*Source Documentation.* Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc.”

Code of Federal Regulations, Title 34 80.22 (b) states, “For each kind of organization, there is a set of Federal principles for determining allowable costs. For the costs of a state, local, or Indian tribal government, the Secretary applies the cost principles in OMB Circular A-87, as amended on June 9, 1987.”

Condition:

The School Board was reimbursed from the 2014-2015 Title I program for other purchased services (object code 500), supplies (object code 610) and indirect costs that are considered unallowable Title I program costs.

Context:

During our review of the latest monitoring report surrounding Title I expenditures, the report noted unallowable Title I program costs.

Questioned Costs:

\$62,545

Whether Sampling was Statistically Valid:

No.

Repeat Finding:

No.

Cause:

The School Board requested reimbursement transportation costs that were associated with disallowed summer school field trip expenses. Educational field trips are allowable when they are directly related to a teacher's lesson plan and when they are necessary to meet program objectives. Field trips for entertainment or recreational purposes are not allowable. The School Board did not provide documentation to show where any of the selected field trips met the required criteria. Also, the School Board purchased several supplies that had been determined to be unsubstantiated and unallowable Title I program costs. Items such as musical instruments, food items, field trip activities and summer field trips along with uniform clothing that could not be tied back to individual students were noted and disallowed for various reasons including budgetary, whether supplies were received by the intended recipient and whether the supplies purchased were justifiable expenditures. Finally, with the direct program costs deemed unallowable, previous indirect costs deemed expenditures in conjunction were considered unallowable costs reimbursed by program funds.

Effect/Possible Effect:

Other purchased services were overstated by \$5,676.00 on the 2014-2015 Title I program. Supplies were overstated by \$52,453.59 on the 2014-2015 Title I program. As a result of the direct costs listed deemed unallowable, indirect costs were overstated for purchased services by \$431.17 and overstated for supplies by \$3,984.53.

Recommendation:

The School Board should refund overstated amounts to the Louisiana Department of Education. Also, the School Board should develop and implement policies and procedures to ensure that all expenditures included on the reimbursement requests are supported by sufficient, competent, and relevant documentation.

Views of Responsible Official:

Documentation was provided by the School Board to validate initial questioned costs mentioned in the preliminary monitoring report. After providing documentation, certain expenditures were still deemed unallowable by LDOE monitors. Management has received guidance from LDOE monitors concerning food purchases as they relate to meetings and training sessions and will apply these guidelines in the future. Management understands the conclusion made by the audit team and will work to gain a better understanding of what is allowable to prevent these types of expenses going forward. Also, the School Board submitted repayment to LDOE on March 18, 2016 with check number 138951 totaling \$63,057.84. Of that amount, \$62,545.29 was for disallowed Title I program expenditures.

Finding 2016-005:

Program: Special Education Cluster
Passed-Through Louisiana Department of Education
CFDA Number: 84.027 & 84.173

Compliance Requirement: Allowable Costs/Cost Principles

Grant Number: 28-15-B1-35 & 28-15-P1-35

Criteria:

(Pre-Uniform Guidance Regulations are applicable as noted below)

Office of Management and Budget (OMB) Circular A-87 Attachment A (C) (1) (j) states, “*Basic Guidelines*. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:

- j. Be adequately documented.”

Office of Management and Budget (OMB) Circular A-87 Attachment B (1) (F) (3) states, “Advertising and public relations costs. Unallowable advertising and public relations costs include....costs of promotional items and memorabilia, including models, gifts, and souvenirs.”

Office of Management and Budget (OMB) Circular A-87 Attachment A (D) (1) states in part, “The total cost of Federal awards is comprised of the allowable direct cost of the program, plus its allocable portion of allowable indirect costs, less applicable credits.”

Code of Federal Regulations, Title 34 80.20 (b) (6) states, “*Source Documentation*. Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc.”

Code of Federal Regulations, Title 34 80.22 (b) states, “For each kind of organization, there is a set of Federal principles for determining allowable costs. For the costs of a state, local, or Indian tribal government, the Secretary applies the cost principles in OMB Circular A-87, as amended on June 9, 1987.”

Condition:

The School Board was reimbursed from the 2014-2015 IDEA Part B program for other purchased services (object code 500), professional and technical services (object code 300) and indirect costs that are considered unallowable Title I program costs.

Context:

During our review of the latest monitoring report surrounding Special Education expenditures, the report noted unallowable Special Education program costs.

Questioned Costs:

None

Whether Sampling was Statistically Valid:

No.

Repeat Finding:

No.

Cause:

The School Board paid for travel expenses for an employee that traveled to a specific destination for a background check. With the direct program costs deemed unallowable previously, indirect

costs also deemed expenditures in conjunction were considered unallowable costs reimbursed by program funds.

Effect/Possible Effect:

Other purchased services were overstated by \$151.36 on the 2014-2015 IDEA Part B program. Professional and technical services were overstated by \$325.00 on the 2014-2015 IDEA Preschool program. As a result of the direct costs listed deemed unallowable, indirect costs were overstated by \$36.19 in both Cluster programs.

Recommendation:

The School Board should refund overstated amounts to the Louisiana Department of Education. Also, the School Board should develop and implement policies and procedures to ensure that all expenditures included on the reimbursement requests are supported by sufficient, competent, and relevant documentation.

Views of Responsible Official:

Documentation was provided by the School Board to validate initial questioned costs mentioned in the preliminary monitoring report. After providing documentation, certain expenditures were still deemed unallowable by Louisiana Department of Education monitors. Management has received guidance from LDOE monitors concerning food purchases as they relate to meetings and training sessions and will apply these guidelines in the future. Management understands the conclusion made by the audit team and will work to gain a better understanding of what is allowable to prevent these types of expenses going forward. Management submitted repayment to LDOE on March 18, 2016 for overstatements of expenditures listed above.

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, 2016, and have issued our report thereon dated March 3, 2017. 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 June 30, 2016, and our report on internal control and compliance with laws, regulations, contracts, and grants, dated March 3, 2017.

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 2016-1

- 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, 2016, Consolidated School District #8 reported a deficit of approximately \$327,590, a decrease of \$21,269 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, have doubled, effective with the 2015 tax roll (fiscal year 2015-2016), the millage to be assessed on the taxable property in the District which should help eliminate the deficit in the next few years.

Suggestion 2016-2

- Criteria:** R.S. 24:13 (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 March 31, 2017, after the December 31 deadline for completion.
- Condition:** The School Board 2016 audit report was not completed by March 31, 2017. The certified public accountant was granted a three-month extension to complete the audit report in accordance with the provisions of RS 29:724 (B)(1).
- Cause:** The School Board hired a certified public accountant to perform their 2016 audit. The previous CPA notified the client in December they would no longer perform their audit.
- Effect:** Noncompliance with R.S. 24:13 (5)(a)(1) could result in the School Board violating state laws regarding limiting expenditures to resources available for each fiscal year.
- Recommendation:** The School Board should implement action to ensure completion of the audit report within the time frame in accordance with RS 24:13 (5)(a)(1).
- Response:** The School Board was informed in mid-December 2016 of the withdrawal of the certified public accountant engaged to conduct the fiscal year 2015-2016 audit. The School Board worked diligently and quickly to find a replacement certified public accountant on short notice to complete the audit report. The time frame between this action and the deadline date of December 31 caused management to ask the Louisiana Legislative Auditor for an extension to complete the audit report.

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 recommendation(s).

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
March 3, 2017

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

RALPH WILSON
President

MICHAEL HILTON
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, 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 Costs for the year ended June 30, 2016:

Finding

2016-001

Corrective Action Plan Details

a. Name of Contact Person Responsible for Corrective Action:

Name: Steven Solomon
Title: Director of Business Affairs
Phone Number: 318-352-2358

b. Corrective Action Planned:

Management intends 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 the 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 relates to capital assets.

c. Anticipated Completion Date: 3/8/17

2016-002

a. Name of Contact Person Responsible for Corrective Action:

Name: Steven Solomon
Title: Director of Business Affairs
Phone Number: 318-352-2358

b. Corrective Action Planned:

Management intends to hold a discussion with the head of each federal grant in order to discuss the necessary steps needed to remain in compliance as it relates to control activities. Items of discussion will include the need of accounting to maintain possession of all necessary documentation needed to verify/validate payments to be made from federal funds. In the past, some of these documents were only housed with the heads of the programs and were not in the possession of the Accounting Department.



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RALPH WILSON
President

MICHAEL HILTON
Vice-President

AUDITEE'S CORRECTIVE ACTION PLAN (Continued)

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, 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 Costs for the year ended June 30, 2016:

The Accounting Department will increase awareness of necessary documentation needed to verify/validate payments to be made from federal funds and hold the program representatives accountable for providing the documentation with all requests for payment.

c. Anticipated Completion Date: 2/25/16

Finding
2016-003

Corrective Action Plan Details

a. Name of Contact Person Responsible for Corrective Action:

Name: Steven Solomon
Title: Director 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, to balance cash, to transfer indirect cost, etc. Management intends to implement a process to notate the reason for each transfer between funds throughout the year. Proper authorizing signatures will be required for each transfer.

c. Anticipated Completion Date: 3/8/17



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RALPH WILSON
President

MICHAEL HILTON
Vice-President

AUDITEE'S CORRECTIVE ACTION PLAN (Continued)

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, 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 Costs for the year ended June 30, 2016:

Finding
2016-004

Corrective Action Plan Details

a. Name of Contact Person Responsible for Corrective Action:

Name: Steven Solomon
Title: Director of Business Affairs
Phone Number: 318-352-2358

b. Corrective Action Planned:

Documentation was provided by the School Board to validate initial questioned costs mentioned in the preliminary monitoring report. After providing documentation, certain expenditures were still deemed unallowable by LDOE monitors. Management has received guidance from LDOE monitors concerning food purchases as they relate to meetings and training sessions and will apply these guidelines in the future. Management understands the conclusion made by the audit team and will work to gain a better understanding of what is allowable to prevent these types of expenses going forward. Also, the School Board submitted repayment to LDOE on March 18, 2016 with check number 138951 totaling \$63,057.84. Of that amount, \$62,545.29 was for disallowed Title I program expenditures.

c. Anticipated Completion Date: 2/25/16



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Superintendent

RALPH WILSON
President

MICHAEL HILTON
Vice-President

AUDITEE'S CORRECTIVE ACTION PLAN (Continued)

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, 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 Costs for the year ended June 30, 2016:

Finding
2016-005

Corrective Action Plan Details

a. Name of Contact Person Responsible for Corrective Action:

Name: Steven Solomon
Title: Director of Business Affairs
Phone Number: 318-352-2358

b. Corrective Action Planned:

Documentation was provided by the School Board to validate initial questioned costs mentioned in the preliminary monitoring report. After providing documentation, certain expenditures were still deemed unallowable by LDOE monitors. Management has received guidance from LDOE monitors concerning food purchases as they relate to meetings and training sessions and will apply these guidelines in the future. Management understands the conclusion made by the audit team and will work to gain a better understanding of what is allowable to prevent these types of expenses going forward. Management submitted repayment to LDOE on March 18, 2016 for overstatements of expenditures listed above.

c. Anticipated Completion Date: 2/25/16

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 conducted 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 information and 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
March 3, 2017

General Fund Instructional and Support Expenditures
 and Certain Local Revenue Sources
 For the Year Ended June 30, 2016

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$ 20,722,438	
Other Instructional Staff Activities	2,628,604	
Instructional Staff Employee Benefits	11,239,649	
Purchased Professional and Technical Services	963,699	
Instructional Materials and Supplies	<u>371,292</u>	
Total Teacher and Student Interaction Activities		\$ 35,925,682

Other Instructional Activities 726,964

Pupil Support Activities 2,412,525

Less: Equipment for Pupil Support Services	<u> </u>	
Net Pupil Support Activities		\$ 2,412,525

Instructional Staff Services 2,227,920

Less: Equipment for Instructional Staff Services	<u> </u>	
Net Instructional Staff Services		\$ 2,227,920

School Administration 3,901,176

Less: Equipment for School Administration	<u> </u>	
Net Instructional Staff Services		\$ 3,901,176

Total General Fund Instructional Expenditures \$ 45,194,267

Total General Fund Equipment Expenditures \$

Certain Local Revenue Sources

Local Taxation Revenues:

Constitutional Ad Valorem Taxes	\$ 1,480,515	
Renewable Ad Valorem Taxes	2,185,146	
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	111,290	
Sales and Use Taxes	<u>12,655,537</u>	
Total Local Taxation Revenues		\$ <u><u>16,432,488</u></u>

Local Earnings on Investment in Real Property:

Earnings from 16th Section Property	\$ 703,869	
Earnings from Other Real Property	<u> </u>	
Total Local Earnings on Investment in Real Property		\$ <u><u>703,869</u></u>

State Revenue in Lieu of Taxes:

Revenue Sharing - Constitutional Tax	65,256	
Revenue Sharing - Other Taxes	<u>67,782</u>	
Total State Revenue in Lieu of Taxes		\$ <u><u>133,038</u></u>

Nonpublic Textbook Revenue \$

Nonpublic Transportation Revenue \$

Education Levels of Public School Staff
 As of October 1, 2015

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%	1	3%	2	3%	-	0%
Bachelor's Degree	257	62%	31	81%	11	19%	-	0%
Master's Degree	120	28%	4	11%	14	24%	-	0%
Master's Degree + 30	34	8%	2	5%	1	2%	-	0%
Specialist in Education	6	1%	-	0%	1	2%	-	0%
Ph. D. or Ed. D	5	1%	-	0%	29	50%	-	0%
	424	100%	38	100%	58	100%	0	0%

Number and Type of Public Schools
For the Year Ended June 30, 2016

Type	Number
Elementary	11
Middle / Jr. High	2
Secondary	1
Combination	3
	<hr/>
	17

Experience of Public School Principals, Assistance Principals and Full-time Classroom Teachers
 As of October 1, 2015

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	2	2	3	10
Principals	-	-	2	1	4	5	7	19
Classroom Teachers	73	52	105	61	70	40	61	462
	73	52	108	64	76	47	71	491

Public School Staff Data: Average Salaries
For the Year Ended June 30, 2016

	All Classroom Teachers	Classroom Teachers Excluding ROTC, Rehired Retirees, and Flagged Salary Reductions
Average Classroom Teachers' Salary Including Extra Compensation	\$ 51,180	50,901
Average Classroom Teachers' Salary Excluding Extra Compensation	50,589	50,312
Number of Teacher Full-time Equivalents (FTEs) used in computation of Average Salaries	426	414

Class Size Characteristics
 As of October 1, 2015

School Type	Class Size Range							
	1-20		21-26		27-33		34 +	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	47%	881	49%	356	23%	57	20%	8
Elementary Activity Classes	5%	101	6%	47	9%	23	62%	25
Middle / Jr. High	6%	106	11%	82	9%	23	5%	2
Middle / Jr. High Activity Classes	1%	18	1%	4	2%	5	0%	-
High	11%	207	8%	56	1%	1	5%	2
High Activity Classes	4%	69	0%	-	0%	-	0%	-
Combination	22%	416	24%	170	51%	125	3%	1
Combination Activity Classes	4%	81	1%	8	5%	13	5%	2
Other	0%	-	0%	-	0%	-	0%	-
	100%	1,879	100%	723	100%	247	100%	40

Louisiana Educational Assessment Program (LEAP)
For the Years Ended June 30, 2016, 2015 and 2014

District Achievement Level Results	English Language Arts			Mathematics		
	2016	2015	2014	2016	2015	2014
	Percent	Percent	Percent	Percent	Percent	Percent
Grade 3 Students						
Advanced	3%	3%	5%	5%	4%	9%
Mastery	25%	32%	18%	35%	29%	19%
Basic	26%	24%	35%	27%	28%	37%
Approaching Basic	20%	22%	18%	19%	22%	17%
Unsatisfactory	26%	19%	24%	14%	17%	18%
Total	100%	100%	100%	100%	100%	100%

District Achievement Level Results	English Language Arts			Mathematics		
	2016	2015	2014	2016	2015	2014
	Percent	Percent	Percent	Percent	Percent	Percent
Grade 4 Students						
Advanced	9%	4%	5%	4%	2%	14%
Mastery	31%	30%	21%	30%	24%	18%
Basic	22%	34%	38%	28%	32%	27%
Approaching Basic	24%	22%	19%	27%	32%	19%
Unsatisfactory	14%	10%	17%	11%	10%	22%
Total	100%	100%	100%	100%	100%	100%

District Achievement Level Results	English Language Arts			Mathematics		
	2016	2015	2014	2016	2015	2014
	Percent	Percent	Percent	Percent	Percent	Percent
Grade 5 Students						
Advanced	4%	-	3%	6%	2%	3%
Mastery	29%	24%	21%	23%	23%	15%
Basic	30%	30%	33%	31%	27%	42%
Approaching Basic	25%	32%	25%	30%	32%	16%
Unsatisfactory	12%	14%	18%	10%	16%	24%
Total	100%	100%	100%	100%	100%	100%

Louisiana Educational Assessment Program (LEAP)
 For the Years Ended June 30, 2016, 2015 and 2014

District Achievement Level Results	English Language Arts			Mathematics		
	2016	2015	2014	2016	2015	2014
	Percent	Percent	Percent	Percent	Percent	Percent
Grade 6 Students						
Advanced	5%	2%	2%	3%	2%	2%
Mastery	30%	36%	36%	23%	25%	25%
Basic	35%	32%	32%	27%	32%	31%
Approaching Basic	24%	21%	21%	35%	30%	30%
Unsatisfactory	6%	9%	9%	12%	11%	12%
Total	100%	100%	100%	100%	100%	100%

District Achievement Level Results	English Language Arts			Mathematics		
	2016	2015	2014	2016	2015	2014
	Percent	Percent	Percent	Percent	Percent	Percent
Grade 7 Students						
Advanced	13%	5%	5%	4%	2%	2%
Mastery	31%	28%	28%	22%	20%	20%
Basic	29%	34%	33%	29%	31%	31%
Approaching Basic	17%	23%	23%	33%	34%	34%
Unsatisfactory	10%	10%	11%	12%	13%	13%
Total	100%	100%	100%	100%	100%	100%

District Achievement Level Results	English Language Arts			Mathematics		
	2016	2015	2014	2016	2015	2014
	Percent	Percent	Percent	Percent	Percent	Percent
Grade 8 Students						
Advanced	9%	3%	3%	-	7%	6%
Mastery	40%	38%	15%	30%	29%	5%
Basic	25%	27%	42%	26%	21%	46%
Approaching Basic	18%	19%	31%	28%	24%	24%
Unsatisfactory	8%	13%	9%	16%	19%	19%
Total	100%	100%	100%	100%	100%	100%

Graduation Exit Examination (GEE)
For the Years Ended June 30, 2016, 2015 and 2014

N/A: GEE is no longer administered.

iLEAP Test Results
For the Years Ended June 30, 2016, 2015 and 2014

District Achievement Level Results	Science			Social Studies		
	2016	2015	2014	2016	2015	2014
	Percent	Percent	Percent	Percent	Percent	Percent
Grade 3 Students						
Advanced	4%	2%	4%	N/A	-	1%
Mastery	15%	16%	11%	N/A	14%	13%
Basic	35%	37%	37%	N/A	44%	44%
Approaching Basic	27%	26%	26%	N/A	20%	21%
Unsatisfactory	19%	19%	22%	N/A	22%	21%
Total	100%	100%	100%	N/A	100%	100%

District Achievement Level Results	Science			Social Studies		
	2016	2015	2014	2016	2015	2014
	Percent	Percent	Percent	Percent	Percent	Percent
Grade 4 Students						
Advanced	4%	3%	3%	N/A	-	-
Mastery	13%	13%	13%	N/A	12%	10%
Basic	43%	41%	42%	N/A	48%	50%
Approaching Basic	25%	30%	29%	N/A	23%	21%
Unsatisfactory	15%	13%	13%	N/A	17%	19%
Total	100%	100%	100%	N/A	100%	100%

District Achievement Level Results	Science			Social Studies		
	2016	2015	2014	2016	2015	2014
	Percent	Percent	Percent	Percent	Percent	Percent
Grade 5 Students						
Advanced	6%	4%	3%	N/A	5%	4%
Mastery	15%	12%	13%	N/A	9%	11%
Basic	34%	32%	38%	N/A	37%	43%
Approaching Basic	24%	30%	28%	N/A	27%	22%
Unsatisfactory	21%	22%	18%	N/A	22%	20%
Total	100%	100%	100%	N/A	100%	100%

iLEAP Test Results
 For the Years Ended June 30, 2016, 2015 and 2014

District Achievement Level Results	Science			Social Studies		
	2016	2015	2014	2016	2015	2014
	Percent	Percent	Percent	Percent	Percent	Percent
Grade 6 Students						
Advanced	4%	4%	3%	N/A	4%	4%
Mastery	12%	14%	13%	N/A	8%	11%
Basic	39%	38%	38%	N/A	42%	43%
Approaching Basic	28%	28%	28%	N/A	29%	22%
Unsatisfactory	17%	16%	18%	N/A	17%	20%
Total	100%	100%	100%	N/A	100%	100%

District Achievement Level Results	Science			Social Studies		
	2016	2015	2014	2016	2015	2014
	Percent	Percent	Percent	Percent	Percent	Percent
Grade 7 Students						
Advanced	4%	3%	5%	N/A	5%	7%
Mastery	23%	18%	17%	N/A	14%	13%
Basic	35%	35%	35%	N/A	46%	43%
Approaching Basic	24%	27%	29%	N/A	23%	25%
Unsatisfactory	14%	17%	14%	N/A	12%	12%
Total	100%	100%	100%	N/A	100%	100%

District Achievement Level Results	Science			Social Studies		
	2016	2015	2014	2016	2015	2014
	Percent	Percent	Percent	Percent	Percent	Percent
Grade 8 Students						
Advanced	0%	3%	4%	N/A	2%	2%
Mastery	12%	12%	13%	N/A	14%	13%
Basic	35%	30%	33%	N/A	39%	41%
Approaching Basic	30%	32%	34%	N/A	25%	25%
Unsatisfactory	23%	23%	16%	N/A	20%	19%
Total	100%	100%	100%	N/A	100%	100%