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ORLEANS PARISH SCHOOL BOARD

NEW ORLEANS, LOUISIANA

FINANCIAL STATEMENTS

JUNE 30, 2020



Postlethwaite & Netterville

A Professional Accounting Corporation

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ORLEANS PARISH SCHOOL BOARD

NEW ORLEANS, LOUISIANA

FINANCIAL STATEMENTS

JUNE 30, 2020

Orleans Parish School Board
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Independent Auditors' Report

Board Members
Orleans Parish School Board
New Orleans, Louisiana

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Orleans Parish School Board, as of June 30, 2020, 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, the Schedule of Changes in Total Other Post-Employment Benefit Liability and Related Ratios, the Schedule of the School Board's Proportionate Share of the Net Pension Liability for the Retirement Systems, the Schedule of Employer Contributions to the Retirement Systems, the Budgetary Comparison Schedules – Major Governmental Funds, and the related notes to the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Orleans Parish School Board's basic financial statements. The accompanying supplementary information, as listed in the table of contents, including the combining and individual non-major fund financial statements, the schedule of compensation paid to board members, the schedule of compensation, benefits, and other payments to the superintendent, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and related notes presented on pages 116-117 are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and are also not a required part of the basic financial statements.

The accompanying supplementary information and the schedule of expenditures of federal awards and related notes, as listed in the table of contents, 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information and the schedule of expenditure of federal awards and related notes, as listed in the table of contents, are 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 September 24, 2021, on our consideration of the Orleans 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 the School Board's internal control over financial reporting and compliance.

Postlethwaite & Netterville

Baton Rouge, Louisiana
September 24, 2021

ORLEANS PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
JUNE 30, 2020

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

FINANCIAL HIGHLIGHTS

- The net position for both governmental and business-type activities as of June 30, 2019 has been restated for identified accounting errors associated with transactions which were improperly recorded to the wrong fiscal period, not properly calculated and/or not properly coded to the correct fund. Governmental activities net position as of June 30, 2019 was increased by \$220.7 million. Business-type Activities net position as of June 30, 2019 was decreased by \$2 million. See additional discussion regarding these adjustments in Note 17 to the financial statements.
- As of June 30, 2020, the Orleans Parish School Board reported a consolidated net position of \$1.90 billion, which is an increase of \$17.3 million (0.9%) from the restated June 30, 2019 balance of \$1.88 billion.
- As of June 30, 2020, the Orleans Parish School Board reported a General Fund, fund balance of \$48 million. This represents a decrease of \$12.4 million (20.5%) from the restated June 30, 2019 balance of \$60.5 million and includes the use of \$5 million to respond to the worldwide coronavirus pandemic.
- Ad valorem tax revenues totaled \$189 million, which represents an increase of \$15.7 million (9%) from the prior year.
- Sales tax revenues totaled \$132 million, a decrease of \$16 million (11%) from the prior year due to emergency stay-at-home orders issued in mid-March 2020 to reduce the spread of the coronavirus.
- Minimum Foundation Program (MFP) funding from the state of Louisiana, an unrestricted block grant determined by a complex four-tiered formula, totaled \$210 million, an increase of \$25 million (14%) from the prior year.
- Principal payment on General Obligation bonds totaled \$9.2 million. The Orleans Parish School Board contributed \$10.5 million to the Qualified School Construction Bond (QSCB) sinking fund, as required. Interest payments for both bonds totaled \$453,000.
- As of June 30, 2020, the Orleans Parish School Board reported total long-term debt of \$105 million, comprised of (1) bonds totaling \$21 million; (2) other postemployment benefit obligations totaling \$6 million; (3) net pension liability of \$43 million; (4) compensated absences of \$1.3 million; and (5) claims payable totaling \$34 million.
- As of June 30, 2020, the Orleans Parish School Board had net capital assets (book value less accumulated depreciation) of \$1.72 billion. The long-term debt plus accrued interest on these capital assets totaled \$21 million, resulting in a net investment in capital assets of \$1.7 billion.
- Expenditures for capital assets totaled \$19.2 million in the fiscal year ended June 30, 2020. A total of \$42 million was recognized as donated assets from the Recovery School District for ongoing construction projects.

ORLEANS PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
JUNE 30, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for special purpose governments engaged in governmental activities established by Governmental Accounting Standards Board Codification Section 2200.102.



These financial statements consist of four sections: (1) Management's Discussion and Analysis (this section), (2) the basic financial statements, including the notes to the financial statements, (3) required supplementary information, and (4) an optional section that presents combining statements for nonmajor governmental funds.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Orleans Parish School Board's finances in a manner similar to private-sector for-profit businesses.

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

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

Both of the government-wide financial statements present activities of the Orleans Parish School Board that are principally supported by taxes and intergovernmental revenues (governmental activities) as well as business-type activities, which are business-like in nature and primarily supported by user fees and charges for services. The governmental activities of the Orleans Parish School Board include services for students with special needs, district-wide enrollment, charter school portfolio innovation and accountability, and school support, in addition to various ancillary executive and administrative services. The Orleans Parish School Board's business-type activities include leasing office space and tax credit financing activities.

ORLEANS PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
JUNE 30, 2020

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

Governmental funds. Governmental funds are used to account for essentially the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near term inflows and outflows of spendable resources*, as well as on *balances of spendable resources available* at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Orleans Parish School Board's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The Orleans Parish School Board maintains dozens of individual governmental funds.

Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the general fund and four other major funds.

The remaining governmental funds are combined into a single, aggregated presentation under the label of Other Nonmajor Governmental funds, which contains all nonmajor funds. Individual fund data for each of these nonmajor funds is provided in the form of combining statements in the Supplementary Information section of this report.

The Orleans Parish School Board adopts annual appropriated budgets for the general fund and all special revenue funds. Annual operating budgets are not adopted for capital projects funds or debt service funds. As such, a budget to actual comparison schedule was not prepared for the capital projects and debt service funds.

Proprietary funds - Services for which the Orleans Parish School Board charges a fee are reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information.

The Orleans Parish School Board uses internal service funds to report its self-insured employee and retiree health care activities and workers' compensation, and uses enterprise funds to report its business-type activities.

Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of outside parties; the Orleans Parish School Board has one fiduciary fund, a custodial fund.

ORLEANS PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
JUNE 30, 2020

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

FINANCIAL ANALYSIS: STATEMENT OF NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2020	2019 Restated	2020	2019 Restated	2020	2019 Restated
Cash, investments, and other assets	\$ 179,379,047	\$ 327,745,024	\$ 123,290,361	\$ 135,178,656	\$ 302,669,408	\$ 462,923,680
Capital assets	1,718,129,323	1,699,740,800	6,386,047	6,549,345	1,724,515,370	1,706,290,145
Total assets	<u>1,897,508,370</u>	<u>2,027,485,824</u>	<u>129,676,408</u>	<u>141,728,001</u>	<u>2,027,184,778</u>	<u>2,169,213,825</u>
Deferred Outflows of resources	12,088,462	4,666,930	-	-	12,088,462	4,666,930
Other liabilities	17,971,504	79,957,476	307,752	795,528	18,279,256	80,753,004
Long-term liabilities	105,154,012	199,499,976	15,132	-	105,169,144	199,499,976
Total liabilities	<u>123,125,516</u>	<u>279,457,452</u>	<u>322,884</u>	<u>795,528</u>	<u>123,448,400</u>	<u>280,252,980</u>
Deferred Inflows of resources	18,079,805	13,203,109	-	-	18,079,805	13,203,109
Net position:						
Net investment in capital assets	1,696,968,369	1,679,890,776	6,386,047	6,549,345	1,703,354,416	1,686,440,121
Restricted	101,029,192	164,048,938	122,997,901	-	224,027,093	164,048,938
Unrestricted	(29,606,050)	(104,447,521)	(30,424)	134,383,128	(29,636,474)	29,935,607
Total net position	<u>\$ 1,768,391,511</u>	<u>\$ 1,739,492,193</u>	<u>\$ 129,353,524</u>	<u>\$ 140,932,473</u>	<u>\$ 1,897,745,035</u>	<u>\$ 1,880,424,666</u>

The beginning net position of the Orleans Parish School Board's governmental activities has been adjusted to reflect the ownership of school facilities previously removed when school operations were transferred to the Recovery School District. The cost and accumulated depreciation was reconstructed from the time of transfer through the fiscal year ended June 30, 2020. The net pension liability and associated deferred outflows and inflows were restated for errors in the prior year reported amounts. In addition, net position was restated to remove the long-term debt associated with the QSCB bonds recognizing it as an in-substance defeasance. See Note 17 for additional information.

ORLEANS PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
JUNE 30, 2020

FINANCIAL ANALYSIS: STATEMENT OF ACTIVITIES

	Governmental Activities		Business-type Activities		Total	
	2020	2019 Restated	2020	2019 Restated	2020	2019 Restated
Revenues:						
Program revenues						
Charges for services	\$ 17,467,824	\$ 3,664,424	\$ 14,777,729	\$ 4,117,240	\$ 32,245,553	\$ 7,781,664
Operating grants and contributions	17,932,286	23,550,494	-	-	17,932,286	23,550,494
Capital grants and contributions	6,101,347	31,798,865	-	-	6,101,347	31,798,865
General Revenues						
Ad valorem taxes	189,200,387	173,510,890	-	-	189,200,387	173,510,890
Sales taxes	131,673,070	148,006,505	-	-	131,673,070	148,006,505
State revenue sharing program	2,646,336	2,839,631	-	-	2,646,336	2,839,631
Minimum Foundation Program	209,983,887	184,606,794	-	-	209,983,887	184,606,794
Interest and Investment Earnings	1,908,630	1,631,395	2,861,525	2,928,894	4,770,155	4,560,289
Unallocated grants and contributions	1,027,932	-	-	-	1,027,932	-
Other general revenues	52,478,401	17,134,729	-	-	52,478,401	17,134,729
Total revenues	630,420,100	586,743,727	17,639,254	7,046,134	648,059,354	593,789,861
Functions/Program Expenses:						
Instruction						
Regular programs	6,957,432	9,199,369	-	-	6,957,432	9,199,369
Special education	3,046,154	6,609,939	-	-	3,046,154	6,609,939
Other instructional	2,943,484	11,936,124	-	-	2,943,484	11,936,124
Support services						
Student services	6,808,006	11,982,410	-	-	6,808,006	11,982,410
Instructional staff support	2,034,419	3,710,585	-	-	2,034,419	3,710,585
General administration	9,814,171	26,900,023	-	-	9,814,171	26,900,023
School administration	1,549,943	1,874,492	-	-	1,549,943	1,874,492
Business services	2,337,804	2,769,991	-	-	2,337,804	2,769,991
Plant services	24,899,324	20,923,950	-	-	24,899,324	20,923,950
Student transportation services	1,600	1,901,265	-	-	1,600	1,901,265
Central services	2,241,436	3,168,138	-	-	2,241,436	3,168,138
Food services	4,181,570	5,370,830	-	-	4,181,570	5,370,830
Community service programs	366,226	5,842,446	-	-	366,226	5,842,446
Interest and fiscal charges	3,192,031	280,629	-	-	3,192,031	280,629
Appropriations - Charter Schools	531,147,182	438,919,955	-	-	531,147,182	438,919,955
Enterprise operations	-	-	29,218,204	4,844,529	29,218,204	4,844,529
Total expenses	601,520,782	551,390,146	29,218,204	4,844,529	630,738,986	556,234,675
Increase (decrease) in net position	28,899,318	35,353,581	(11,578,950)	2,201,605	17,320,368	37,555,186
Cumulative effect of accounting errors	-	213,067,507	-	(2,043,226)	-	211,024,281
Net Position - beginning	1,739,492,193	1,491,071,105	140,932,474	140,774,094	1,880,424,667	1,631,845,199
Net Position - ending	\$ 1,768,391,511	\$ 1,739,492,193	\$ 129,353,524	\$ 140,932,473	\$ 1,897,745,035	\$ 1,880,424,666

Ad valorem tax revenues totaled \$189 million, which represents an increase of \$15.7 million (9%) from the prior year. Sales tax revenues totaled \$132 million, a decrease of \$16 million (11%) from the prior year due to emergency stay-at-home orders issued in mid-March 2020 to reduce the spread of the coronavirus. Minimum Foundation Program (MFP) funding from the state of Louisiana, an unrestricted block grant determined by a complex four-tiered formula, totaled \$210 million, an increase of \$25 million (14%) from the prior year.

ORLEANS PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
JUNE 30, 2020

FINANCIAL ANALYSIS: STATEMENT OF ACTIVITIES (continued)

With the increase in revenues noted on the previous page, the amounts remitted to the charter school operators also increased for their allocation of these revenues to support their charter operations. Charter School appropriations increased by \$99 million (22.8%) increase over the prior fiscal year.

Principal payments on General Obligation bonds totaled \$9.2 million. The Orleans Parish School Board contributed \$10.5 million to the Qualified School Construction Bond (QSCB) sinking fund, as required. Interest payments for both bonds totaled \$453,000. Expenditures for capital assets totaled \$19.2 million in the fiscal year ended June 30, 2020. A total of \$42 million was recognized as donated assets from the Recovery School District for ongoing construction projects.

ANALYSIS OF BUDGET VARIATIONS – GENERAL FUND

In the general fund, actual revenues exceeded budgeted revenues by \$1.1 million (4.6%) and actual expenditures exceeded budgeted expenditures by \$9.6 million (34.0%) as shown in the following schedule:

	General Fund Budgetary Comparison			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Local sources	\$ 19,012,802	\$ 19,012,802	\$ 22,281,434	3,268,632
State sources	5,260,438	5,260,438	3,122,408	(2,138,030)
Federal sources	-	-	1,550	1,550
Total revenues	<u>24,273,240</u>	<u>24,273,240</u>	<u>25,405,392</u>	<u>1,132,152</u>
Expenditures				
Instruction	4,014,090	4,014,090	6,557,166	(2,543,076)
Support services	24,075,400	24,075,400	29,198,774	(5,123,374)
Food services	-	-	18,498	(18,498)
Community service programs	-	-	-	-
Facilities acquisition and construction	-	-	10,636	(10,636)
Debt service	25,000	25,000	-	25,000
Appropriations - Charter Schools	-	-	1,886,911	(1,886,911)
Total expenses	<u>28,114,490</u>	<u>28,114,490</u>	<u>37,671,985</u>	<u>(9,557,495)</u>
Excess (deficit) of revenues over (under) expenditures	(3,841,250)	(3,841,250)	(12,266,593)	(8,425,343)
Other financing sources (uses)				
Transfers in	3,841,250	3,841,250	4,842,489	1,001,239
Transfers out	-	(5,000,000)	(5,000,000)	-
Judgements	-	-	1,271	1,271
Total other financing sources (uses)	<u>3,841,250</u>	<u>(1,158,750)</u>	<u>(156,240)</u>	<u>1,002,510</u>
Net change in fund balance	-	(5,000,000)	(12,422,833)	(7,422,833)
Net Position - beginning - as restated	<u>57,575,447</u>	<u>57,575,447</u>	<u>60,472,186</u>	<u>2,896,739</u>
Net Position - ending	<u>\$ 57,575,447</u>	<u>\$ 52,575,447</u>	<u>\$ 48,049,353</u>	<u>(4,526,094)</u>

ORLEANS PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
JUNE 30, 2020

ANALYSIS OF BUDGET VARIATIONS – GENERAL FUND (continued)

The Board revised the original budget one time over the course of the year, on March 13, 2020, to allocate the use of \$5 million from the system-wide reserve section of fund balance to fund unanticipated system-wide expenditures related to the worldwide coronavirus pandemic.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020 the Orleans Parish School Board had \$1.8 billion (net of accumulated depreciation) invested in a broad range of capital assets, including land, buildings and improvements, and furniture and equipment. This amount represents an increase (including additions and deletions) of \$16 million over last year, primarily for buildings.

	Governmental Activities		Business-type Activities		Total	
	2020	2019 Restated	2020	2019 Restated	2020	2019 Restated
Land	\$ 39,967,398	\$ 39,967,398	\$ 1,440,992	\$ 1,440,992	\$ 41,408,390	\$ 41,408,390
Construction in progress	220,015,890	169,758,191	-	-	220,015,890	169,758,191
Buildings and improvements	1,457,402,062	1,488,869,037	4,945,055	5,108,353	1,462,347,117	1,493,977,390
Furniture and equipment	743,973	1,146,174	-	-	743,973	1,146,174
Totals	<u>\$ 1,718,129,323</u>	<u>\$ 1,699,740,800</u>	<u>\$ 6,386,047</u>	<u>\$ 6,549,345</u>	<u>\$ 1,724,515,370</u>	<u>\$ 1,706,290,145</u>

During the fiscal year ended June 30, 2019, the Orleans Parish School Board had the following projects either in progress or completed during the year:

<u>Facility</u>	<u>Description of Project</u>	<u>Project Amount</u>
Henry Schaumburg	Roof replacement and repairs	\$ 2,339,806
Harriet Tubman	School and Cottage Renovation	17,280,692
John McDonogh Sr. High School	Facility Renovations	35,556,555
John McDonogh #28 ES	Refurbishment	2,824,063
Sarah T. Reed	HVAC Project	130,369
Village de L'est	HVAC Equipment Replacement	528,911
Fisk Howard	Repairs and Improvements	162,148
Andrew Jackson	School Refurbishment	3,414,078
Benjamin Banneker	Kitchen Refurbishment	438,544
William Fischer	HVAC and Refurbishment	3,695,020
Laurel Elementary	Refurbishment and Renovation	6,830,073

ORLEANS PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
JUNE 30, 2020

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Capital Assets (continued)

During the fiscal year ended June 30, 2020, the Orleans Parish School Board had the following projects either in progress or completed during the year:

<u>Facility</u>	<u>Description of Project</u>	<u>Project Amount</u>
Sylvanie Williams	Removal of wall partition and install permanent wall	\$ 124,486
McMain HS	Building Envelope - Historic Preservation	5,148,000
Hynes	Compressor Replacement	69,270
Crossman	Structural Repairs to Exterior wall	102,700
McMain	Chiller Compressor Replacement	56,849
Ben Franklin - Jefferson	Phase I and II Historic Preservation	8,169,753
Lusher HS	Add more HVAC to three (3) areas	56,780
Douglass	Chiller Replacement	130,500
Douglass	Roof Top Chiller Repairs	47,980
Warren Easton	Roof Repair/Replacement - Phase 1	120,969
Moton (Kenilworth)	Compressor Replacement - Trane Chiller	97,960
Warren Easton	Repair of 301	96,000
Hynes	Phase I and II Renovation	677,122
Ben Franklin HS	Grease Trap	15,700
Ben Franklin HS	Gym Heater Replacement	63,980

Long-term Debt

At the end of the current fiscal year the Orleans Parish School Board had bonded debt outstanding of \$21 million. During the year \$9.24 million was paid as retirement on previously existing debt and \$10.5 million was deposited into the Qualified School Construction Bonds sinking fund. No new long-term debt was issued in the current year. More detailed information about long-term liabilities is presented in Note 8 to the financial statements. On August 6, 2020, the Orleans Parish School Board made the final principal payment of \$9.7 million on the Series 2010 General Obligation Refunding Bonds and on January 15, 2021 the Orleans Parish School Board made the final payment of \$11.3 million into the sinking fund on the Qualified School Construction Bonds.

As of February 1, 2019 Standard and Poor's Global Ratings raised their underlying rating (SPUR) for the Orleans Parish School Board's existing general obligation bonds from A+ to AA-, affirmed the AA- underlying rating on the Orleans Parish School Board's Qualified School Construction Bonds, and reported that for the next two years Orleans Parish School Board's financial outlook is stable. The September 2020 annual comment issued by Moody's Investor Services reported an Aa3 credit rating and stable outlook.

ORLEANS PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
JUNE 30, 2020

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Long-term Debt (continued)

Governmental Accounting Standards Board Statement 68, *Accounting and Financial Reporting for Pensions*, was issued in June 2012 and relates to how pension costs and obligations are measured and reported in audited external financial reports. Participants in multiple-employer cost-sharing defined-benefit pension plans, such as the Orleans Parish School Board, are required to record their proportionate share of the total unfunded accrued liability of each pension in which their employees participate on their government-wide financial statements, which totaled approximately \$42.7 million as of June 30, 2020. More detailed defined benefit pension plan information is available in Note 10.

Governmental Accounting Standards Board Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was issued in June 2015 and requires governments to recognize a net other postemployment benefits liability that is actuarially determined using prescribed methods and based on plan assumptions. This liability totaled approximately \$6 million as of June 30, 2020. More detailed other postemployment benefit information is available in Note 11.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The economic viability of the Orleans Parish School Board is tied in large measure to the state funding formula (Minimum Foundation Program) and the sales and property tax base. The Orleans Parish School Board considered the following factors and indicators when setting their 2020-2021 general fund budget:

- MFP revenues from the state were expected to increase by \$3.6 million due to directly operating one school and increasing screening services provided to preschool students ages 3-5.
- Sales tax revenues were budgeted to decrease by 45% from 2019-2020 reflecting a decline in tourism due to the social distancing required by the Governor of Louisiana and Mayor of New Orleans in an effort to reduce the spread of the coronavirus, which was declared a worldwide pandemic on March 11, 2020.
- Ad valorem revenues were budgeted to increase due to the 14% increase in taxable assessed value of property and rolling forward the millage rates.
- The \$10.3 million increase in budgeted expenditures was primarily comprised of \$4.3 million to directly operate Mary D. Coghill Elementary School; \$2.3 million costs for vacant properties; \$1.5 million increase in property, liability, and flood insurance; and \$895,000 increase to provide additional screening services to preschool children.

ORLEANS PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
JUNE 30, 2020

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (continued)

On August 29, 2021, the Orleans Parish School Board and its facilities were impacted by Hurricane Ida. However, the extent of the damages is unknown as building assessments are ongoing and power is slowly being restored throughout the Parish. All properties are insured and the policy deductible maximum is \$12.5 million. However, the effective lease agreements with the charter operators establishes that they are responsible for the deductible for each school they operate and the School Board is only responsible for vacant properties and its main offices which limits its financial exposure. In addition, the Federal government has declared that a major disaster exists in the State of Louisiana and ordered federal aid to supplement state and local recovery efforts. With this signed FEMA declaration any uncovered expenses for the first 30 days are 100% reimbursable and the School Board will be making claims for these costs.

CONTACTING THE ORLEANS PARISH SCHOOL BOARD

This financial report is designed to provide a general overview of the Orleans Parish School Board's finances for those with an interest in the government's financial position and operations. Questions concerning any of the information provided in this report or requests for additional information should be addressed to

Mr. Stuart M. Gay
Chief Financial Officer
Orleans Parish School Board
2401 Westbend Parkway, Suite 5055
New Orleans, Louisiana 70114
Phone: (504) 359-6984
Email: sgay@nolapublicschools.com

Both audit reports and budgets from the 2014-2015 fiscal year until present are available in the District Financials section of the website, nolapublicschools.com.

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana

STATEMENT OF NET POSITION
JUNE 30, 2020

			Statement A
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and cash equivalents	\$ 8,665,281	\$ 24,952,836	\$ 33,618,117
Equity in pooled assets	134,830,233	280,342	135,110,575
Receivables	32,742,082	381,511	33,123,593
Inventories	49,754	-	49,754
Prepaid items	741,760	-	741,760
Internal balances	2,349,937	(2,349,937)	-
Loans receivable	-	100,025,609	100,025,609
Capital Assets			
Land	39,967,398	1,440,992	41,408,390
Construction in progress	220,015,890	-	220,015,890
Capital assets, net of accumulated depreciation	1,458,146,035	4,945,055	1,463,091,090
TOTAL ASSETS	1,897,508,370	129,676,408	2,027,184,778
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension contributions	4,150,969	-	4,150,969
Deferred amounts related to net pension liability	7,066,792	-	7,066,792
Deferred amounts related to total other post-employment benefit liability	870,701	-	870,701
TOTAL DEFERRED OUTFLOWS OF RESOURCES	12,088,462	-	12,088,462
LIABILITIES			
Accounts, salaries and other payables	16,136,191	307,752	16,443,943
Retainage payable	1,430,783	-	1,430,783
Interest payable	247,500	-	247,500
Unearned revenues	157,030	-	157,030
Long-term liabilities			
Due within one year:			
Bonds, compensated absences, and claims liabilities	22,874,035	15,132	22,889,167
Total other post-employment benefit liability	478,000	-	478,000
Due in more than one year:			
Bonds, compensated absences, and claims liabilities	33,618,518	-	33,618,518
Net pension liability	42,669,930	-	42,669,930
Total other post-employment benefit liability	5,513,529	-	5,513,529
TOTAL LIABILITIES	123,125,516	322,884	123,448,400
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts related to net pension liability	17,186,594	-	17,186,594
Deferred amounts related to total other post-employment benefit liability	893,211	-	893,211
TOTAL DEFERRED INFLOWS OF RESOURCES	18,079,805	-	18,079,805
NET POSITION			
Net investment in capital assets	1,696,968,369	6,386,047	1,703,354,416
Restricted for:			
Debt service	23,346,615	-	23,346,615
Capital projects	68,183,020	122,997,901	191,180,921
Grant and donor	9,499,557	-	9,499,557
Unrestricted (deficit)	(29,606,050)	(30,424)	(29,636,474)
TOTAL NET POSITION	\$ 1,768,391,511	\$ 129,353,524	\$ 1,897,745,035

The accompanying notes to the basic financial statements are an integral part of this statement.

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Statement B

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
GOVERNMENTAL ACTIVITIES:							
Instruction:							
Regular programs	\$ 6,957,432	\$ -	\$ 2,044,431	\$ -	\$ (4,913,001)	\$ -	\$ (4,913,001)
Special education	3,046,154	-	1,184,701	-	(1,861,453)	-	(1,861,453)
Other instructional programs	2,368,521	-	63,940	-	(2,304,581)	-	(2,304,581)
Special programs	574,963	-	893,513	-	318,550	-	318,550
Support Services:							
Student services	6,808,006	-	2,165,576	-	(4,642,430)	-	(4,642,430)
Instructional staff services	2,034,419	-	383,848	-	(1,650,571)	-	(1,650,571)
General administration services	9,814,171	-	-	-	(9,814,171)	-	(9,814,171)
School administration services	1,549,943	-	-	-	(1,549,943)	-	(1,549,943)
Business services	2,337,804	-	-	-	(2,337,804)	-	(2,337,804)
Plant services	24,899,324	-	-	6,101,347	(18,797,977)	-	(18,797,977)
Student transportation services	1,600	-	-	-	(1,600)	-	(1,600)
Central services	2,241,436	-	-	-	(2,241,436)	-	(2,241,436)
Food Service	4,181,570	297,539	3,002,684	-	(881,347)	-	(881,347)
Community service programs	366,226	-	-	-	(366,226)	-	(366,226)
Appropriations - Charter Schools:							
Type II	10,840,578	-	-	-	(10,840,578)	-	(10,840,578)
Type III	520,306,604	17,170,285	8,193,593	-	(494,942,726)	-	(494,942,726)
Interest and fiscal charges	3,192,031	-	-	-	(3,192,031)	-	(3,192,031)
Total Governmental Activities	601,520,782	17,467,824	17,932,286	6,101,347	(560,019,325)	-	(560,019,325)
BUSINESS-TYPE ACTIVITIES:							
Enterprise operations	29,218,204	14,777,729	-	-	-	(14,440,475)	(14,440,475)
Total Business-type Activities	29,218,204	14,777,729	-	-	-	(14,440,475)	(14,440,475)
Total Primary Government	\$ 630,738,986	\$ 32,245,553	\$ 17,932,286	\$ 6,101,347	(560,019,325)	(14,440,475)	(574,459,800)
General revenues:							
Taxes:							
Property taxes					189,200,387	-	189,200,387
Sales taxes					131,673,070	-	131,673,070
State revenue sharing program					2,646,336	-	2,646,336
Grants and contributions not restricted to specific programs:							
Minimum Foundation Program					209,983,887	-	209,983,887
Interest and investment earnings					1,908,630	2,861,525	4,770,155
Unallocated grants and contributions					1,027,932	-	1,027,932
Miscellaneous					52,478,401	-	52,478,401
Total General revenues					588,918,643	2,861,525	591,780,168
Change in net position					28,899,318	(11,578,950)	17,320,368
Net position - beginning, as restated					1,739,492,193	140,932,474	1,880,424,667
Net position - ending					\$ 1,768,391,511	\$ 129,353,524	\$ 1,897,745,035

The accompanying notes to the basic financial statements are an integral part of this statement.

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2020

Statement C

	Special Revenue Funds			Capital Projects Funds			Total
	General	Pass-Through Fund	ESSA	Hurricane Katrina Restoration	Facilities Preservation	Non-major Governmental	
ASSETS							
Cash and cash equivalents	\$ 5,000,000	\$ -	\$ -	\$ -	\$ -	\$ 756,288	\$ 5,756,288
Equity in pooled assets	16,665,745	-	-	-	68,113,371	46,849,745	131,628,861
Receivables	2,588,795	18,740,355	5,562,958	4,582,333	-	1,177,902	32,652,343
Interfund receivables	30,429,224	-	-	-	-	-	30,429,224
Inventories	-	-	-	-	-	49,754	49,754
Prepaid items	390,760	-	-	-	-	51,000	441,760
TOTAL ASSETS	\$ 55,074,524	\$ 18,740,355	\$ 5,562,958	\$ 4,582,333	\$ 68,113,371	\$ 48,884,689	\$ 200,958,230
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts and other payables	\$ 5,700,300	\$ 2,624,043	\$ 834,887	\$ 698,731	\$ 2,918,178	\$ 3,691,223	\$ 16,467,362
Salaries and benefits payable	1,324,871	-	13,733	-	31,474	36,543	1,406,621
Interfund payables	-	16,116,312	4,714,338	3,883,602	-	989,903	25,704,155
Unearned revenues	-	-	-	-	-	157,030	157,030
TOTAL LIABILITIES	7,025,171	18,740,355	5,562,958	4,582,333	2,949,652	4,874,699	43,735,168
Fund balances:							
Nonspendable	390,760	-	-	-	-	100,754	491,514
Restricted	160,541	-	-	-	65,163,719	35,704,932	101,029,192
Committed	6,890,597	-	-	-	-	8,204,304	15,094,901
Unassigned	40,607,455	-	-	-	-	-	40,607,455
TOTAL FUND BALANCES	48,049,353	-	-	-	65,163,719	44,009,990	157,223,062
TOTAL LIABILITIES AND FUND BALANCES	\$ 55,074,524	\$ 18,740,355	\$ 5,562,958	\$ 4,582,333	\$ 68,113,371	\$ 48,884,689	\$ 200,958,230

The accompanying notes to the basic financial statements are an integral part of this statement.

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

		Statement D
Total Fund Balances at June 30, 2020 - Governmental Funds		\$ 157,223,062
Governmental capital assets at June 30, 2020	1,941,786,739	
Less: Accumulated depreciation as of June 30, 2020	<u>(223,657,416)</u>	1,718,129,323
Consolidation of internal service funds		1,858,973
Deferred outflows and inflows of resources are not available to pay current period expenditures and, therefore are not reported in the governmental funds.		
Deferred outflow of resources - deferred pension contributions	4,150,969	
Deferred outflow of resources - related to net pension liability	7,066,792	
Deferred outflow of resources - total other post-employment benefit liability	<u>870,701</u>	12,088,462
Deferred inflow of resources - related to net pension liability	(17,186,594)	
Deferred inflow of resources - total other post-employment benefit liability	<u>(893,211)</u>	(18,079,805)
Long-term liabilities applicable to the School Board's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term, are reported in the Statement of Net Position.		
Balance at June 30, 2020 are:		
Interest payable		(247,500)
Long-term liabilities		
Sales tax revenue bonds	(9,700,000)	
Excess revenue bonds	(11,293,571)	
Bond premium	(167,383)	
Net pension liability (GASB 68)	(42,669,930)	
Total other post-employment benefits liability (GASB 75)	(5,991,529)	
Other claims and judgments payable	(31,877,490)	
Compensated absences payable	<u>(881,101)</u>	(102,581,004)
Net position at June 30, 2020 - Governmental Activities		<u>\$ 1,768,391,511</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

Statement E.

	Special Revenue Funds			Capital Projects Funds			Total
	General	Pass-Through Fund	ESSA	Hurricane Katrina Restoration	Facilities Preservation	Non-major Governmental	
REVENUES							
Local sources:							
Ad valorem taxes	\$ 1,434,235	\$ 167,012,987	\$ -	\$ -	\$ 12,401,791	\$ 8,351,374	\$ 189,200,387
Sales and use taxes	2,561,909	112,508,327	-	-	334,461	16,268,373	131,673,070
Earnings on investments	784,788	-	-	-	-	1,123,842	1,908,630
Food Services	-	-	-	-	-	297,539	297,539
Other	17,500,502	-	-	-	111,086	1,042,953	18,654,541
State sources:							
Equalization-Minimum Foundation	-	209,943,765	-	-	-	40,122	209,983,887
Other	3,122,408	-	-	-	-	1,168,733	4,291,141
Federal sources	1,550	-	6,794,085	7,959,011	-	8,110,254	22,864,900
TOTAL REVENUES	25,405,392	489,465,079	6,794,085	7,959,011	12,847,338	36,403,190	578,874,095
EXPENDITURES							
Current:							
Instruction:							
Regular programs	2,111,188	-	-	1,857,664	-	2,883,266	6,852,118
Special education	2,116,390	-	-	-	-	1,080,329	3,196,719
Other Instructional programs	2,329,588	-	-	-	-	41,050	2,370,638
Special programs	-	-	-	-	-	587,892	587,892
Student services	5,694,260	-	-	-	-	1,918,872	7,613,132
Support services:							
Instructional staff support	1,930,722	-	-	-	-	334,174	2,264,896
General administration	7,063,423	9,128,552	-	-	551,008	619,837	17,362,820
School administration	1,583,271	-	-	-	-	-	1,583,271
Business services	2,441,411	-	-	-	16,881	9,851	2,468,143
Plant services	8,242,606	-	-	100	1,420,476	1,063,356	10,726,538
Student transportation services	1,600	-	-	-	-	-	1,600
Central services	2,241,481	-	-	-	-	204,225	2,445,706
Food services	18,498	-	-	-	-	4,563,175	4,581,673
Community service programs	-	-	-	-	-	366,226	366,226
Appropriations - Charter Schools and OJJ:							
Type II Charter Schools and OJJ	-	10,840,578	-	-	-	-	10,840,578
Type III Charter Schools	1,886,911	480,396,190	6,273,653	-	-	1,303,495	489,860,249
Capital Outlay:							
Facilities acquisition and construction	10,636	-	-	6,101,247	7,196,975	8,091,519	21,400,377
Debt service:							
Principal	-	-	-	-	-	20,533,571	20,533,571
Interest and fiscal charges	-	-	-	-	-	4,186,919	4,186,919
TOTAL EXPENDITURES	37,671,985	500,365,320	6,273,653	7,959,011	9,185,340	47,787,757	609,243,066
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (12,266,593)	\$ (10,900,241)	\$ 520,432	\$ -	\$ 3,661,998	\$ (11,384,567)	\$ (30,368,971)

(continued)

The accompanying notes to the basic financial statements are an integral part of this statement.

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

Statement E

	Special Revenue Funds			Capital Projects Funds			Total
	General	Pass-Through Fund	ESSA	Hurricane Katrina Restoration	Facilities Preservation	Non-major Governmental	
<u>OTHER FINANCING SOURCES (USES)</u>							
Transfers in	\$ 4,842,489	\$ 11,640,043	\$ -	\$ -	\$ -	\$ 5,000,000	\$ 21,482,532
Transfers out	(5,000,000)	(739,802)	(520,432)	-	(590,386)	(15,930,369)	(22,780,989)
Judgements	1,271	-	-	-	-	-	1,271
Sale of capital assets	-	-	-	-	-	860,000	860,000
Insurance recoveries	-	-	-	-	-	8,651,035	8,651,035
TOTAL OTHER FINANCING SOURCES (USES)	(156,240)	10,900,241	(520,432)	-	(590,386)	(1,419,334)	8,213,849
<u>NET CHANGE IN FUND BALANCES</u>	(12,422,833)	-	-	-	3,071,612	(12,803,901)	(22,155,122)
FUND BALANCES - BEGINNING, AS RESTATED	60,472,186	-	-	-	62,092,107	56,813,891	179,378,184
FUND BALANCES - ENDING	\$ 48,049,353	\$ -	\$ -	\$ -	\$ 65,163,719	\$ 44,009,990	\$ 157,223,062 (concluded)

The accompanying notes to the basic financial statements are an integral part of this statement.

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

		Statement F
Net Change in Fund Balances - Total Governmental Funds		\$ (22,155,122)
Capital Assets:		
Capital outlay and other expenditures capitalized	\$ 19,299,878	
Depreciation expense for year ended June 30, 2020	<u>(42,945,054)</u>	(23,645,176)
Acquisition value of donated capital assets		42,033,699
Change in net position of internal service funds		414,993
Long Term Liabilities:		
Change in accrued interest payable	150,793	
Principal portion of debt and capital lease payments	20,533,571	
Amortization of premium on issuance of debt	844,095	
Change in compensated absences payable	862,802	
Change in other estimated claims and judgments payable	7,024,647	
Change in total OPEB liability and associated deferrals	213,756	
Change in net pension liability and associated deferrals	<u>2,621,260</u>	<u>32,250,924</u>
Change in Net Position - Governmental Activities		<u>\$ 28,899,318</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

ORLEANS PARISH SCHOOL SYSTEM
New Orleans, Louisiana

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2020

Statement G

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
	ENTERPRISE FUNDS			
	ORLEANS SCHOOLS FACILITY			
TIMBERS	FOUNDATION	TOTALS		
ASSETS				
Current:				
Cash and cash equivalents	\$ -	\$ 24,952,836	\$ 24,952,836	\$ 2,908,993
Equity in pooled assets	280,342	-	280,342	3,201,372
Receivables	6,118	375,393	381,511	89,739
Prepaid expenses	-	-	-	300,000
Notes receivable	-	8,256,907	8,256,907	-
Current total	286,460	33,585,136	33,871,596	6,500,104
Noncurrent:				
Notes receivable	-	91,768,702	91,768,702	-
Capital Assets				
Land	1,440,992	-	1,440,992	-
Capital assets, net of accumulated depreciation	4,945,055	-	4,945,055	-
Noncurrent total	6,386,047	91,768,702	98,154,749	-
TOTAL ASSETS	6,672,507	125,353,838	132,026,345	6,500,104
LIABILITIES				
Current liabilities:				
Accounts and other payables	301,752	6,000	307,752	100,806
Salaries and benefits payable	15,132	-	15,132	9,478
Interfund payables	-	2,349,937	2,349,937	2,375,132
Claims payable	-	-	-	1,295,788
Total current liabilities	316,884	2,355,937	2,672,821	3,781,204
Noncurrent liabilities:				
Claims payable	-	-	-	859,927
Total current liabilities	-	-	-	859,927
TOTAL LIABILITIES	316,884	2,355,937	2,672,821	4,641,131
NET POSITION				
Net investment in capital assets	6,386,047	-	6,386,047	-
Restricted	-	122,997,901	122,997,901	-
Unrestricted (deficit)	(30,424)	-	(30,424)	1,858,973
	\$ 6,355,623	\$ 122,997,901	\$ 129,353,524	\$ 1,858,973

The accompanying notes to the basic financial statements are an integral part of this statement.

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

	BUSINESS-TYPE ACTIVITIES			Statement H
	ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
	ORLEANS SCHOOLS FACILITY			
	TIMBERS	FOUNDATION	TOTALS	
OPERATING REVENUES				
Premiums	\$ -	\$ -	\$ -	\$ 3,098,396
Reimbursements	-	-	-	293,727
Rental	1,225,226	-	1,225,226	-
Other revenues	-	13,552,503	13,552,503	-
TOTAL OPERATING REVENUES	1,225,226	13,552,503	14,777,729	3,392,123
OPERATING EXPENSES				
Salaries and benefits	366,011	-	366,011	-
Contractual services	763,488	16,000	779,488	-
Depreciation	163,298	-	163,298	-
Materials and supplies	3,585	-	3,585	-
Repairs and maintenance	574,790	26,962,794	27,537,584	-
Miscellaneous	7,224	-	7,224	-
Administrative expenses	-	-	-	325,872
Premium payments	-	-	-	2,339,769
Benefit payments/claims expense	-	-	-	1,609,946
TOTAL OPERATING EXPENSES	1,878,396	26,978,794	28,857,190	4,275,587
NET OPERATING INCOME (LOSS)	(653,170)	(13,426,291)	(14,079,461)	(883,464)
NON-OPERATING REVENUES (EXPENSES)				
Interest income	-	2,861,525	2,861,525	-
Appropriations - Type III Charter Schools	-	(361,014)	(361,014)	-
Transfers In	-	-	-	1,298,457
TOTAL NON-OPERATING INCOME (LOSS)	-	2,500,511	2,500,511	1,298,457
Change in net position	(653,170)	(10,925,780)	(11,578,950)	414,993
NET POSITION, BEGINNING, AS RESTATED	7,008,793	133,923,681	140,932,474	1,443,980
NET POSITION, ENDING	\$ 6,355,623	\$ 122,997,901	\$ 129,353,524	\$ 1,858,973

The accompanying notes to the basic financial statements are an integral part of this statement.

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana

PROPRIETARY FUNDS - INTERNAL SERVICE FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

Statement I

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
	ENTERPRISE FUNDS			
	TIMBERS	ORLEANS SCHOOLS FACILITY FOUNDATION	TOTALS	
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>				
Receipts from interfund charges for premiums	\$ -	\$ -	\$ -	\$ 5,214,151
Other receipts	1,225,241	13,177,110	14,402,351	(174,253)
Payments for benefits	-	-	-	(2,380,271)
Payments for excess insurance	-	-	-	(2,212)
Payments to employees for salaries and related benefits	(350,879)	-	(350,879)	(206,136)
Payments to suppliers and service providers	(1,750,728)	(27,064,929)	(28,815,657)	(1,058,753)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(876,366)	(13,887,819)	(14,764,185)	1,392,526
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>				
Appropriations to Type III Charter Schools	-	(361,014)	(361,014)	-
Transfers in	-	-	-	1,298,457
Transfers out	-	(4,602,680)	(4,602,680)	-
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	-	(4,963,694)	(4,963,694)	1,298,457
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>				
Cash receipts from loans	-	26,705,314	26,705,314	-
Interest income	-	2,861,525	2,861,525	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	-	29,566,839	29,566,839	-
NET CHANGE IN CASH	(876,366)	10,715,326	9,838,960	2,690,983
Cash and cash equivalents at beginning of year	1,156,708	14,237,510	15,394,218	3,419,382
Cash and cash equivalents at end of year	\$ 280,342	\$ 24,952,836	\$ 25,233,178	\$ 6,110,365
<u>Reconciliation of operating loss to net cash used in operating activities</u>				
Operating loss	\$ (653,170)	\$ (13,426,291)	\$ (14,079,461)	\$ (883,464)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Depreciation expense	163,298	-	163,298	-
Changes in assets and liabilities:				
(Increase) decrease in receivables	15	(375,393)	(375,378)	237,086
(Increase) decrease in prepaid expenses	-	-	-	49,781
Increase (decrease) in accounts payable	(401,641)	(86,135)	(487,776)	(316,767)
Increase (decrease) in unearned revenue	-	-	-	(964,443)
Increase (decrease) in compensated absences	15,132	-	15,132	(176,532)
Increase (decrease) in interfund payable	-	-	-	2,375,132
Increase (decrease) in claims payable	-	-	-	1,071,733
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ (876,366)	\$ (13,887,819)	\$ (14,764,185)	\$ 1,392,526

The accompanying notes to the basic financial statements are an integral part of this statement.

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020

	Statement J
	CUSTODIAL FUND
<u>ASSETS</u>	
Equity in pooled assets	\$ 426,438
Investments	<u>197,746</u>
 TOTAL ASSETS	 <u>\$ 624,184</u>
 TOTAL LIABILITIES	 <u>\$ -</u>
 <u>NET POSITION (RESTRICTED)</u>	 <u>\$ 624,184</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

ORLEANS PARISH SCHOOL BOARD

New Orleans, Louisiana

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

JUNE 30, 2020

	Statement K
	CUSTODIAL FUND
	<u> </u>
ADDITIONS:	
Investment income (loss):	
Earnings (loss) on investments	\$ (80,282)
Net investment income	<u>(80,282)</u>
Total additions	<u>(80,282)</u>
DEDUCTIONS:	
Miscellaneous	<u>7,500</u>
Total deductions	<u>7,500</u>
NET INCREASE IN NET POSITION	(87,782)
NET POSITION - RESTRICTED	
Beginning of year, as restated	<u>711,966</u>
End of year	<u>\$ 624,184</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Orleans Parish School Board conform to generally accepted accounting principles (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles.

A. **Financial Reporting Entity**

The Orleans Parish School Board is a corporate body created under Louisiana Revised Statutes 17:51 and 17:121. A board consisting of seven members (the Board) elected from legally established districts is charged with the management and operation of the school system.

In 2019-2020 the Orleans Parish School Board directly operated three schools; independently chartered 22 schools; and chartered 53 schools to 16 different charter management operators. In addition, 7 schools located in Orleans Parish were chartered by the state Board of Elementary and Secondary Education (BESE) and one school was authorized by the Louisiana Legislature. Approximately 45,000 students attended these 86 New Orleans public schools in 2019-2020. The regular school term begins in August and runs through May. The Orleans Parish School Board has approximately 270 employees.

Section 2100 of the Governmental Accounting Standards Board *Codification of Governmental Accounting and Financial Reporting Standards* establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under the provisions, the Orleans Parish 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. Fiscally independent means that the Orleans Parish 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 Orleans Parish School Board has one component unit blended with the primary government due to the closeness of their relationship with the primary government. This component unit is the Orleans Schools Facilities Foundation, a non-profit organization reported as an enterprise fund. Separate financial statements for the Orleans Schools Facilities Foundation are not issued.

In the previous fiscal year, the Orleans Parish School Board reported eight charter schools as discretely presented component units given the School Board's administration of certain federal programs on the charter school's behalf. Management revisited the criteria under governmental accounting standards in the current fiscal year and determined the inclusion of these charter schools were not necessary. Therefore, there is no presentation of discretely presented component units in the current year.

There are no other primary governments with which the Orleans Parish School Board has a significant relationship. The Orleans Parish School Board is not a component unit of any other entity.

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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

B. Fund Accounting

The financial transactions of the Orleans Parish School Board are recorded in individual funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, outflows of resources, liabilities, inflows of resources, fund balances, revenues and expenditures. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Funds are classified into three broad categories: governmental, proprietary, and fiduciary, as discussed below.

Governmental Fund Types:

Governmental funds are used to account for all or most general activities. These funds focus on the sources, uses and balances of the current financial resources. Expendable assets are assigned to various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations. The following are the Orleans Parish School Board's primary governmental fund types:

General Fund - The general fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds - Debt service funds are used to account for the accumulation of resources for and the payment of general long-term debt principal, interest and related costs.

Capital Projects Funds - Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

In addition to the general fund, the Orleans Parish School Board reports four other major funds, all of which are governmental funds:

Revenue Pass-Through Fund, a special revenue fund established to account for the collection of Minimum Foundation Program unrestricted grant funds from the state, ad valorem taxes, and sales taxes, which are then distributed to charter schools based on the district level funding allocation.

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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

B. **Fund Accounting** (continued)

Governmental Fund Types: (continued)

Every Student Succeeds Act (ESSA) Fund, a special revenue fund to assist through grants to provide opportunities for eligible children served to acquire the knowledge and skills to meet the challenging State performance standards.

Hurricane Katrina Restoration Fund, a capital projects fund established to account for the construction and renovation of school facilities funded by the Federal Emergency Management Agency (FEMA).

Facilities Preservation Fund, a capital projects fund established pursuant to Act 543 of the 2014 Regular Legislative Session (LSA-RS 17:100.11) to provide for the allocation of certain ad valorem and sales tax revenues to fund the replacement, repair, and improvement of existing school facilities.

Proprietary Fund Types:

Proprietary funds are used to account for activities that receive significant support from fees and charges and can be classified into two fund types: enterprise funds and internal service funds.

Enterprise funds are used to account for operations (a) that are financed and operated similarly to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Enterprise funds are presented in the business-type activities column in government-wide financial statements and in the proprietary fund financial statements as business-type activities. The Orleans Parish School Board uses the following two enterprise funds:

Timbers, an enterprise fund established to account for the rental receipts and operating costs of two buildings.

Orleans Schools Facilities Foundation, an enterprise fund, is considered a major fund, established to account for the activity of the Orleans Schools Facilities Foundation, a public benefit corporation of the Orleans Parish School Board organized under the provisions of LSA-RS 17:100.10 and whose purpose is to assist in facilitating tax credit financing for the construction and renovation of school buildings as described in Note 5.

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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

B. **Fund Accounting** (continued)

Proprietary Fund Types: (continued)

Internal Service funds are used to account for the financing of services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis. The Employee Health Insurance and Retiree Health Insurance funds are used to account for the self-insured medical benefits offered to employees and their dependents, and retirees and their dependents, respectively. The Workers' Compensation Insurance fund is used to account for self-insured workers' compensation activity through June 30, 2006, after which the Orleans Parish School Board became fully insured.

Financial statements of internal service funds are consolidated into the governmental activities column when presented at the government-wide level. To the extent possible, the cost of these services are reflected in the appropriate functional activity.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues consist primarily of rental income, insurance premiums, and income related to facilitating tax credit financing. Operating expenses result from the cost of maintaining the buildings generating rental income, including depreciation of capital assets, medical and workers' compensation claims, and direct costs associated with facilitating tax credit financing. All revenues and expenses not meeting this definition are reported as non-operating.

Fiduciary Fund Types:

Fiduciary funds are used to report assets held in a trust agreement or equivalent arrangement that has certain characteristics or in a custodial capacity for the benefit of others and which therefore cannot be used to support the government's own programs.

The Orleans Parish School Board reports one custodial fund which is used to account for assets held for a private not-for-profit organization.

In accordance with *2019-2020 Codification of Governmental Accounting and Financial Reporting Standards*, Section 2200.110b, government-wide financial reporting excludes fiduciary funds, which are presented separately in the fiduciary fund financial statements.

C. **Basis of Presentation**

The Orleans Parish School Board's basic financial statements consist of the government-wide statements on all of the non-fiduciary fund activities and fund financial statements (individual major and combined nonmajor funds). Separate financial statements are provided for governmental funds and proprietary funds. The statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units and promulgated by the GASB *Codification of Accounting and Financial Reporting Standards*.

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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

D. **Measurement Focus and Basis of Accounting**

Measurement focus refers to *what* items should be reported as elements of financial statements and basis of accounting refers to *when* those elements are recognized in the financial statements.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. These statements include all the financial activities of the Orleans Parish School Board.

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 Codification Section N50, *Non-exchange Transactions*.

Program Revenues

Program revenues included in the Statement of Activities are derived directly from the program itself (sale of meals to students and faculty) or from sources outside of the Orleans Parish School Board's tax base directly related to the program (operating grants and contributions); program revenues reduce the cost of the function to be financed from general revenues.

Allocation of Indirect Expenses and Elimination of Internal Activity

All direct expenses are reported by function in the Statement of Activities. Direct expenses are those that are clearly identifiable by 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.

Amounts reported in the funds as interfund receivables and payables have been eliminated in the Statement of Net Position.

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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

Fund Financial Statements

Governmental Funds

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

Governmental funds are accounted for on the *modified accrual basis of accounting*. Under this basis of accounting, revenues are recognized in the accounting period in which they become susceptible to accrual, that is, when they become measurable and available to pay current liabilities. Such revenue items are ad valorem taxes, sales taxes, and state and federal entitlements. Ad valorem taxes are considered measurable in the calendar year of the tax levy if collected soon enough to meet the availability criteria. Sales and use taxes are considered measurable when the underlying transaction occurs and are considered "available" when expected to be collected within the next two months. Special assessments are recognized as revenues only to the extent that individual installments are considered current assets in the governmental fund types. Revenue from state and federal grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources can be used.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Costs of accumulated unpaid sick leave, and other employee benefit amounts are reported in the period due and payable rather than the period earned by employees and general long-term obligation principal and interest payments are recognized only when due.

Proprietary Funds

Enterprise funds are used to account for business-type rental activity and facilitating tax credit financing for the construction and renovation of school buildings. Rental receipts and the sale of tax credits are accounted for as operating revenues, and facility operation and maintenance and leverage lender transactions are accounted for as operating expenses.

Internal service funds are used to account for self-insured activity. Premium revenues, claims expense, and administrative costs customarily associated with self-insurance programs are accounted for as operating revenues and expenses.

The proprietary fund type is accounted for on a flow of economic resources measurement focus (accrual basis).

Fiduciary Funds

Fiduciary funds use the economic resources measurement focus and the accrual basis of accounting.

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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

E. **Budget and Budgetary Accounting**

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

The general fund and the special revenue funds are the only funds with legally adopted budgets. The general fund and the special revenue funds budgets are prepared on the modified accrual basis of accounting, a basis consistent with accounting principles generally accepted in the United States, and are adopted on an annual basis.

Annually the Superintendent submits to the Orleans Parish School Board a proposed annual appropriated budget for the general fund and special revenue funds for the fiscal year commencing on July 1. The operating budgets include proposed expenditures and the means of financing them. Public hearings are advertised and conducted to obtain taxpayer comments and proposed budgets are published in the Orleans Parish School Board's official journal and on their web site. The budget is legally enacted through passage of a resolution by the Orleans Parish School Board and is submitted to the Louisiana Department of Education for approval. The Orleans Parish School Board approves budgets at the fund level, the legal level of budgetary control, and the Superintendent is authorized to move budgeted items within functional categories. The *Annual Operating Budget* and *Budget Planning and Preparation* policies provide guidelines for setting, adopting, and amending budgets.

Expenditures for special revenue funds' budgets, except for the Child Nutrition Program, may not exceed budgeted amounts by more than five percent unless a budget revision is approved by the Louisiana Department of Education. For the Child Nutrition Program, budget amendments follow the same requirements as the general fund.

Formal budgetary integration is employed as a management control device during the year for the general fund and special revenue funds. Formal budgetary integration is not employed for debt service funds because effective budgetary control is alternatively achieved through bond indenture provisions.

The capital projects funds' budgets are adopted on a project basis using architectural and engineering estimates, since such projects may be started and completed at any time during the year or may extend beyond one fiscal year. All projects remain programmed and funded until completed or until the Orleans Parish School Board decides to eliminate the project. By statute the Orleans Parish School Board is not required to adopt a budget for its capital projects funds; therefore, these funds utilize project budgets rather than annual budgets and accountability is controlled over the life of the project. The Orleans Parish School Board approves construction projects.

Unencumbered appropriations lapse at the end of the fiscal year. Encumbered appropriations at year end that have been approved by the Orleans Parish School Board are generally expended during the next fiscal year's operation, assuming that the underlying liability is ultimately incurred. Encumbrances are commitments related to unperformed contracts for goods or services and are reported as restricted, committed, or assigned fund balance.

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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

E. **Budget and Budgetary Accounting** (continued)

Budgeted amounts are as originally adopted or as amended by the Orleans Parish School Board. Legally, the Orleans Parish School Board must adopt a balanced budget; that is, total budgeted expenditures and other financing uses cannot exceed total budgeted revenues and other financing sources including fund balance. State statutes require the Orleans Parish School 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, or expenditures within a fund are expected to exceed budgeted expenditures by five percent or more.

All budget amounts presented in the budgetary comparison schedules have been adjusted for legally authorized revisions of the annual budgets during the year. All budget revisions are approved by the seven-member Orleans Parish School Board.

F. **Cash and Cash Equivalents**

Under state law, the Orleans Parish School Board may deposit funds with a fiscal agent organized under the laws of the state of Louisiana, the laws of any other state in the union, or the laws of the United States of America. The Orleans Parish School Board may invest in United States bonds, notes, bills, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. The Orleans Parish School Board has adopted a comprehensive Investments policy.

Cash and cash equivalents include cash on hand, cash on deposit, certificates of deposit, money market accounts and short-term investments with a maturity date within three months of the date of acquisition. These deposits are stated at cost, which approximates fair value. Under state law, the resulting bank balances of these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The estimated fair value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent.

The Orleans Parish School Board's *Investments* policy permits consolidating cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing and administration. Investment income is allocated to the various funds based on invested balances of the participating funds during the year.

G. **Investments**

The Orleans Parish School Board may also invest in United States government securities, debentures, and other allowable obligations issued or backed by the full faith and credit of the United States of America and securities, debentures, or other allowable obligations issued by the state of Louisiana, any of its political subdivisions, and any domestic United States corporation (see Note 3). Investments are stated at fair value. Fair value was determined using quoted prices in active markets for identical assets (Level 1 inputs) or quoted prices for identical or similar securities in active markets, or matrix pricing based on the securities' relationship to benchmark quoted prices (Level 2 inputs). Investment income includes interest earned, realized gains and losses, and unrealized gains and losses (changes in fair value).

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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

H. **Inventory and Prepaid Items**

Inventory of the Child Nutrition special revenue fund consists of food purchased by the Orleans Parish School Board and commodities granted by the United States Department of Agriculture through the Louisiana Department of Education. The commodities are recorded as revenues in the period when all eligibility requirements are met (typically when received). All inventory items purchased are valued at cost (first-in, first-out) and donated commodities are valued at the market value at the date of donation based on market values provided by the United States Department of Agriculture. The costs of both inventory items and prepaid items (insurance and expenditures) are accounted for using the consumption method and are recognized as expenditures when used.

I. **Capital Assets**

Capital assets are capitalized at historical cost or estimated historical cost for assets where actual historical cost is not available. Donated capital assets are recorded at acquisition value at the date of donation. The system for the accumulation of capital asset cost data does not provide the means for determining the percentage of assets valued at actual and those valued at estimated cost. The Orleans Parish School Board's management accounting policy determines the threshold level of the amount of assets to capitalize to be \$5,000 per unit for equipment and \$50,000 for buildings and improvements.

Capital assets are recorded in the government-wide financial statements and are not recorded in the governmental fund financial statements. All capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed by the Orleans Parish School Board, no salvage value is taken into consideration for depreciation purposes. Useful lives are approximately 20 to 40 years for buildings, 25 years for building improvements, 10 to 20 years for other improvements, 3 to 10 years for furniture and equipment, 5 to 8 years for transportation equipment, and 5 to 20 years for all other equipment.

The Orleans Parish School Board does not possess material amounts of infrastructure capital assets, such as sidewalks and parking lots.

The costs of normal maintenance and repairs that do not add value to the asset or materially extend asset lives are not capitalized.

J. **Interfund Receivables and Payables**

Transactions between funds that are representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as either Due To or Due From Other Funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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

K. **Deferred Inflows and Outflows of Resources**

A deferred outflow of resources is a consumption of net assets by the government that is applicable to a future reporting period. The Orleans Parish School Board's deferred outflows of resources are related to its pension liability (see Note 10) and other postemployment benefits (see Note 11).

A deferred inflow of resources is an acquisition of net assets by the government that is applicable to a future reporting period. The Orleans Parish School Board's deferred inflows of resources are related to its pension liability (see Note 10) and other postemployment benefits (see Note 11).

L. **Unearned Revenues**

The Orleans Parish School Board reports unearned revenues when resources are received by the Orleans Parish School Board before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when the Orleans Parish School Board has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized.

M. **Long-Term Liabilities**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported separately from the applicable bond premium or discount (see Note 8). Bond issuance costs are expensed in the period in which they occurred.

In the fund financial statements bond proceeds are reported as other financing sources, net of the applicable premium or discount. Bond premiums and discounts, as well as issuance costs, are recognized during the current period.

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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

N. Compensated Absences

Under Orleans Parish School Board policy, each employee is entitled to ten days of sick leave per year. Sick leave may be accumulated without limit; however, employees or their heirs are only reimbursed for accumulated sick leave up to twenty-five days upon death or retirement at the employee's current rate of pay. The accrual computation for earned sick leave is calculated on a twenty-five-day maximum per employee. Sick leave is not payable upon discharge or termination and no allowance is made for the immaterial amounts of sick leave forfeited when employees resign or retire. Upon retirement, accumulated sick leave in excess of reimbursement may be used in the retirement benefit computation as earned service.

Full-time employees who work year-round are granted vacation in varying amounts depending on length of service up to a maximum of twenty-two days per year as established by Orleans Parish School Board policy. Such leave is credited on a pro rata basis at the end of each payroll reporting period and accumulates until six months after the fiscal year ends or is forfeited. Any unused leave may be paid to the employee at termination.

Sabbatical leave may be granted for medical or professional purposes. Any employee with a teaching certificate is entitled, subject to approval by the Orleans Parish School Board, to one semester of sabbatical leave after three years of continuous services, or two semesters of sabbatical leave after six or more years of continuous service. Sabbatical leave is paid at 65% of salary. Sabbatical leave is accrued upon Orleans Parish School Board approval.

In governmental fund types, sick and vacation leave that has been claimed by employees as of the end of the fiscal year is recorded as an expenditure in the year claimed. Vacation and sick leave accrued and compensatory time earned but not paid as of the end of the fiscal year is valued using employees' current rates of pay (see Note 8). Accrued vacation and sick leave and unpaid compensatory time will be paid from future years' resources.

O. Pension Plans

The Orleans Parish School Board is a participating employer in three cost-sharing multiple-employer defined benefit pension plans as described in Note 10. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of each of the plans, and additions to and deductions from each plan's fiduciary net position, have been determined on the same basis as they are reported by each of the plans. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with benefit terms. Investments have been reported at fair value within each plan.

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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

P. **Other Post-Employment Benefit Plan**

The Orleans Parish School Board provides certain continuing healthcare and life insurance benefits for its retired employees through a single-employer defined benefit other postemployment benefits plan as described in Note 11. For purposes of measuring the other postemployment benefits liability, deferred outflows of resources and deferred inflows of resources related to the plan, and plan expense, information about the fiduciary net position of the plan, and additions to and deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with benefit terms. The postemployment benefits plan had no assets as of June 30, 2020.

Q. **Restricted Net Position**

For the government-wide Statement of Net Position, net position is classified and displayed in three components focused on the accessibility of the underlying assets:

- Net investment in capital assets, calculated as capital assets net of accumulated depreciation plus capital-related deferred outflows of resources less capital-related borrowings and deferred inflows of resources (see Note 6);
- Restricted, either externally imposed by creditors such as debt covenants, grantors, contributors, laws, or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation; or
- Unrestricted.

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

R. **Fund Equity of Fund Financial Statements**

Accounting standards require governmental fund balances to be reported in as many as five classifications as listed below:

Nonspendable represents amounts that are not expected to be converted to cash because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted represents balances where constraints have been established by parties outside the Orleans Parish School Board or imposed by law through constitutional provisions or enabling legislation.

Committed represents balances that can only be used for specific purposes pursuant to constraints imposed by the adoption of a resolution by the Orleans Parish School Board, which is the Orleans Parish School Board's highest level of decision-making authority.

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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

R. **Fund Equity of Fund Financial Statements** (continued)

Assigned represents balances that are constrained by the Orleans Parish School Board's intent to be used for specific purposes but are not restricted or committed.

Unassigned represents balances that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

The Orleans Parish School Board establishes, modifies, or rescinds fund balance commitments by passage of a 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. Assigned fund balance is established by the Orleans Parish School Board through adoption or amendment of the budget as intended for the specific purpose.

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

S. **Interfund Transactions**

During the course of normal operations, the Orleans Parish School Board has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt (see Notes 12 and 13).

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. All other interfund transactions are reported as transfers.

T. **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures and contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Estimates are used primarily when accounting for the fair value of investments, depreciation, claims payable, net pension liability, and the other postemployment benefits liability.

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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

U. Accounting Standards Adopted in the Current Fiscal Year

The School Board adopted GASB Statement 84, Fiduciary Activities. This standard defines and establishes criteria for identifying and reporting fiduciary activities. The focus of the criteria is on (1) whether the School Board controls the assets in a fiduciary activity and (2) there are separate identifiable beneficiaries with whom a fiduciary relationship exists. This resulted in a change in accounting principle from the reclassification of previously presented trust funds.

V. Current Accounting Standard Scheduled to be Implemented

The following accounting standard by the Governmental Accounting Standards Board (GASB) is scheduled to be implemented in the future that may affect the School Board's financial report:

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

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

2. **AD VALOREM AND SALES TAXES**

Ad Valorem Taxes

All taxable property in Louisiana is required by law to be assessed annually at a percentage of its fair market value by the parish Assessor. Values are established by the elected Assessor each year based on 10% of the assessed market value of residential property and commercial land and on 15% of the assessed market value of commercial buildings, public utilities, and personal property. The correctness of assessments by the Assessor is subject to review and certification of the Louisiana Tax Commission. The Assessor is required to reappraise all property subject to taxation at intervals of not more than four years; all property subject to taxation was reappraised in 2020. The following is a summary of levied ad valorem taxes for the fiscal year ended June 30, 2020.

	<u>Levied</u>	<u>Expires Dec. 31</u>
	<u>Millage</u>	
Parish-wide taxes:		
Constitutional	27.65	N/A
Dedicated:		
Purpose A School books, materials and supplies	1.55	2028
Purpose B Early childhood, discipline and dropout programs	1.55	2028
Purpose C Employee salaries, benefits and incentives	7.27	2028
Purpose D Air conditioning, asbestos removal and facilities	2.32	2028
Bond	2.00	2024
Capital repairs	<u>2.97</u>	2024
Total millage	<u><u>45.31</u></u>	

The City of New Orleans, as provided by state law, is the official tax collector of general property taxes levied by the Orleans Parish School Board.

Taxes are due and payable by January 31 of the assessment year and the lien date is February 1.

State law requires the City of New Orleans to collect property taxes in the calendar year in which the assessment is made. Property taxes become delinquent on February 1. If taxes are not paid by the due date, taxes bear interest at the rate of one percent per month until taxes are paid. A list of property on which taxes have not been paid is published in the official journal of the City of New Orleans. If taxes are not paid within the period stipulated in the public notice, the property is sold for taxes due at a tax sale held by the City of New Orleans. The tax sale is usually held prior to the end of the Orleans Parish School Board's fiscal year.

All property taxes are recorded in the governmental funds on the basis explained in Note 1D. Revenues in such funds are recognized in the accounting period in which they become measurable and available. Property taxes are considered measurable in the calendar year of the tax levy. Estimated uncollectible taxes are those taxes based on past experience which will not be collected in the subsequent year and are primarily due to subsequent adjustments to the tax roll. Available means due or past due and receivable within the current period and collected within the current period. The remaining property taxes receivable are considered available because they are substantially collected within sixty days subsequent to year end.

Since ad valorem taxes receivable are secured by property, there is no allowance for uncollectible taxes.

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

2. **AD VALOREM AND SALES TAXES** (continued)

Sales and Use Tax

The voters of Orleans Parish authorized the Orleans Parish School Board to levy and collect one and one-half percent sales and use tax. A one percent tax approved in 1966 is to be used for the payment of salaries of teachers or for the general operations of the Orleans Parish School Board. The additional one-half percent tax approved in 1980 is to be used for the payment of salaries of teachers and other educational employees of the Orleans Parish School Board, the expenses of maintaining and operating schools, and for providing funds to pay for capital improvements.

Sales taxes are assessed and due on the first day of the month subsequent to the month of sale of any retail sales of goods used or consumed within Orleans Parish, including leases and rentals of tangible property. Sales taxes which remain uncollected on the twenty-first day of the month due are classified as delinquent. Sales taxes are collected by the City of New Orleans and the State of Louisiana and are remitted monthly to the Orleans Parish School Board. The Orleans Parish School Board records these taxes in the period that the underlying transaction occurred, including the City's collection fees.

3. **EQUITY IN POOLED CASH, DEPOSITS, AND INVESTMENTS**

A. Equity in Pooled Cash

The Orleans Parish School Board pools its undesignated internal cash and investments and reports the combined amount as a single line item across the funds as Equity in Pooled Assets; overdrawn amounts are listed as a liability. The following table list the components of pooled assets and cash and investments not included in pooled cash:

	Governmental Activities	Business-type Activities	Fiduciary Activities	Total
Cash:				
Included in pooled assets	\$ 67,374,437	\$ 280,342	\$ 426,438	\$ 68,081,217
Other cash	8,665,281	24,952,836	-	33,618,117
Total Cash	<u>76,039,718</u>	<u>25,233,178</u>	<u>426,438</u>	<u>101,699,334</u>
Investments at fair value				
Included in pooled assets	\$ 67,455,796	\$ -	\$ -	\$ 67,455,796
Other investments	-	-	-	-
Total Investments	<u>\$ 67,455,796</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,455,796</u>
Total	<u>\$143,495,514</u>	<u>\$25,233,178</u>	<u>\$ 426,438</u>	<u>\$169,155,130</u>
Pooled assets total	<u>\$134,830,233</u>	<u>\$ 280,342</u>	<u>\$ 426,438</u>	<u>\$135,537,013</u>

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

3. **EQUITY IN POOLED CASH, DEPOSITS, AND INVESTMENTS** (continued)

B. **Deposits**

Custodial credit risk is the risk that in the event of a financial institution failure, the Orleans Parish School Board's deposits may not be returned to them. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. In addition, the *Investments* policy requires that all securities owned by the Orleans Parish School Board be held by a third-party custodian approved by the investment officer and evidenced by monthly statements and trade confirmations. As of June 30, 2020 none of the Orleans Parish School Board's bank balances were exposed to custodial credit risk.

Securities that may be pledged as collateral consist of obligations of the United States government and its agencies, obligations of the state of Louisiana and its municipalities, and school districts.

C. **Investments**

As of June 30, 2020 the Orleans Parish School Board had the following investments and maturities:

Type of Debt Investment	Fair Value	No maturity	Maturing in Less Than 1 Year	Maturing in 1 to 5 Years	Maturing in 6 to 10 Years	Credit Rating (Moody's)
Governmental Activities						
Investments at fair value						
Money market	\$ 512,204	\$ -	\$ 465,399	\$ -	\$ -	
U.S. treasury notes	18,938,329	-	3,445,267	15,493,062	-	Not required
U.S. agency securities	7,443,739	-	-	7,421,985	21,754	Aaa
U.S. corporate bonds	3,276,920	-	51,394	3,225,526	-	
U.S. corporate stocks	150,941	150,941	-	-	-	
Subtotal	30,322,133	150,941	3,962,060	26,140,573	21,754	
Investments measured at the net asset value (NAV)						
Louisiana Asset Management Pool	37,133,663	-	37,133,663	-	-	
Total Governmental activities	\$ 67,455,796	\$ 150,941	\$ 41,095,723	\$ 26,140,573	\$ 21,754	

The Orleans Parish 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. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

Level 1 Investments whose values are based on quoted prices (unadjusted) for identical assets in active markets that a government can access at the measurement date.

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

3. **EQUITY IN POOLED CASH, DEPOSITS, AND INVESTMENTS** (continued)

C. **Investments** (continued)

Level 2 Investments with inputs other than quoted prices included within Level 1 that are observable for an asset, either directly or indirectly. The Orleans Parish School Board's Level 2 investments are valued using quoted prices for identical or similar securities in active markets or matrix pricing based on the securities' relationship to benchmark prices.

Level 3 Investments classified as Level 3 have unobservable inputs for an asset and may require a degree of professional judgment. The Orleans Parish School Board has no investments reported as Level 3.

A summary of the Orleans Parish School Board's investments, along with the fair value hierarchy levels of each type of investment is as follows:

<u>Type of Debt Investment</u>	<u>Fair Value</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>
Investments at fair value			
Money market	\$ 512,204	\$ 512,204	\$ -
U.S. treasury notes	18,938,329	18,938,329	-
U.S. agency securities	7,443,739	-	7,443,739
U.S. corporate bonds	3,276,920	-	3,276,920
U.S. stocks	150,941	150,941	-
Subtotal	<u>30,322,133</u>	<u>\$ 19,601,474</u>	<u>\$ 10,720,659</u>
Investments measured at the net asset value (NAV)			
Louisiana Asset Management Pool	37,133,663		
Total investments	<u>\$ 67,455,796</u>		

Interest Rate Risk: The Orleans Parish School Board's *Investments* policy provides for a maximum maturity of five years and the portfolio's weighted average effective duration shall not exceed three years. At June 30, 2020 the weighted average for investments was 2.01 years.

Credit Risk: Under LSA-RS 33:2955 local governments in Louisiana may invest in obligations of the United States Treasury, United States agencies and instrumentalities, repurchase agreements, certificate of deposits, Louisiana Asset Management Pool (LAMP), and other investments as provided in the statute. The Orleans Parish School Board's *Investments* policy does not further limit its investment choices. As of June 30, 2020 the Orleans Parish School Board's investments in United States agencies were rated AAA by Moody's Investor Service and AA+ by Standard and Poor's, and investments in United States Treasury Notes were rated AAA by Moody's Investor Service. Two corporate notes totaling \$103,799 had been downgraded to A after purchase.

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

3. **EQUITY IN POOLED CASH, DEPOSITS, AND INVESTMENTS** (continued)

C. **Investments** (continued)

Concentration of Credit Risk: At June 30, 2020 the amount invested in the local government investment pool exceeded the maximum amount in the Orleans Parish School Board's *Investments* policy by approximately 20% as shown on the following table:

<u>Security</u>	<u>Amount</u>	<u>Allocation percentage</u>	<u>Permitted by policy</u>
Money market	\$ 512,204	0.76%	5.00%
U.S. treasury notes	18,938,329	28.08%	100.00%
U.S. agency securities	7,443,739	11.03%	40.00%
U.S. corporate Bonds	3,276,920	4.86%	50.00%
U.S. stocks	150,941	0.22%	50.00%
Louisiana Asset Management Pool	37,133,663	55.05%	25.00%
	<u>\$ 67,455,796</u>	<u>100.00%</u>	

Local Government Investment Pool: At June 30, 2020 over \$37.1 million is invested in the Louisiana Asset Management Pool (LAMP), a local government investment pool administered by LAMP, Inc. a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio, reported at fair value, includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-RS 33:2955. The following facts are relevant for LAMP:

Credit Risk: LAMP is rated AAA by Standard and Poor's.

Custodial Credit Risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

Concentration of Credit Risk: Pooled investments are excluded from the 5% disclosure requirement.

Interest Rate Risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate disclosure using the weighted average maturity method. The weighted average maturity of LAMP assets is restricted to not more than ninety days and consists of no securities with a maturity in excess of 397 days or 762 days for United States government floating/variable rate investments. The weighted average maturity for LAMP's total investments is 47 days as of June 30, 2020.

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

3. **EQUITY IN POOLED CASH, DEPOSITS, AND INVESTMENTS** (continued)

C. **Investments** (continued)

Foreign Currency Risk: Not applicable.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to regulatory oversight of the state treasurer and board of directors. LAMP is not registered with the Securities and Exchange Commission as an investment company.

An annual audit of LAMP is conducted by an independent certified public accountant. The Legislative Auditor of the State of Louisiana has full access to the records of LAMP.

LAMP issues financial reports which can be obtained at www.lamppool.com.

Investments recorded in the Qualified School Construction Bond Series 2011 Sinking Fund are restricted to paying debt service on the bonds.

4. **RECEIVABLES**

Short-term accounts receivable of the primary government as of June 30, 2020 were as follows:

	<u>Governmental</u> <u>Activities</u>	<u>Business-</u> <u>type</u> <u>Activities</u>	<u>Total</u>
Property Taxes	\$ 3,794,583	\$ -	\$ 3,794,583
Sales Tax	14,931,308	-	14,931,308
State Grants	608,915	-	608,915
Federal Grants	11,213,587	-	11,213,587
Due from Charters Schools	2,036,538	114,210	2,150,748
Other	157,151	267,301	424,452
Total	<u>\$ 32,742,082</u>	<u>\$ 381,511</u>	<u>\$ 33,123,593</u>

All receivables are expected to be collected within one year of the end of the fiscal period. The federal grant receivables represent claims for reimbursement of allowable federal program costs and are subject to review and approval of the granting agencies. These claims could be denied or reduced; however, management believes all claims are collectible.

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

5. **LOANS RECEIVABLE AND TAX CREDIT TRANSACTIONS**

The Orleans Parish School Board and Orleans Schools Facilities Foundation (OSFF) have entered into various tax credit transactions to provide financing for the construction and development of charter schools located in New Orleans. OSFF is a public benefit corporation wholly owned by the Orleans Parish School Board which serves as a leverage lender and is a blended component unit of the Orleans Parish School Board. As of June 30, 2020 loans receivable totaled \$100,025,609 with maturities between 2040 and 2052 and interest rates between .78% and 3.0%. The individual loans are as follows:

School Facility	Month, Year	Original Loan		Maturity	Range of Principal Installments	Principal Outstanding at June 30, 2020
		Amount	Interest Rate			
McDonogh 42 Elementary	October 2013	\$ 6,849,000	0.780321%	10/23/2045	\$0 - \$298,458	\$ 6,849,000
Avery Alexander	May 2015	6,296,500	1.429250%	06/10/2040	\$0 - \$111,280	6,296,500
Sophie B. Wright High	April 2016	28,952,908	2.230000%	04/27/2046	\$0 - \$110,387	26,405,372
Booker T. Washington High	June 2017	13,868,212	1.430830%	06/13/2047	\$0 - \$695,621	13,868,212
Harriet Tubman	December 2017	17,603,367	2.610000%	12/27/2052	\$0 - \$69,447	17,166,132
John McDonogh	December 2017	30,009,029	2.610000%	12/27/2052	\$0 - \$122,896	29,440,393
		<u>\$ 103,579,016</u>				<u>\$100,025,609</u>

The loans are due as follows:

Year Ending June 30, 2020	Principal Payments	Interest Payments	Total
2021	\$ 8,256,907	\$ 2,253,069	\$ 10,509,976
2022	2,012,757	2,163,420	4,176,177
2023	1,666,692	2,124,798	3,791,490
2024	1,794,178	2,083,574	3,877,752
2025	2,090,927	2,039,307	4,130,234
2026-2030	13,356,133	9,387,241	22,743,374
2031-2035	16,093,443	7,723,610	23,817,053
2036-2040	18,158,276	5,784,431	23,942,707
2041-2045	18,101,119	3,662,294	21,763,413
2046-2050	12,922,128	1,619,474	14,541,602
2051-2055	5,573,049	211,154	5,784,203
	<u>\$ 100,025,609</u>	<u>\$ 39,052,372</u>	<u>\$ 139,077,981</u>

The following is a summary of the individual tax credit transactions, and related loans receivable, as of June 30, 2020.

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

5. **LOANS RECEIVABLE AND TAX CREDIT TRANSACTIONS** (continued)

Phillis S. Wheatley School

In April 2013 the Orleans Parish School Board and the Recovery School District signed a cooperative endeavor agreement (CEA) to approve the transfer of the Phillis S. Wheatley School property, located at 2300 Dumain Street, to OSFF. The property transfer occurred pursuant to a 99- year master lease to facilitate the construction of Phillis S. Wheatley School on the property in a New Market Tax Credit (NMTC) leveraged financing transaction. Rent under this lease is \$1 per year of the term. The CEA required OSFF to then transfer Phillis S. Wheatley School to the Wheatley School Facility Foundation, Inc., serving as a Qualified Active Low Income Community Business (Wheatley QALICB) in the NMTC leveraged financing transaction. OSFF transferred the Phillis S. Wheatley School property to the Wheatley QALICB pursuant to a 65-year sub-lease. Rent under this lease is \$1 per year of the term.

The CEA further required the Orleans Parish School Board to provide sufficient funds to OSFF, by either loan or grant, as necessary, to complete construction of the Wheatley School. Pursuant to this requirement, the Orleans Parish School Board advanced \$23,911,217 to OSFF, of which \$6,948,587 (Leveraged Loan) was loaned by OSFF to the Wheatley NMTC Investment Fund, LLC, and the remaining \$16,962,630 was provided to Wheatley QALICB as a capital grant to be used solely and exclusively to pay for the construction costs of the Wheatley School. Wheatley QALICB completed the construction of the Wheatley School with debt and equity financing.

The Leveraged Loan by OSFF to Wheatley NMTC Investment Fund, LLC closed in the form of a note accruing interest at 1.40% and maturing on March 11, 2048. Interest only payments were made at the end of each calendar quarter for the first seven years of the note, with principal and interest payments due quarterly thereafter. At maturity, the outstanding principal, accrued interest, and any all unpaid fees and other charges were due. Interest earned for the year ended June 30, 2020 totaled \$88,906. The Leveraged Loan was collateralized by a first lien security interest in all of Wheatley NMTC Investment Fund, LLC's rights, title, and interest in its 100% membership interest in the subsidiary community development entities (Sub-CDEs) whose assets consisted of leasehold mortgage loans (Qualified Active Low Income Community Investments, QALICIs) to Wheatley QALICB financed by Wheatley NMTC Investment Fund, LLC with proceeds of NMTC equity and the Leveraged Loan.

On June 26, 2020 the parties to the New Market Tax Credit financing unwound the leveraged financing structures. Pursuant to the unwind documents, OSFF became the sole member of the Wheatley NMTC Investment Fund, LLC to which the QALICIs had been transferred. Following a simultaneous cancellation of the QALICIs and the Leveraged Loan and the cancellation of all leases, Phillis S. Wheatley School was returned to the Orleans Parish School Board free and clear on July 1, 2020.

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

5. **LOANS RECEIVABLE AND TAX CREDIT TRANSACTIONS** (continued)

McDonogh 42 Elementary School

In October 2013 the Orleans Parish School Board and the Recovery School District signed a cooperative endeavor agreement (CEA) to approve the transfer of the McDonogh 42 Elementary School property, located at 1651 North Tonti Street, to the OSFF. The property transfer occurred pursuant to a 99-year master lease to facilitate the construction of McDonogh 42 Elementary School in a New Market Tax Credit (NMTC) leveraged financing transaction. Rent under this lease is \$1 per year of the term. The CEA required OSFF to then transfer the McDonogh 42 Elementary School to the McDonogh 42 School Facility, LLC, serving as a Qualified Active Low Income Community Business (McDonogh 42 QALICB) in the NMTC leveraged financing transaction. OSFF transferred the McDonogh 42 Elementary School property to the McDonogh 42 QALICB pursuant to a 65-year sub-lease. Rent under this lease is \$1 per year of the term.

The CEA required the Orleans Parish School Board to provide sufficient funds to OSFF, by either loan or grant, as necessary, to complete construction of the McDonogh 42 Elementary School. Pursuant to this requirement the Orleans Parish School Board advanced \$15,499,000 to OSFF, of which \$6,849,000 (Leveraged Loan) was loaned by OSFF to the McDonogh Elementary Investment Fund, LLC. Of the remaining \$8,650,000, \$1,307,050 was provided to the McDonogh 42 QALICB as a capital grant to be used solely and exclusively to pay for the construction costs of the McDonogh 42 School. McDonogh 42 QALICB completed the construction of the McDonogh 42 Elementary School with debt and equity financing.

The Leveraged Loan by OSFF to McDonogh Elementary Investment Fund, LLC closed in the form of a note accruing interest at .78% and maturing on October 23, 2045. Interest only payments were made at the end of each calendar quarter for the first seven years of the note, with principal and interest payments due quarterly thereafter. At maturity, the outstanding principal, accrued interest, and any and all unpaid fees and other charges are due. Interest earned for the year ended June 30, 2020 totaled \$53,444. The Leveraged Loan is collateralized by a first lien security interest in all of McDonogh Elementary Investment Fund, LLC's rights, title, and interest in its 99.99% membership interest in subsidiary community development entities (Sub-CDEs) whose assets consisted of leasehold mortgage loans (QALICIs) to McDonogh 42 QALICB financed by McDonogh Elementary Investment Fund, LLC with proceeds of NMTC equity and the Leveraged Loan.

In October 2020 the parties to the New Market Tax Credit financing unwound the leveraged financing structures. Pursuant to the unwind documents OSFF became the sole member of the McDonogh Elementary Investment Fund, LLC to which the QALICIs had been transferred. Following a simultaneous cancellation of the QALICIs and the Leveraged Loan and the cancellation of all leases, McDonogh 42 Elementary School was returned to the Orleans Parish School Board free and clear.

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

5. **LOANS RECEIVABLE AND TAX CREDIT TRANSACTIONS** (continued)

Drew Elementary School

In February 2015 the Orleans Parish School Board and the Recovery School District signed a cooperative endeavor agreement (CEA) to approve the sale of building improvements and the transfer of land to the OSFF. The sale of building improvements and the transfer of land occurred pursuant to a 99-year master lease to facilitate the construction of the Drew Elementary School, located at 3819 St. Claude Avenue. Rent under this lease is \$1 per year of the term. OSFF transferred the land pursuant to a 65-year sub-lease and sold the building improvements to the Drew Elementary School Facility, LLC, with the latter obtaining debt and equity financing to complete the construction of the Drew Elementary School.

The CEA further required the Orleans Parish School Board to provide sufficient funds to OSFF, by either loan or grant, to finance the purchase of the building improvements, costs for historic rehabilitation and renovation of the Drew Elementary School, and fees and expenses in connection with the project. Pursuant to this requirement, the Orleans Parish School Board granted \$18,997,332 to OSFF which was then loaned (Leveraged Loan) by OSFF to Drew Elementary School Facility, LLC. In addition, under the charter lease subsidy agreement entered into as of June 1, 2015, OSFF is to provide a subsidy to the charter school operator, Arise Academy, to enable the operator to fulfill its lease payment obligation to Drew Elementary School Facility, LLC. For the year ended June 30, 2020 a total of \$789,306 was paid as a subsidy.

The Leveraged Loan closed in the form of a note accruing interest at 3.0% and maturing on February 27, 2045. Interest only payments were paid on the 5th of each month through April 30, 2015, with principal and interest payments due monthly thereafter. At maturity, outstanding principal, accrued interest, and any and all unpaid fees and other charges are due. Interest earned for the year ended June 30, 2020 totaled \$486,896. The Leveraged Loan was collateralized by a first lien security interest in the leasehold estate, including the land and building.

On June 26, 2020 the parties to the federal historic tax credit financing unwound the financing structures. Pursuant to the unwind documents OSFF became the sole member of the Drew Elementary School Facility, LLC to which the land and building improvements had been transferred. Following a simultaneous cancellation of the Leveraged Loan and the cancellation of all leases, Drew Elementary School was returned to the Orleans Parish School Board free and clear on July 1, 2020.

Avery Alexander School

In May 2015 the Orleans Parish School Board and the Recovery School District signed a cooperative endeavor agreement (CEA) to approve the transfer of land located at 5800 St. Roch Avenue to the OSFF. The land transfer occurred pursuant to a 99-year master lease to facilitate the construction of the Pierre Capdau Charter School at Avery Alexander School (Alexander School) in a New Market Tax Credit (NMTC) leveraged financing transaction. Rent under this lease is \$1 per year of the term. The CEA required OSFF to then transfer the land to the Alexander School Facility, LLC, serving as a Qualified Active Low Income Community Business (Alexander QALICB) in the NMTC leveraged financing transaction. OSFF transferred the land pursuant to a 65-year sub-lease.

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

5. **LOANS RECEIVABLE AND TAX CREDIT TRANSACTIONS** (continued)

Avery Alexander School (continued)

The CEA required the Orleans Parish School Board to provide sufficient funds to OSFF, by either loan or grant, as necessary, to complete construction of the Alexander School. Pursuant to this requirement, the Orleans Parish School Board granted \$6,296,500 to OSFF (Leveraged Loan) which was loaned by OSFF to COCRF Investor 41, LLC. Alexander School Facility, LLC completed the construction of the Alexander School with debt and equity financing.

The Leveraged Loan by OSFF to COCRF Investor 41, LLC closed in the form of a note accruing interest at 1.43% and maturing on June 10, 2040. Interest only payments are made quarterly for the first seven years of the note, with principal and interest payments due quarterly thereafter. At maturity, outstanding principal, accrued interest, and any and all unpaid fees and other charges are due. Interest earned for the year ended June 30, 2020 totaled \$89,993. The Leveraged Loan is collateralized by a first lien security interest in subsidiary community development entities (Sub-CDEs) whose assets consist of leasehold mortgage loans (QALICIs) to Alexander QALICB financed by COCRF Investor 41, LLC with proceeds of NMTC equity and the Leveraged Loan.

Sophie B. Wright High School

In April 2016 the Orleans Parish School Board and the Recovery School District signed a cooperative endeavor agreement (CEA) to approve the transfer of land and sale of building improvements, located at 1426 Napoleon Avenue, to OSFF. The sale of the building improvements and the property transfer occurred pursuant to a 99-year master lease to facilitate the completion of the historic rehabilitation and renovation of the Sophie B. Wright High School in a Federal Historic Rehabilitation Tax Credit (FHTC) and state historic tax credit leveraged financing transaction. Rent under this lease is \$1 per year of the term. The CEA required OSFF to then transfer the land and building improvements to the SBW School Facility, LLC through the execution of a 65 year ground lease, and the sale of the building improvements to SBW School Facility, LLC, with SBW School Facility, LLC obtaining debt and equity financing to complete the construction of the Sophie B. Wright High School.

The CEA required the Orleans Parish School Board to provide sufficient funds to OSFF, either by loan or grant, as necessary, to finance the purchase of the building improvements, costs for historic rehabilitation and renovation of the Sophie B. Wright High School, and fees and expenses in connection with the project. Pursuant to this requirement, the Orleans Parish School Board advanced \$28,952,908 to OSFF (Leveraged Loan) which was loaned by OSFF to SBW School Facility, LLC. In addition, under the charter lease subsidy agreement entered into as of April 28, 2016, OSFF is to provide a subsidy to the charter school operator, Institute for Academic Excellence, to enable the operator to fulfill its lease payment obligation to SBW School Facility, LLC. For the year ended June 30, 2020 a total of \$1,152,775 was paid as a subsidy.

The Leveraged Loan closed in the form of a note accruing interest at 2.23% and maturing on April 27, 2046. Interest only payments were paid monthly through May 5, 2016 with principal and interest payments due monthly for thereafter. At maturity, outstanding principal, accrued interest, and any and all unpaid fees and other charges are due. Interest earned for the year ended June 30, 2020 totaled \$588,543. The Leveraged Loan is collateralized by a first lien security interest in SBW School Facility, LLC whose assets consist of leasehold mortgage loans with proceeds from federal and state historic tax credit equity and the Leveraged Loan.

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

5. **LOANS RECEIVABLE AND TAX CREDIT TRANSACTIONS** (continued)

Booker T. Washington High School

In June 2017 the Orleans Parish School Board and the Recovery School District signed a cooperative endeavor agreement (CEA) to approve the transfer of the of Booker T. Washington High School property, located at 1201 South Roman Street, to OSFF. The property transfer occurred pursuant to a 99-year master lease to facilitate the construction of Booker T. Washington High School on the property in a New Market Tax Credit (NMTC) leveraged financing transaction. Rent under this lease is \$1 per year of the term. The CEA required OSFF to then transfer the Booker T. Washington High School to the Booker T. Washington School Facility, LLC, serving as a Qualified Active Low Income Community Business (Washington QALICB) in the NMTC leveraged financing transaction. OSFF transferred the Booker T. Washington High School property to the Washington QALICB pursuant to a 65-year sub-lease.

The CEA required the Orleans Parish School Board to provide sufficient funds to OSFF, by either loan or grant, as necessary, to complete the construction of Booker T. Washington High School. Pursuant to this requirement, the Orleans Parish School Board advanced \$13,868,212 to OSFF (Leveraged Loan), which OSFF then loaned to COCRF Investor 82, LLC to be used solely and exclusively to pay for construction costs of the Booker T. Washington High School. Washington QALICB completed the construction of the Booker T. Washington High School with debt and equity financing.

In addition, under the charter lease subsidy agreement entered into as of June 13, 2017, OSFF is to provide a subsidy to the charter school operator, KIPP New Orleans, Inc., to enable the operator to fulfill its lease payment obligation. For the year ended June 30, 2020 a total of \$251,904 was paid as a subsidy.

The Leveraged Loan by OSFF to COCRF Investor 82, LLC closed in the form of a note accruing interest at 1.43% and maturing on June 13, 2047. Interest only payments are due annually on December 10 for the first seven years of the note, with principal and interest payments due annually thereafter. At maturity, outstanding principal, accrued interest, and any and all unpaid fees and other charges are due. Interest earned for the year ended June 30, 2020 totaled \$198,430. The Leveraged Loan is collateralized by a first lien security interest in all of COCRF Investor 82, LLC's rights, title, and interest in its 100% membership interest in subsidiary community development entities (Sub-CDEs) whose assets consist of leasehold mortgage loans (QALICIs) to Washington QALICB financed by COCRF Investor 82, LLC, with proceeds of NMTC equity and the Leveraged Loan.

Harriet Tubman School

In December 2017 the Orleans Parish School Board and the Recovery School District signed a cooperative endeavor agreement (CEA) to approve the transfer of land and sale of building improvements, located at 213 General Meyer, to OSFF. The sale of the building improvements and the property transfer occurred pursuant to a 99-year master lease to facilitate the design, construction, and rehabilitation of the Harriet Tubman School Facility, in a Federal Historic Rehabilitation Tax Credit (FHTC) and state historic tax credit leveraged financing transaction. Rent under this lease totaled \$84,100. The CEA required OSFF to then transfer the land and building improvements to the Tubman School Facilities, LLC through the execution of a 65 year ground lease, with Tubman School Facilities, LLC obtaining debt financing to complete the design, construction, and rehabilitation of the Harriet Tubman School Facility.

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

5. **LOANS RECEIVABLE AND TAX CREDIT TRANSACTIONS** (continued)

Harriet Tubman School (continued)

The CEA required the Orleans Parish School Board to provide sufficient funds to OSFF, either by loan or grant, as necessary, to finance all or a portion of the purchase price and the costs of construction. Pursuant to this requirement, the Orleans Parish School Board advanced \$17,603,367 to OSFF (Leveraged Loan) which was loaned by OSFF to Tubman School Facilities, LLC. In addition, under the charter lease subsidy agreement, OSFF is to provide a subsidy to the Tubman School Facilities, LLC to enable them to fulfill its lease payment obligation. For the year ended June 30, 2020 a total of \$488,625 was paid as a subsidy.

The Leveraged Loan closed in the form of a note accruing interest at 2.61% and maturing on December 27, 2052. Interest only payments were paid monthly from May 1, 2018 through July 1, 2018, with principal and interest payments due monthly thereafter. At maturity, outstanding principal, accrued interest, and any and all unpaid fees and other charges are due. Interest earned for the year ended June 30, 2020 totaled \$499,529. The Leveraged Loan is collateralized by a first lien security interest in Tubman School Facilities, LLC, whose assets consist of leasehold mortgage loans with proceeds from federal and state historic tax credit equity and the Leveraged Loan.

John McDonogh School

In December 2017 the Orleans Parish School Board and the Recovery School District signed a cooperative endeavor agreement (CEA) to approve the transfer of the John McDonogh school property, located at 2426 Esplanade Avenue, to OSFF. The property transfer occurred pursuant to a 99-year master lease to facilitate the design, construction, and completion of the historic rehabilitation and renovation of the John McDonogh School in a Federal Historic Rehabilitation Tax Credit (FHTC) and state historic tax credit leveraged financing transaction. Rent under this lease totaled \$1,256,700. The CEA required OSFF to then transfer John McDonogh School to the John MC School Facility, LLC, through the execution of a 65 year ground lease, with John MC School Facility, LLC obtaining debt and equity financing to complete the construction and historic rehabilitation and renovation of John McDonogh School.

The CEA required the Orleans Parish School Board to provide sufficient funds to OSFF, either by loan or grant, as necessary, to fund the construction and development of the John McDonogh School Facility. Pursuant to this requirement, the Orleans Parish School Board advanced \$30,009,029 to OSFF (Leveraged Loan), which was loaned by OSFF to John MC School Facility, LLC. In addition, under the charter lease subsidy agreement, OSFF is to provide a subsidy to the owner to enable them to fulfill its lease payment obligation. For the year ended June 30, 2020 a total of \$970,213 was paid as a subsidy.

The Leveraged Loan by OSFF to John MC School Facility, LLC closed in the form of a note accruing interest at 2.61% and maturing on December 27, 2052. Interest only payments were paid monthly from May 1, 2018 through August 1, 2018, with principal and interest payments due monthly thereafter. At maturity, outstanding principal, accrued interest, and any and all unpaid fees and other charges are due. Interest earned for the year ended June 30, 2020 totaled \$855,784. The Leveraged Loan is collateralized by a first lien security interest in John MC School Facility, LLC, whose assets consist of leasehold mortgage loans with proceeds from federal and state historic tax credit equity and the Leveraged Loan.

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

6. CAPITAL ASSETS

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

Governmental Activities	Restated Balance			Balance Ending
	Beginning	Additions	Deletions	
Non-Depreciable Capital Assets:				
Land	\$ 39,967,398	\$ -	\$ -	\$ 39,967,398
Construction in Progress	169,758,191	50,257,699	-	220,015,890
Total Nondepreciable Capital Assets	209,725,589	50,257,699	-	259,983,288
Depreciable Capital Assets:				
Buildings & Improvements	1,683,527,798	11,075,878	-	1,694,603,676
Machinery & Equipment	13,450,475	-	-	13,450,475
Total Depreciable Capital Assets	1,696,978,273	11,075,878	-	1,708,054,151
Less Accumulated Depreciation:				
Buildings & Improvements	194,658,761	42,542,853	-	237,201,614
Machinery & Equipment	12,304,301	402,201	-	12,706,502
Total Accumulated Depreciation	206,963,062	42,945,054	-	249,908,116
Depreciable Capital Assets, Net	1,490,015,211	(31,869,176)	-	1,458,146,035
Capital Assets, Net	\$ 1,699,740,800	\$ 18,388,523	\$ -	\$ 1,718,129,323

Business-type Activities	Restated Balance			Balance Ending
	Beginning	Additions	Deletions	
Non-Depreciable Capital Assets:				
Land	\$ 1,440,992	\$ -	\$ -	\$ 1,440,992
Total Nondepreciable Capital Assets	1,440,992	-	-	1,440,992
Depreciable Capital Assets:				
Buildings & Improvements	6,377,352	-	-	6,377,352
Total Depreciable Capital Assets	6,377,352	-	-	6,377,352
Less Accumulated Depreciation:				
Buildings & Improvements	1,268,999	163,298	-	1,432,297
Total Accumulated Depreciation	1,268,999	163,298	-	1,432,297
Depreciable Capital Assets, Net	5,108,353	(163,298)	-	4,945,055
Capital Assets, Net	\$ 6,549,345	\$ (163,298)	\$ -	\$ 6,386,047

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

6. **CAPITAL ASSETS** (continued)

Depreciation expense of \$42,945,054 for the year ended June 30, 2020 was charged to the following governmental functions:

Plant Services		\$	12,164,711
Appropriations Charter Schools - Type III			30,780,343
Total Depreciation Expense			42,945,054

7. **SHORT-TERM BORROWINGS**

In the fiscal year beginning July 1, 2019 the Orleans Parish School Board entered into the following two short-term borrowing transactions:

	\$40 Million	\$120 Million Maximum	Total
Amount borrowed	\$ 40,000,000	\$ 70,000,000	\$ 110,000,000
Date Issued	11/22/2019	3/26/2020	
Original Maturity Date	6/30/2020	6/30/2020	
Date Repaid	3/6/2020	4/22/2020	
Interest Rate	80% of 1 month LIBOR + 25 bps	80% of 1 month LIBOR + 33 bps	
Interest Amount	\$ 189,653	\$ 48,217	\$ 237,870
Closing Costs	\$ 85,920	\$ 97,700	183,620
			\$ 421,490

The Orleans Parish School Board typically issues Revenue Anticipation Notes in the fall to provide stabilized cash flows to charter schools before receiving most of their ad valorem revenues in February or March (property taxes are due to the tax collector on January 31).

On December 13, 2019, the City of New Orleans, the Orleans Parish School Board's tax collector, fell victim to a ransomware cyberattack. Due to the possibility of the tax collector not being able to receive or remit taxes timely as a result of this cyberattack, and desiring to provide stable cash flows to charter school in spite of this cyberattack, out of an abundance of caution the Orleans Parish School Board issued a second Revenue Anticipation Note. The tax collector resumed regular remittances of taxes collected in the spring of 2020.

Changes in short-term borrowings during the fiscal year that ended June 30, 2020 are as follows:

Beginning balance, July 1, 2019		\$	-
Increases			110,000,000
Decreases			(110,000,000)
Ending balance, June 30, 2020			\$ -

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

8. GENERAL LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended June 30, 2020, all of which are associated with governmental activities:

	Balance June 30, 2019 As Restated	Additions	Deletions	Balance June 30, 2020	Amounts Due Within One Year
<u>Governmental activities:</u>					
Bonds payable	\$ 41,527,142	\$ -	\$ 20,533,571	\$ 20,993,571	\$ 20,993,571
Unamortized premium on bonds	1,011,478	-	844,095	167,383	167,383
Total bonds payable	42,538,620	-	21,377,666	21,160,954	21,160,954
Accrued Compensated Absences	1,743,903	-	445,509	1,298,394	417,293
Claims and judgments	39,986,119	160,433	6,113,347	34,033,205	1,295,788
Total Long-Term Debt	<u>\$ 84,268,642</u>	<u>\$ 160,433</u>	<u>\$ 27,936,522</u>	<u>\$ 56,492,553</u>	<u>\$ 22,874,035</u>
<u>Business-type activities:</u>					
Accrued Compensated Absences	\$ -	\$ 15,132	\$ -	\$ 15,132	\$ 15,132
	<u>\$ -</u>	<u>\$ 15,132</u>	<u>\$ -</u>	<u>\$ 15,132</u>	<u>\$ 15,132</u>

Compensated absences is for the maximum 25 days' sick leave payable upon the retirement of an employee or an employee entering the Deferred Retirement Option Program (DROP), or, upon the employee's death prior to retirement, payable to his/her heirs or assigns per policy GBRIB, *Sick Leave*.

Claims and judgments consist of legal liabilities as discussed below, retiree and health claims and workmen's compensation claims for the portion for which the School Board is self-insured as discussed in Note 9 – Risk Management.

Legal claims payable consists of 160 unpaid but settled claims totaling \$30,933,990 which includes \$5,372,432 of accrued interest, and 31 active matters with an estimated liability of \$943,500. Management and legal counsel for the Orleans Parish School Board believe that the potential claims against the Orleans Parish School Board not covered by insurance are covered by the recorded liability.

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

8. **GENERAL LONG-TERM OBLIGATIONS** (continued)

Long-term liabilities are liquidated from the following funds:

Long-term Obligation	Liquidating Fund
Series 2010 Limited Tax Revenue Refunding Bonds	General Obligation debt service fund
Series 2011 Qualified School Construction Bonds	Qualified School Construction Bonds debt service fund
Compensated absences	General fund
Other claims and judgments	General fund

The bonds have maturities from 2020 to 2021 and interest rates from 2.5% to 4.4%. The individual issues are as follows:

Date of Issuance	Type of Debt	Maturity Date	Interest Rate	Original Amount of Issue	Outstanding as of June 30, 2020	Annual Principal Installment Due for Year End June 30, 2021
9/1/2010	GO Refunding	9/1/2020	2.50-5.00	\$97,005,000	\$ 9,700,000	\$ 9,700,000
12/15/2011	QSCB	2/1/2021	4.4	79,055,000	11,293,571	11,293,571
					<u>\$ 20,993,571</u>	<u>\$ 20,993,571</u>

GO Refunding - General Obligation Refunding, QSCB - Qualified School Construction Bonds

The General Obligation Refunding bonds, Series 2010, are secured by ad valorem taxes levied at a total of 2.0 mills. The Qualified School Construction Revenue Bonds, Series 2011, are secured by one-half percent sales tax and Constitutional ad valorem tax levied at 27.65 mills. All bonds were issued for the purpose of acquiring or improving lands for building sites and playgrounds, including construction of necessary sidewalks and streets thereto, and purchasing, erecting, rehabilitating, repairing, or improving school buildings and other school related facilities, and acquiring the necessary equipment and furnishings therefore.

The Orleans Parish School Board irrevocably designated the Series 2011B bonds as Qualified School Construction Bonds as defined in Section 54F of the Internal Revenue Code and elected under Section 6431 (f)(1) of the Internal Revenue Code to receive a subsidy from the United States Department of the Treasury equal to the lesser of the amount payable on the Series 2011A bonds if interest were determined at the applicable credit rate determined under Section 54A(b)(3) of the Code.

The Qualified School Construction Bonds issued on December 20, 2011 matured on February 1, 2021. The Orleans Parish School Board is required to establish and make annual deposits to a sinking fund (irrevocable trust) in order to pay the bonds when they mature. The required sinking fund minimum value at June 30, 2020 was \$67,761,429. The actual balance of the sinking fund at June 30, 2020 was \$68,467,508, which exceeds the required amount. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the School Board's financial statements. At June 30, 2020, \$67,761,429 of bonds outstanding are considered defeased.

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

8. **GENERAL LONG-TERM OBLIGATIONS** (continued)

The General Obligation Refunding bonds were offered for public sale that are subject to the following events of default, termination events, and acceleration clauses:

- *Events of default with finance-related consequences* – These bonds would be in default for failure of payment of principal and interest when due. The School Board has the authority to assess and collect property taxes that will be used to repay this debt.
- *Termination events with finance related consequences* – Events that will result in finance related consequences include bonds being callable early and insufficient taxes levied and collected to meet debt service requirements on all bonds outstanding.
- *Subjective acceleration clauses* – The School Board may refund early with refunding certificates or bonds, and the School Board may defease bonds.

The Qualified School Construction Bonds were offered for public sale that are subject to the following events of default, termination events, and acceleration clauses:

- *Events of default with finance-related consequences* – These bonds would be in default for failure of payment of principal, interest or premium, if any, when due or failing to make required sinking fund deposits or meeting bond covenants.
- *There are no termination events with finance related consequences or subjective acceleration clauses.*

The General Obligation Refunding Bonds, Series 2010, were paid in full on August 6, 2020 and the Qualified School Construction Bonds, Series 2011, were paid in full on January 15, 2021.

As of June 30, 2020 the Orleans Parish School Board had accumulated \$23,466,897 in the debt service funds for future debt requirements. The bonds are due as follows:

Year			
Ending	Bond	Bond	
June 30	Principal	Interest	Total
2021	\$ 20,993,571	\$ 2,473,326	\$ 23,466,897

In accordance with Louisiana Revised Statute 39:562 the Orleans Parish School Board is legally restricted from incurring long-term bonded debt secured by property taxes in excess of 35 percent of the assessed value of taxable property. The statutory limit is \$10,856,657,317 and the remaining debt margin was \$10,680,597,317. In addition, the Orleans Parish School Board is legally restricted from incurring long-term bonded debt secured by sales and use taxes in excess of 75% of the avails the tax as prescribed by LSA-RS 33:2728.25(A).

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

9. **RISK MANAGEMENT**

The Orleans Parish 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; employees' health; and natural disasters. During the year ended June 30, 2020 the Orleans Parish School Board purchased commercial insurance to cover its risk of loss except for health insurance for active and retired employees, and workers' compensation claims arising from employment-related injuries prior to July 1, 2006. No significant reductions in insurance coverage from coverage in the prior year occurred and no claims exceeded the Orleans Parish School Board's insurance coverage for each of the past three years.

Employee and Retiree Health Insurance

Internal service funds are used to account for the employee, retiree, and employer contributions to and the payment of self-insured claims for the health insurance plan. On February 1, 2006, the Orleans Parish School Board offered a self-insured employee medical and health insurance plan financed solely by employees and the Orleans Parish School Board. The plan has a \$200,000 stop-loss provision, whereby any claims incurred in excess of \$200,000 for a single insured is covered by reinsurance purchased by the Orleans Parish School Board. The Orleans Parish School Board offered a fully-insured plan to its active and retired employees effective September 1, 2020.

Workers' Compensation Insurance

Prior to July 1, 2006 the Orleans Parish School Board maintained a self-insured workers' compensation plan, accounted for in an internal service fund, which included the purchase of insurance for claims from employment related injuries prior to July 1, 2006 in excess of \$500,000 per occurrence. The workers' compensation limit for each accident is the statutory amount. At June 30, 2020 there were 16 active claims.

Self-insured litigated claims are not reported in internal service funds, but the revenues and expenses for non-litigated claims are recorded in the general fund. The estimate for litigated claim liabilities is reported in the government-wide financial statements.

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

9. **RISK MANAGEMENT** (continued)

A reconciliation of unpaid claims liability, including the litigated claims reserve, as of June 30, 2020 is as follows:

	Employee Health Insurance Fund	Retiree Health Insurance Fund	Workers' Compensation Fund	Litigated Claims	Total
Unpaid Claims as previously reported June 30, 2019	\$ 17,073	\$ 498,927	\$ 567,982	\$ 38,902,137	\$ 39,986,119
Current year claims incurred and changes in estimates	2,579,531	1,469,197	972,720	(4,861,015)	160,433
Claims paid	(2,235,604)	(1,469,197)	(244,914)	(2,163,632)	(6,113,347)
Unpaid claims as of June 30, 2020	<u>\$ 361,000</u>	<u>\$ 498,927</u>	<u>\$ 1,295,788</u>	<u>\$ 31,877,490</u>	<u>\$ 34,033,205</u>

The above unpaid claims as of June 30, 2020 include amounts for claims incurred but not yet reported, as determined from actual claims paid subsequent to year end as well as an estimate based upon historical lag trends.

10. **DEFINED BENEFIT PENSION PLANS**

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

Each of the systems issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. These reports may be obtained by contacting each system:

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

LSERS:
8660 United Plaza Blvd.
Baton Rouge, Louisiana
70804
(225) 925-6484
www.lasers.net

LASERS
8401 United Plaza Blvd.
P. O. Box 44213
Baton Rouge, Louisiana
70804-4213
(225) 925-0185
www.lasersonline.org

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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

Plan Descriptions:

Teachers' Retirement System of Louisiana (TRSL)

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

Louisiana School Employees' Retirement System (LSERS)

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

Louisiana State Employees' Retirement System (LASERS)

The Louisiana State Employees' Retirement System (LASERS) is the administrator of a cost-sharing multiple employer defined benefit pension plan to provide retirement, disability, and survivor's benefits to eligible state employees and their beneficiaries as defined in LSA-RS 11:411-414. The age and years of creditable service required in order for a member to receive retirement benefits are established by LSA-RS 11:441 and vary depending on the member's hire date, employer, and job classification.

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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

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

	TRSL	LSERS	LASERS
Final average salary	Highest 36 or 60 months ¹	Highest 36 or 60 months ¹	Highest 36 or 60 months ¹
Years of service required and/or age eligible for benefits	30 years any age ³ 25 years age 55 20 years any age ² 5 years age 60 ⁷	30 years any age 25 years age 55 20 years any age ² 5-10 years age 60 ^{6,7}	30 years any age 25 years age 55 20 years any age ² 5-10 years age 60 ^{6,7}
Benefit percent per years of service	2% to 3.0% ⁴	2.5% to 3.33% ⁴	2.5% to 3.5% ³

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

² With actuarial reduced benefits

³ Members in regular plan 2.5%, hazardous duty plan 3.33%, and judges 3.5%

⁴ Benefit percent varies depending on when hired

⁵ For school food service workers, hired on or before 6-30-15, 30 years at age 55

⁶ Five to ten years of creditable service at age 60 depending upon the plan or

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

Cost of Living Adjustments

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

Contributions

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee (PRSAC). TRSL also receives a percentage of ad valorem taxes collected by parishes. The parish is not a participating employer in the pension system and is considered to be a non-employer contributing entity.

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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

Contributions (continued)

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

	<u>School System</u>	<u>Employees</u>
Teachers' Retirement System:		
Regular Plan	26.00%	8.00%
Plan A	26.00%	9.10%
State Employees' Retirement System	40.70%	7.50% - 8.00%

The contributions made by the Orleans Parish School Board to each of the retirement systems for the past three fiscal years, which equaled the required contributions for each of these years, were as follows:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Teachers' Retirement System:			
Regular Plan	\$ 3,926,649	\$ 5,405,827	\$ 6,345,018
School Employees' Retirement System	12,255	11,248	9,148
State Employees' Retirement System	212,065	354,771	102,989

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

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

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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

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

	Net Pension Liability at June 30, 2020 (measured as of June 30, 2019)	Rate at June 30, 2019	Increase (Decrease) to June 30, 2018 Rate
Teachers' Retirement System	\$ 40,632,807	0.49413%	-0.11512%
School Employees' Retirement System	98,457	0.01406%	-0.01350%
State Employees' Retirement System	<u>1,938,666</u>	0.02676%	0.01884%
	<u>\$ 42,669,930</u>		

The following schedule lists each pension plan's proportionate share of recognized pension expense for the Orleans Parish School Board for the year ended June 30, 2020:

Teachers' Retirement System	\$ 866,905
School Employees' Retirement System	(90,388)
State Employees' Retirement System	<u>753,192</u>
	<u>\$ 1,529,709</u>

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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

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

At June 30, 2020, the Orleans Parish School Board reported deferred outflows of resources and deferred inflows of resources related to each pension plan from the following sources:

Deferred Outflows:

	TRSL	LSERS	LASERS	Total
Differences between expected and actual experience	\$ -	\$ -	\$ 11,904	\$ 11,904
Changes of assumptions	2,888,666	2,854	16,612	2,908,132
Net difference between projected and actual earnings on pension plan investments	-	3,788	66,978	70,766
Changes in proportion	2,320,460	-	634,808	2,955,268
Differences between contributions and proportionate share of contributions	1,031,233	-	89,489	1,120,722
Employer contributions subsequent to the measurement date	3,926,649	12,255	212,065	4,150,969
Total	\$ 10,167,008	\$ 18,897	\$ 1,031,856	\$ 11,217,761

Deferred Inflows:

	TRSL	LSERS	LASERS	Total
Differences between expected and actual experience	\$ (1,269,789)	\$ (2,454)	\$ (4,028)	\$ (1,276,271)
Changes of assumptions	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	(1,503,863)	-	-	(1,503,863)
Changes in proportion	(13,944,916)	(134,922)	(222,267)	(14,302,105)
Differences between contributions and proportionate share of contributions	(99,835)	(4,520)	-	(104,355)
Total	\$ (16,818,403)	\$ (141,896)	\$ (226,295)	\$ (17,186,594)

The Orleans Parish School Board reported a total of \$4,150,969 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2019 which will be recognized as a reduction in net pension liability in the year ended June 30, 2021.

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

Year	TRSL	LSERS	LASERS	Total
2021	\$ (3,678,667)	\$ (107,430)	\$ 569,456	\$ (3,216,641)
2022	(3,871,777)	(30,840)	(19,493)	(3,922,110)
2023	(1,185,455)	1,726	18,427	(1,165,302)
2024	(1,842,145)	1,290	25,106	(1,815,749)
	\$ (10,578,044)	\$ (135,254)	\$ 593,496	\$ (10,119,802)

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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

Actuarial Assumptions

The following schedule summarizes the actuarial methods and assumptions used in determining the total pension liability for each pension plan as of June 30, 2020:

	TRSL	LSERS	LASERS																		
Valuation Date	June 30, 2019	June 30, 2019	June 30, 2019																		
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal																		
Actuarial Assumptions:																					
Expected Remaining																					
Service Lives	5 years	3 years	2 years																		
Investment Rate of Return	7.55% net of investment expenses (decreased from 7.65% in 2018)	7.00% per annum (decreased from 7.0625% in 2018)	7.60% net of investment expenses (decreased from 7.65% in 2018)																		
Inflation Rate	2.5% per annum	2.50% per annum	2.50% per annum (decreased from 2.75% in 2018)																		
Mortality	Active Members - RP-2014 White Collar Employee tables, adjusted by 1.010 for males and by 0.997 for females. Non-Disabled retiree/inactive members - RP-2014 White Collar Healthy Annuitant tables, adjusted by 1.366 for males and by 1.189 for females. Disability retiree mortality - RP-2014 Disability tables, adjusted by 1.111 for males and by 1.134 for females	Mortality rates based on the RP-2014 Health Annuitant Tables. RP-2014 SexDistinct Mortality Table. RP-2014 Disabled Lives Mortality Table	Non-disabled members - Mortality rates based on the RP-2014 Healthy Mortality Table with mortality improvement projected using the MP-2018 Mortality Improvement Scale, applied on a fully generational basis. Disabled members - Mortality rates based on the RP-2000 disabled Retiree Mortality Table, with no projection for mortality improvement.																		
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a 5-year (July 1, 2012-June 30, 2017) experience study of the System's members.		Termination, disability, and retirement assumptions were projected based on a five-year (2014-2018) experience study of the System's members for 2019.																		
Salary Increases	3.3% - 4.8% varies depending on duration of service	Salary increases were projected based on the 2013-2017 experience study 3.25%	Salary increases were projected based on a 2014-2018 experience study of the System's members. The salary increase ranges for specific types of members are:																		
			<table border="0"> <thead> <tr> <th>Member Type</th> <th>Lower Range</th> <th>Upper Range</th> </tr> </thead> <tbody> <tr> <td>Regular</td> <td>3.2%</td> <td>13.0%</td> </tr> <tr> <td>Judges</td> <td>2.8%</td> <td>5.3%</td> </tr> <tr> <td>Corrections</td> <td>3.8%</td> <td>14.0%</td> </tr> <tr> <td>Hazardous Duty</td> <td>3.8%</td> <td>14.0%</td> </tr> <tr> <td>Wildlife</td> <td>3.8%</td> <td>14.0%</td> </tr> </tbody> </table>	Member Type	Lower Range	Upper Range	Regular	3.2%	13.0%	Judges	2.8%	5.3%	Corrections	3.8%	14.0%	Hazardous Duty	3.8%	14.0%	Wildlife	3.8%	14.0%
Member Type	Lower Range	Upper Range																			
Regular	3.2%	13.0%																			
Judges	2.8%	5.3%																			
Corrections	3.8%	14.0%																			
Hazardous Duty	3.8%	14.0%																			
Wildlife	3.8%	14.0%																			
Cost of Living Adjustments	None	Cost-of-living raises may be granted from the Experience Account provided there are sufficient funds needed to offset the increase in the actuarial liability and the plan has met the criteria and eligibility requirements outline by ACT 399 of 2014.	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively																		

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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

Actuarial Assumptions (continued)

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

TRSL	LSERS	LASERS
<p>The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return was 8.48% for 2019.</p>	<p>The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward-looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the longterm expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.</p>	<p>The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimates ranges 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 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 2.75% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 9.00% for 2019.</p>

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

Asset Class	Target Allocation			Long-Term Expected Real Rate of Return		
	TRSL	LSERS	LASERS	TRSL	LSERS	LASERS
Cash	-	-	-	-	-	0.24%
Domestic equity	27.00%	-	23.00%	4.60%	-	4.83%
International equity	19.00%	-	32.00%	5.70%	-	5.83%
Equity	-	39.00%	-	-	2.93%	-
Domestic fixed income	13.00%	-	-	1.69%	-	2.79%
International fixed income	5.50%	-	-	2.10%	-	4.49%
Fixed income	-	26.00%	16.00%	-	1.07%	-
Risk Parity	-	-	-	-	-	5.06%
Alternatives	-	17.00%	29.00%	-	1.43%	8.32%
Alternative - private equity	25.50%	-	-	8.67%	-	-
Alternative - other equity	10.00%	-	-	3.65%	-	-
Real estate	-	12.00%	-	-	0.73%	-
Real assets	-	6.00%	-	-	0.60%	-
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>			

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for TRSL, LSERS and LASERS was 7.55%, 7.00% and 7.60%, respectively for the year ended June 30, 2019. The discount rates for TRSL, LSERS and LASERS decreased by 0.10%, 0.063%, and 0.05% since the prior measurement date, respectively.

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

The following table presents the Orleans Parish School Board's proportionate share of the net pension liability (NPL) using the discount rate of each retirement system as well as what the Orleans Parish School Board's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by each of the retirement systems:

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
TRSL			
Rates	6.550%	7.550%	8.550%
Share of NPL \$	54,088,080	\$ 40,632,807	\$ 29,292,066
LSERS			
Rates	6.000%	7.000%	8.000%
Share of NPL \$	133,429	\$ 98,457	\$ 68,561
LASERS			
Rates	6.600%	7.600%	8.600%
Share of NPL \$	2,446,844	\$ 1,938,666	\$ 1,509,427

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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

Payables to the Pension Plans (continued)

The Orleans Parish School Board recorded accrued liabilities to each of the retirement systems for the year ended June 30, 2020 mainly due to the accrual for payroll at the end of each of the fiscal years. The amounts due are included in liabilities under the amounts reported as accounts payable and payroll deductions and withholdings payable. The balance due to each of the retirement systems at June 30, 2020 is as follows:

	<u>June 30, 2020</u>
TRSL	\$ 326,491
LSERS	-
LASERS	-
	<u>\$ 326,491</u>

11. **OTHER POSTEMPLOYMENT BENEFITS**

General Information About the Other Postemployment Benefits Plan

Plan Description. The Orleans Parish School Board provides certain continuing medical insurance for its retired employees through a single-employer defined benefit other postemployment benefits plan administered by the Orleans Parish School Board. The authority to establish or amend the obligation of the employer, employees and retirees rests with the Orleans Parish School Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). No separate report is issued on the postemployment benefit plan.

Benefits Provided. The Orleans Parish School Board offers two postemployment benefits plans depending on the retiree's Medicare eligibility status: (1) Non-Medicare eligible retirees receive healthcare coverage (medical and prescription drugs) through a self-insured medical plan (that became fully insured effective September 1, 2020) and pay a portion of the premium cost; (2) The Orleans Parish School Board pays 100% of the cost for Medicare eligible retirees to participate in a fully insured Medicare Advantage plan provided by Humana.

Eligibility Criteria. To be eligible for retiree medical benefits in either plan, a retired employee must have met the requirements for retirement eligibility through the Teachers' Retirement System of Louisiana as shown in the following table:

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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

General Information About the Other Postemployment Benefits Plan (continued)

Employee Hire Date	Age and Years of Service	Years of Service at Any Age
Before July 1, 1999	Age 60 with 5 years of service, or	20 years of service at any age
On or after July 1, 1999 and before July 1, 2011	Age 60 with 5 years of service; or Age 55 with 25 years of service; or	30 years of service at any age, or 20 years of service *
On or after July 1, 2011 and before July 1, 2015	Age 60 with 5 years of service, or	20 years of service at any age *
On or after July 1, 2015	Age 62 with 5 years of service, or	20 years of service at any age *

* actuarially reduced benefit

Contribution Rates for Non-Medicare Eligible Retirees. Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving those benefits. Non-Medicare eligible retirees and the Orleans Parish School Board contribute 75% and 25% of the premium cost for coverage, respectively. The full monthly retiree rates and employer contributions as of September 1, 2019, the start of the plan year, are as follows:

Rate Tier	Non-Medicare Premium Equivalent Rates	Retiree Share (75%)	Retiree Share with \$200 Subsidy	Employer Share (25%)
Retiree Only	\$1,316.82	\$987.62	\$787.62	\$329.21
Retiree + Spouse	2,852.53	\$1,389.40	\$1,189.40	\$663.13
Retiree + Child(ren)	2,617.86	\$1,963.40	\$1,763.40	\$854.47
Retiree + Family	4,152.12	\$3,114.09	\$2,914.09	\$1,238.03

Additionally, non-Medicare eligible post-65 retirees receive a \$200 monthly subsidy to further offset the cost of premiums.

Contribution Rates for Medicare-Eligible Retirees. For Medicare-eligible retirees in the fully-insured Medicare Advantage plan, the Orleans Parish School Board pays 100% of the premium cost. Monthly employer cost per retiree for the period of July 1 through December 31, 2019 is \$40.57, and from January 1 through June 30, 2020 is \$43.94. In the fiscal year ended June 30, 2020 the Orleans Parish School Board paid a total of \$47,849 for other postemployment benefits as they came due for Medicare-eligible retirees.

Employees Covered by Benefit Terms. At June 30, 2020, 428 active and retired employees were covered by the benefit terms:

Inactive employees currently receiving benefits	156
Inactive employees entitled to but not currently receiving benefits	45
Active employees	<u>227</u>
Total	<u><u>428</u></u>

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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

General Information About the Other Postemployment Benefits Plan

Total Other Postemployment Benefits Liability (continued)

The Orleans Parish School Board's total other postemployment benefits liability of \$5,991,529 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total other postemployment benefits liability as of June 30, 2020 using the following actuarial assumptions and other inputs applied to all periods included in the measurement unless otherwise specified:

Actuarial cost method	Entry age normal
Valuation date	June 30, 2020
Measurement date	June 30, 2020
Inflation	2.5%, changed from 3.0% for 2019
Salary increases	3.5% per annum
Discount rate	2.21%, changed from 3.50% for 2019
Discount rate index	Bond Buyer 20-Year General Obligation Index
Mortality rates	Pub-2010 generational table scaled using MP-2019 and applied on a gender-specific basis
Healthcare cost trend rates	The Current Trend rate includes the following: Pre-Medicare Medical and Rx Benefits 6.50% Select and 4.50% Ultimate Medicare 5.50% Select and 4.50% Ultimate Stop Loss Fees 6.50% Select and 4.50% Ultimate Administrative fees 4.50% Select and 4.50% Ultimate Select trend rates are reduced 0.5% each year until reaching the ultimate trend rate
Experience study and claims costs	Expected retiree claim costs were developed using 24 months of historical claim experience through August 2020.
Participation	The participation percentage is the assumed rate of future eligible retirees who elect to continue health coverage at retirement. It is assumed that 25% of all pre-65 employees and their dependents who are eligible for early retiree benefits will participate in the retiree medical plan, with 70% remaining on the plan post-65. This assumes that a one-time irrevocable election to participate is made at retirement.
Marriage	The assumed number of eligible dependents is based on the current proportions of single and family contracts in the census provided.

Changes in Total Other Postemployment Benefits Liability

Balance at June 30, 2019	\$ 6,278,644
Changes for the year:	
Service Cost	31,740
Interest	212,890
Differences in expected and actual experience	(845,093)
Changes in assumptions	768,976
Benefit payments	<u>(455,628)</u>
Net changes	<u>(287,115)</u>
Balance at June 30, 2020	<u>\$ 5,991,529</u>

The amount due within one year for the total other postemployment benefits liability is estimated to be \$478,000 and is based on the annual benefit payments.

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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

Sensitivity to the Total Other Postemployment Benefits Liability to Changes in the Discount Rate. The following table presents the Orleans Parish School Board's total other postemployment benefits liability using the current discount rate as well as what the Orleans Parish School Board's total other postemployment benefits 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 used:

	1.0% Decrease (1.21%)	Current Discount (2.21%)	1.0% Increase (3.21%)
Total OPEB liability	\$ 6,632,000	\$ 5,991,529	\$ 5,454,000

Sensitivity of the Total Other Postemployment Benefits Liability to Changes in the Healthcare Cost Trend Rate. The following table presents the Orleans Parish School Board's total other postemployment benefits liability using the current healthcare cost trend rate as well as what the Orleans Parish School Board's total other postemployment benefits liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate used:

	1.0% Decrease	Current Trend (See actuarial assumptions)	1.0% Increase
Total OPEB liability	\$ 5,419,000	\$ 5,991,529	\$ 6,664,000

Other Postemployment Benefits Expense and Deferred Outflows of Resources and Deferred Inflows of resources Related to Other Postemployment Benefits

For the year ended June 30, 2020 the Orleans Parish School Board recognized other postemployment benefits expense of \$241,872 and reported deferred outflows of resources and deferred inflows of resources related to other postemployment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (772,863)
Changes in assumptions	870,701	(120,348)
Total	\$ 870,701	\$ (893,211)

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

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

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the other postemployment benefits liability will be recognized in other postemployment benefits expense as follows:

Year ending		
June 30:		
2021	\$	(2,758)
2022		(2,758)
2023		(2,758)
2024		(2,758)
2025		(2,758)
2026 - 2030		(4,164)
2031		(4,556)
	\$	<u>(22,510)</u>

12. **DUE TO AND FROM OTHER FUNDS**

The Orleans Parish School Board pools its internal cash and investments in order to maximize investment opportunities and reports the combined amount as a single line item, Equity in Pooled Cash, across all funds. Pooled cash and investments function as both Due to and from Other Funds and as a line of credit for individual funds, which are permitted to overdraw their equity in the pool; overdrawn amounts are listed as a liability. Pooled cash and investments in each fund as of June 30, 2020 is shown in the following table:

	<u>Receivable Fund</u>	<u>Payable Fund</u>
Governmental activities:		
General Fund	\$ 30,429,224	-
Pass-through Fund	-	16,116,312
ESSA	-	4,714,338
Hurricane Katrina Restoration	-	3,883,602
Nonmajor Governmental	-	989,903
Business-type activities:		
Enterprise Funds	-	2,349,937
Internal Service Funds	-	2,375,132
Total	\$ 30,429,224	\$ 30,429,224

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

13. **INTERFUND TRANSFERS**

Interfund transfers for the fiscal year ended June 30, 2020 were as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental activities:		
General Fund	\$ 4,842,489	5,000,000
Pass-through Fund	11,640,043	739,802
ESSA	-	520,432
Facilities Preservation	-	590,386
Nonmajor Governmental	5,000,000	15,930,369
Business-type activities:		
Internal Service Funds	1,298,457	-
Total	<u>\$ 22,780,989</u>	<u>\$ 22,780,989</u>

The purpose of interfund transfers generally are (1) to transfer indirect costs to the general fund from the special revenue funds, and (2) to transfer supplemental local funds for program operations from the general fund to other programs.

The \$11,640,000 transfer into the Pass-through fund represents funding initially deposited and recorded into an incorrect fund and for which the School Board was required to distribute to charter operators. A \$1,300,000 transfer from the general fund to the Citywide Exceptional Fund is the annual transfer of state revenue sharing funds to fund the Citywide Exceptional Needs program in accordance with a March 14, 2014 Cooperative Endeavor Agreement between the School Board and the Recovery School District. The \$5 million transfer from the general fund to the COVID-19 fund is to respond to the worldwide coronavirus pandemic, including supporting distance learning for students and providing personal protective equipment to schools and matching funds for grants. A \$3.3 million transfer from the Harrah's Casino capital projects fund (a non-major governmental fund) to the general fund is to fund various programs that support students in secure care and those with significant behavioral health needs, as well as truancy programs.

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

14. **LITIGATION AND CONTINGENCIES**

Claims

The Orleans Parish School Board is a defendant in several workers' compensation, personal injury, personnel action, and contractual lawsuits. Provisions for losses for these lawsuits are recorded in the financial statements as long-term obligations. Management and legal counsel for the Orleans Parish School Board believe that the potential claims against the Orleans Parish School Board not covered by insurance are covered by the recorded liability, which totaled \$31,877,490 at June 30, 2020.

Federal and State Grants

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

Federal Emergency Management Agency (FEMA)

On August 18, 2010 the Orleans Parish School Board was awarded \$426 million from FEMA to repair and replace damaged school facilities and contents as a result of Hurricane Katrina, which occurred on August 29, 2005.

In addition to addressing damages to facilities and contents, this award has also supported and will continue to support temporary leased facilities, temporary modular school campuses, temporary busing costs, and other expenses that are necessary due to the impact of Hurricane Katrina.

The majority of the FEMA funding awarded to the Orleans Parish School Board and the Recovery School District has been structured into Alternative Projects under FEMA's Public Assistance program, which allows applicants to designate alternative ways to utilize FEMA funding to support the best interests of the community. This alternate funding vehicle provided maximum flexibility to facilitate the implementation of the School Facilities Master Plan for Orleans Parish. The Orleans Parish School Board has been issued 998 project worksheets which authorized or obligated \$375 million. As of June 30, 2020, the Orleans Parish School Board has been reimbursed \$331 million. The Orleans Parish School Board plans on using the majority of the remaining authorized monies to fund Phase Three of the Master Plan.

Construction Contracts

At June 30, 2020, the Orleans Parish School Board had ongoing construction projects for major school renovations at year end. The Orleans Parish School Board has purchase orders and commitments of \$22.7 million related to these projects. These commitments will be paid out of the various capital projects funds.

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

15. **LEASES - LESSOR**

The Orleans Parish School Board owns two buildings, located at 2401 Westbend Parkway and 2405 Jackson Avenue in New Orleans, portions of which are leased to tenants and the portion it occupies it charges itself internally; this rental activity is accounted for in the Timbers enterprise fund. For the year ended June 30, 2020 lease revenues totaled \$1,225,226. Original leases are generally for a three-year term with options to renew for an additional one-year period. Additional charges and increases to base rent are determined at the end of the calendar year when the costs (real estate taxes and operating costs) of the School Board exceed rent charged. Subsequent lease amendments after the original are for one year only; the latest lease expires on July 31, 2021. All current leases are on a one-year term.

16. **TAX REVENUES ABATED**

State Industrial Ad Valorem Tax Exemption Program

The Louisiana Industrial Ad Valorem Tax Exemption program (Louisiana Constitution Article 7, Section 21) is a state incentive program dating back to the 1930s which abates local ad valorem taxes on a manufacturer's new investment and annual capitalized additions related to the manufacturing site. The Louisiana Department of Economic Development administers the incentive program. Until July 2016 100% of qualified property was exempted for five years and could be renewed for 100% exemption for the next five years. The exemption of these local ad valorem taxes was granted by the state Board of Commerce and Industry.

In June 2016 the incentive program was changed to (1) allow a maximum exemption of 100% for the first five years, which could be renewed at 80% for the next three years, and (2) provide for input from and establish a procedure for local taxing bodies to approve or disapprove applications for exemption before being approved by the state Board of Commerce and Industry.

In June 2018 the incentive program was further changed to allow a maximum exemption of 80% for an initial term of five years and the option to renew at 80% for an additional five years.

On July 19, 2018 the Orleans Parish School Board adopted Resolution 09-18, which was amended on September 20, 2018, requiring that all four of the following criteria be met for the Orleans Parish School Board to approve any application for the Industrial Tax Exemption Program:

1. The business is located in a distressed region (specifically defined); and
2. The jobs created as a result of the capital project must meet the job and payroll requirements for eligibility for the Louisiana Quality Jobs Rebate program; and
3. At least 35% of the new hires will reside in Orleans parish; and
4. Construction on the capital project for which a tax exemption is being sought has not commenced prior to gaining approval from the Orleans Parish School Board.

For the fiscal year ending June 30, 2020, \$2,348,321 in Orleans Parish School Board ad valorem tax revenues were abated by the state of Louisiana through the Louisiana Industrial Ad Valorem Tax Exemption program on 56 active contracts.

City of New Orleans Restoration Tax Abatement Program

The City of New Orleans maintains a Restoration Tax Abatement program that provides commercial property owners who expand, restore, improve, or develop an existing structure in a downtown development district, economic development district, or historic district the right to pay ad valorem

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

16. **TAX REVENUES ABATED** (continued)

taxes based on the assessed valuation of the property for the prior year to the commencement of the project for five years after completion of the work.

For the fiscal year ended June 30, 2020 \$3,003,931 in Orleans Parish School Board ad valorem tax revenues were abated by the New Orleans City Council through the Restoration Tax Abatement program on 50 active contracts.

17. **PRIOR PERIOD ADJUSTMENTS**

A restatement of several governmental funds of the School Board was made to adjust accounts receivable balances for accounts that were not adjusted as a result of an accounting error. In addition, with the implementation of GASB Statement No. 84, *Fiduciary Activities*, effective July 1, 2019, school activity funds no longer qualify as a fiduciary fund so those activities are recorded in the general fund. Two restricted donations are being reported in the general fund because the Orleans Parish School Board no longer expects that a substantial portion of the inflows will derive from restricted or committed revenue sources, since these were one-time donations. As discussed in Note 5, the Orleans Parish School Board and Orleans Schools Facilities Foundation (OSFF) have entered into various tax credit transactions to provide financing for the construction and development of charter schools located in New Orleans. This was part of a Master Plan agreement between the School Board and the OSFF. Accounting errors between the funds associated with these transactions were restated. A restatement of the general fund was also made to adjust accounts payable and other liabilities for amounts not reported in the proper period. A restatement was made for the removal of the cash maintained in a trust account for debt service to recognize the in-substance defeasance of the QSCB bonds at the fund level.

The beginning net position of the Orleans Parish School Board's governmental activities has been adjusted as the result of the identification and subsequent correction of the following errors. In November 2005, Louisiana House Bill 121 (Act 35) transferred control of each School Board school deemed to be in academic crisis, as determined by standardized student testing results, to the Louisiana State Department of Education's Recovery School District (RSD). This Act resulted in approximately 83% (106 schools) of the School Board's former schools being transferred to the RSD. Effective with the passage of Act 35, the RSD was responsible for providing all educational services to students attending the transferred schools. The bill provided for the transfer of operational and managerial control of the transferred schools for a period of not less than five years. While the School Board retained ownership of each transferred school, Act 35 transferred all rights and responsibilities associated with property ownership to the RSD. The School Board transferred the net book value (after the impairment due to Hurricane Katrina) of the transferred schools to the RSD and recorded a long-term receivable of the same amount. Upon the return of the transferred school back to the School Board, the receivable is recognized and the assets were recorded at acquisition value. However, given ownership was not transferred the removal of these assets and the creation of a receivable was deemed inappropriate. The School Board hired an outside consultant to assist in the reconstruction of these capital costs and recalculation of the net book value as if these assets were never removed from the School Board's statement of net position. The net pension liability and associated deferred outflows and inflows were restated for errors in the prior year reported amounts. In addition, net position was restated to remove the long-term debt and cash associated with the QSCB bonds recognizing it as an in-substance defeasance.

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

17. **PRIOR PERIOD ADJUSTMENTS** (continued)

The Orleans Parish School Board reported prior period adjustments at the fund level for the fiscal year ended June 30, 2020 as follows:

	Governmental Funds				Business Type Activities			
	General Fund	ESSA	Hurricane Katrina Restoration Fund	Non-Major Governmental	Timbers	Orleans Schools Facility Foundation	Internal Service Funds	Fiduciary Funds
Total Fund Balance/Net Position, June 30, 2019, as previously reported	\$ 57,575,447	\$ 301,054	\$ 12,856,265	\$ 103,437,813	\$ 7,241,217	\$ 135,734,482	\$ 1,684,019	\$ 865,102
Reclassification of fund activity related to the Master Plan Agreement	(6,442,707)	-	-	8,470,418	-	(2,026,711)	-	-
Amounts due from other governments revenue reclassification to proper period	(2,805,040)	-	-	319,858	-	-	-	-
Charter school distributions related to 2019 not properly accrued	(7,302,883)	-	-	-	-	-	-	-
Recategorize transactions recorded in error in the prior year to the correct fund	17,699,707	-	(17,585,433)	-	-	-	-	-
Correction to cost reimbursement grant fund balance to zero	-	(301,054)	4,729,168	-	-	-	-	-
Liabilities adjustments related to retirement and state unemployment payments	1,267,391	-	-	-	-	-	-	-
Reclassification of restricted donations previously reported in special revenue funds	108,412	-	-	(108,412)	-	-	-	-
Reclassification of previously reported fiduciary fund to general fund	153,137	-	-	-	-	-	-	(153,136)
Correction to remove assets previously presented for the insubstance defeasance of QSCB bonds	-	-	-	(53,905,961)	-	-	-	-
Prior audit adjustments not properly recorded	68,232	-	-	-	-	-	(240,039)	-
Prior period depreciation expense not recognized	-	-	-	-	(232,424)	-	-	-
Record prior year retainage payable	-	-	-	(1,249,335)	-	-	-	-
Correction to accrued interest receivable	-	-	-	-	-	215,910	-	-
Reclassification of medicare revenues posted to federal grant fund	150,490	-	-	(150,490)	-	-	-	-
	<u>2,896,739</u>	<u>(301,054)</u>	<u>(12,856,265)</u>	<u>(46,623,922)</u>	<u>(232,424)</u>	<u>(1,810,801)</u>	<u>(240,039)</u>	<u>(153,136)</u>
Total Fund Balance/Net Position, June 30, 2019, as restated	\$ 60,472,186	\$ -	\$ -	\$ 56,813,891	\$ 7,008,793	\$ 133,923,681	\$ 1,443,980	\$ 711,966

The Orleans Parish School Board reported prior period adjustments in governmental activities for the fiscal year ended June 30, 2020 as follows:

	Governmental Activities
Net Position, June 30, 2019, as previously reported	\$ 1,518,814,459
Internal service fund balance adjustments	(240,039)
Governmental fund balance adjustments	(56,884,502)
Net pension liability adjustment	(2,849,917)
Correction to remove debt for insubstance defeasance	56,467,858
Recognition of capital assets and related accumulated depreciation associated with projects with the Recovery School District	<u>224,184,334</u>
Net Position, June 30, 2019, as restated	<u>\$ 1,739,492,193</u>

ORLEANS PARISH SCHOOL BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

18. **SUBSEQUENT EVENTS**

On July 30, 2020, the Orleans Parish School Board approved moving from self-insured to fully-insured for active employee and retiree health insurance effective September 1, 2020.

On September 20, 2020, the Orleans Parish School Board issued not to exceed \$100 million in Revenue Anticipation Notes at a variable rate per annum equal to 80% One Month LIBOR. The notes, which were issued to provide stabilized cash flows to charter schools and matured on June 30, 2021, were repaid from ad valorem tax proceeds.

The Orleans Parish School Board approved the request for independent Local Education Agency status of Warren Easton High School, Foundation Preparatory Charter School, Edward Hynes Charter School, and Edward Hynes Charter School-UNO Campus on January 16, 2020, February 11, 2020 and March 24, 2020, respectively, effective on July 1, 2020. This reduced the total number of schools in the Orleans Parish School Board's Local Education Agency from 9 to 6, including the addition of Mary D. Coghill Elementary School, which the Orleans Parish School Board directly operated starting July 1, 2020.

On July 29, 2021, the Orleans Parish School Board approved the sale of A.P. Threud Elementary School to the International School of Louisiana for \$1,400,000.

On August 19, 2021 the Orleans Parish School Board approved the sale of 1014 Bourbon Street to Homer Plessy Community School for \$435,000.

On August 19, 2021, the Orleans Parish School Board approved the issuance of Revenue Anticipation Notes not to exceed \$65,000,000 which are necessary to provided stabilized cash flows to charter schools and will be repaid from ad valorem tax proceeds.

On August 29, 2021, the Orleans Parish School Board and its facilities were impacted by Hurricane Ida. However, the extent of the damages is unknown as building assessments are ongoing and power is slowly being restored throughout the Parish. All properties are insured and the policy deductible maximum is \$12.5 million. However, the effective lease agreements with the charter operators establishes that they are responsible for the deductible for each school they operate and the School Board is only responsible for vacant properties and its main offices which limits its financial exposure. In addition, the Federal government has declared that a major disaster exists in the State of Louisiana and ordered federal aid to supplement state and local recovery efforts. With this signed FEMA declaration any uncovered expenses for the first 30 days are 100% reimbursable and the School Board will be making claims for these costs.

ORLEANS PARISH SCHOOL BOARD

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

Financial statement reporting date	6/30/2020	6/30/2019	6/30/2018
Measurement date	6/30/2020	6/30/2019	6/30/2018
Service cost	\$ 31,740	\$ 27,833	\$ 26,796
Interest	212,890	234,061	246,463
Difference between actual and expected experience	(845,093)	-	-
Change in assumptions	768,976	209,614	(172,352)
Benefit payments	(455,628)	(426,237)	(418,798)
Net change in total OPEB liability	(287,115)	45,271	(317,891)
Total OPEB liability - beginning	6,278,644	6,233,373	6,551,264
Total OPEB liability - ending	<u>\$ 5,991,529</u>	<u>\$ 6,278,644</u>	<u>\$ 6,233,373</u>
Covered employee payroll	\$ 16,110,326	\$ 21,296,000	\$ 20,576,287
Total OPEB liability as a percentage of covered payroll	37.19%	29.48%	30.29%

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

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

ORLEANS PARISH SCHOOL BOARD

**SCHEDULE OF THE SCHOOL BOARD'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY FOR THE RETIREMENT SYSTEMS
FOR THE YEAR ENDED JUNE 30, 2020 (*)**

Pension Plan	Year	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Teachers Retirement System of Louisiana						
	2020	0.4094%	\$ 40,632,807	\$ 20,230,440	200.8498%	68.57%
	2019	0.5245%	51,550,913	23,859,715	216.0584%	68.17%
	2018	0.4885%	50,084,418	28,475,489	175.8861%	65.55%
	2017	0.5741%	67,384,976	28,825,542	233.7683%	59.90%
	2016	0.6096%	65,549,001	27,306,350	240.0504%	62.50%
	2015	0.5878%	60,078,728	26,191,785	229.3800%	63.70%
Louisiana School Employees Retirement System						
	2020	0.0141%	98,457	40,171	245.0947%	73.49%
	2019	0.0276%	184,152	33,148	555.5448%	74.44%
	2018**	0.0624%	399,487	130,747	305.5420%	75.03%
Louisiana State Employees Retirement System						
	2020	0.0268%	1,938,666	936,072	207.1065%	62.90%
	2019	0.0079%	540,002	256,510	210.5189%	64.30%
	2018	0.1757%	1,236,441	371,665	332.6762%	62.54%
	2017	0.1772%	1,391,786	385,050	361.4559%	57.70%
	2016	0.1355%	921,809	321,035	287.1366%	62.70%
	2015	0.1314%	821,567	265,843	309.0422%	65.00%

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

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

(**) The School Board did not start to recognize its proportionate share of the net pension liability due to immateriality until 2017.

ORLEANS PARISH SCHOOL BOARD

**SCHEDULE OF EMPLOYER CONTRIBUTIONS TO THE RETIREMENT SYSTEMS
FOR THE YEAR ENDED JUNE 30, 2020**

<u>Pension Plan:</u>	<u>Year</u>	<u>Contractually Required Contribution¹</u>	<u>Contributions in Relation to Contractually Required Contribution²</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll³</u>	<u>Contributions as a % of Covered Payroll</u>
Teachers Retirement System of Louisiana						
	2020	\$ 3,926,649	\$ 3,926,649	-	\$ 15,042,907	26.1030%
	2019	5,405,827	5,405,827	-	20,230,440	26.7213%
	2018	6,345,018	6,345,018	-	23,859,715	26.5930%
	2017	7,345,329	7,345,329	-	28,475,489	25.7953%
	2016	7,655,504	7,655,504	-	28,825,542	26.5581%
	2015	7,683,825	7,683,825	-	27,306,350	28.1393%
Louisiana School Employees Retirement System						
	2020	12,255	12,255	-	41,682	29.4012%
	2019	11,248	11,248	-	40,171	28.0003%
	2018	9,148	9,148	-	33,148	27.5974%
	2017*	35,769	35,769	-	130,747	27.3574%
Louisiana State Employees Retirement System						
	2020	212,065	212,065	-	522,650	40.5750%
	2019	354,771	354,771	-	936,072	37.9000%
	2018	102,989	102,989	-	256,510	40.1501%
	2017	133,222	133,222	-	371,665	35.8446%
	2016	143,239	143,239	-	385,050	37.2001%
	2015	118,394	118,394	-	321,035	36.8788%

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

(*)The School Board did not start to recognize its proportionate share of the net pension liability due to immateriality until 2017.

For reference only:

¹ Employer contribution rate multiplied by employer's covered payroll

² Actual employer contributions remitted to Retirement Systems

³ Covered payroll amount for each of the fiscal year ended June 30

ORLEANS PARISH SCHOOL BOARD

BUDGETARY COMPARISON SCHEDULE DESCRIPTIONS

MAJOR FUNDS WITH A LEGALLY ADOPTED ANNUAL BUDGET

GENERAL FUND The general fund, the main operating fund, is used to account for and report all financial resources not accounted for and reported in another fund.

REVENUE PASS-THROUGH FUND The Revenue Pass-Through Fund is a special revenue fund established to account for the collection of Minimum Foundation Program unrestricted grant funds from the state, ad valorem taxes, and sales taxes, which are then distributed to charter schools per LSA-RS 17:3995.

EVERY STUDENT SUCCEEDS ACT (ESSA) To provide opportunities for eligible children served to acquire the knowledge and skills to meet the challenging State performance standards.

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

Exhibit 1.1

REVENUES	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Local sources:				
Ad valorem taxes	\$ 3,876,944	\$ 3,876,944	\$ 1,434,235	\$ (2,442,709)
Sales and use taxes	-	-	2,561,909	2,561,909
Earnings on investments	780,000	780,000	784,788	4,788
Other	14,355,858	14,355,858	17,500,502	3,144,644
State sources:				
Equalization - Minimum Foundation	1,889,438	1,889,438	-	(1,889,438)
Other	3,371,000	3,371,000	3,122,408	(248,592)
Federal sources:	-	-	1,550	1,550
TOTAL REVENUES	24,273,240	24,273,240	25,405,392	1,132,152
EXPENDITURES				
Current:				
Instruction:				
Regular programs	1,535,195	1,535,195	2,111,188	(575,993)
Special education	490,131	490,131	2,116,390	(1,626,259)
Other Instructional programs	1,988,764	1,988,764	2,329,588	(340,824)
Support: services:				
Student services	5,952,739	5,952,739	5,694,260	258,479
Instructional staff support	1,244,374	1,244,374	1,930,722	(686,348)
General administration	8,012,236	8,012,236	7,063,423	948,813
School administration	2,903,968	2,903,968	1,583,271	1,320,697
Business services	2,130,060	2,130,060	2,441,411	(311,351)
Plant services	779,839	779,839	8,242,606	(7,462,767)
Student transportation services	-	-	1,600	(1,600)
Central services	3,052,184	3,052,184	2,241,481	810,703
Food services	-	-	18,498	(18,498)
Type III Charter Schools	-	-	1,886,911	(1,886,911)
Capital Outlay:				
Facilities acquisition and construction	-	-	10,636	(10,636)
Debt service:				
Interest and fiscal changes	25,000	25,000	-	25,000
TOTAL EXPENDITURES	28,114,490	28,114,490	37,671,985	(9,557,495)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (3,841,250)	\$ (3,841,250)	\$ (12,266,593)	\$ (8,425,343)

(continued)

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

Exhibit 1.1

<u>OTHER FINANCING SOURCES (USES)</u>	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
Transfers in	\$ 3,841,250	\$ 3,841,250	\$ 4,842,489	\$ 1,001,239
Transfers out	-	(5,000,000)	(5,000,000)	-
Judgments	-	-	1,271	1,271
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,841,250</u>	<u>(1,158,750)</u>	<u>(156,240)</u>	<u>1,002,510</u>
 <u>NET CHANGE IN FUND BALANCES</u>	 -	 (5,000,000)	 (12,422,833)	 (7,422,833)
 FUND BALANCES - BEGINNING, AS RESTATED	 <u>57,575,447</u>	 <u>57,575,447</u>	 <u>60,472,186</u>	 <u>2,896,739</u>
 FUND BALANCES - ENDING	 <u>\$ 57,575,447</u>	 <u>\$ 52,575,447</u>	 <u>\$ 48,049,353</u>	 <u>\$ (4,526,094)</u> (concluded)

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana

PASS-THROUGH FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

Exhibit 1.2

<u>REVENUES</u>	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Local sources:				
Ad valorem taxes	\$ 255,988,160	\$ 255,988,160	\$ 167,012,987	\$ (88,975,173)
Sales and use taxes	-	-	112,508,327	112,508,327
State sources:				
Equalization - Minimum Foundation	162,721,989	162,721,989	209,943,765	47,221,776
TOTAL REVENUES	418,710,149	418,710,149	489,465,079	70,754,930
 <u>EXPENDITURES</u>				
Support: services:				
General administration	-	-	9,128,552	(9,128,552)
Appropriations - Charter Schools and OJJ:				
Type II Charter Schools and OJJ	-	-	10,840,578	(10,840,578)
Type III Charter Schools	418,710,149	418,710,149	480,396,190	(61,686,041)
TOTAL EXPENDITURES	418,710,149	418,710,149	500,365,320	(81,655,171)
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 -	 -	 (10,900,241)	 (10,900,241)
 <u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	11,640,043	11,640,043
Transfers out	-	-	(739,802)	(739,802)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	10,900,241	10,900,241
 <u>NET CHANGE IN FUND BALANCES</u>	 -	 -	 -	 -
 FUND BALANCES - BEGINNING	 -	 -	 -	 -
 FUND BALANCES - ENDING	 \$ -	 \$ -	 \$ -	 \$ -

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana

ESSA FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2020**

Exhibit 1.3

<u>REVENUES</u>	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Federal sources:	\$ 5,857,253	\$ 5,857,253	\$ 6,794,085	\$ 936,832
TOTAL REVENUES	5,857,253	5,857,253	6,794,085	936,832
<u>EXPENDITURES</u>				
Current:				
Instruction:				
Regular programs	87,653	87,653	-	87,653
Other Instructional programs	5,284,000	5,284,000	-	5,284,000
Support: services:				
Instructional staff support	51,915	51,915	-	51,915
Appropriations - Charter Schools and OJJ:				
Type III Charter Schools	-	-	6,273,653	(6,273,653)
TOTAL EXPENDITURES	5,423,568	5,423,568	6,273,653	(850,085)
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 \$ 433,685	 \$ 433,685	 \$ 520,432	 \$ 86,747
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	(433,685)	(433,685)	(520,432)	(86,747)
TOTAL OTHER FINANCING SOURCES (USES)	(433,685)	(433,685)	(520,432)	(86,747)
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCES				
- BEGINNING	-	-	-	-
 FUND BALANCES - ENDING	 \$ -	 \$ -	 \$ -	 \$ -

ORLEANS PARISH SCHOOL BOARD

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

a. CHANGES IN BENEFIT TERMS AND ASSUMPTIONS RELATED TO HEALTH PLAN

Benefit Changes.

Measurement date

6/30/2020

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

Changes of Assumptions.

The changes in assumptions balance was a result of changes of the following:

Discount rate assumption

<u>Measurement Date</u>	<u>Rate</u>	<u>Change</u>
6/30/2020	2.21%	-1.29%
6/30/2019	3.50%	-0.37%
6/30/2018	3.87%	

Salary rate assumption

<u>Measurement Date</u>	<u>Rate</u>	<u>Change</u>
6/30/2020	3.50%	-
6/30/2019	3.50%	-

Mortality

<u>Measurement Date</u>	<u>Table Used:</u>
6/30/2020	Pub-2010 generational table scaled using MP-2019 and applied on a gender-specific basis.
6/30/2019	MP-2019 and applied on a gender-specific basis.

Healthcare cost trend rates

<u>Measurement Date</u>	<u>Rates Used:</u>
6/30/2020	6.50%/5.50% for pre-Medicare Medical and Rx Benefits/Medicare claims based on the current HCA Consulting trend study reduced .5% each year until reaching the ultimate rate of 4.5%.
6/30/2019	6.00%/5.00% for pre-Medicare Medical and Rx Benefits/Medicare claims based on the current HCA Consulting trend study reduced .5% each year until reaching the ultimate rate of 4.5%.

ORLEANS PARISH SCHOOL BOARD

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

b. CHANGES IN BENEFIT TERMS AND ASSUMPTIONS RELATED TO DEFINED BENEFIT PENSION PLANS

Changes of Benefit Terms include:

Following is a listing of changes in benefit terms, as applicable, for the three pension plans for the years presented.

Teachers Retirement System of Louisiana and Louisiana State Employees' Retirement System (TRSL)

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

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

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

Louisiana School Employees Retirement System (LSERS)

2016 – Act 93 of the 2016 provides for an up to 2.0% COLA on the first \$60,000 of a recipient's benefit for eligible members effective 7/1/16.

Louisiana State Employees' Retirement System (LASERS)

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

2015 – Improved benefits for certain members employed by the Office of Adult and Parole within the Department of Public Safety and Corrections per Act 852 of 2014

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

2017 – Added benefits for members of the Harbor Police Retirement System which was merged with LASERS effective July 1, 2015

ORLEANS PARISH SCHOOL BOARD

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

b. CHANGES IN BENEFIT TERMS AND ASSUMPTIONS RELATED TO DEFINED PENSION PLANS (continued)

Changes of Assumptions

The following changes were made to the pension plans identified in the tables below:

<u>Year (*)</u>	<u>Discount rate:</u>		<u>Inflation rate:</u>	
	<u>Rate</u>	<u>Change</u>	<u>Rate</u>	<u>Change</u>
TRSL				
2019	7.550%	-0.100%	2.500%	-
2018	7.650%	-0.050%	2.500%	-
2017	7.700%	-0.050%	2.500%	-
2016	7.750%	-	2.500%	-
2015	7.750%		2.500%	
LSERS				
2019	7.000%	-0.062%	2.500%	-
2018	7.063%	-0.063%	2.500%	-0.13%
2017	7.125%	-	2.625%	-
2016	7.125%	0.125%	2.625%	-0.13%
2015	7.000%		2.750%	
LASERS				
2019	7.600%	-0.050%	2.500%	-0.25%
2018	7.650%	-0.050%	2.750%	-
2017	7.700%	-0.050%	2.750%	-0.25%
2016	7.750%	-	3.000%	-
2015	7.750%		3.000%	

ORLEANS PARISH SCHOOL BOARD

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

b. CHANGES IN BENEFIT TERMS AND ASSUMPTIONS RELATED TO DEFINED BENEFIT PENSION PLANS (continued)

Changes of Assumptions (continued)

Salary increases: Year (*)	Range
TRSL	
2019	No change
2018	3.30 to 4.80% for various member types
2017	3.50 to 10.0% for various member types
2016	3.50 to 10.0% for various member types
LSERS	
2019	No change
2018	3.25%
2017	3.075% to 5.375%
2016	3.200% to 5.500%
LASERS	
2019	No change
2018	2.80% to 14.30% for various member types
2017	2.80% to 14.30% for various member types
2016	3.00% to 14.50% for various member types

(*) The information is for the measurement date of the liability

Mortality table:

TRSL

- 2019 - Active Members - RP-2014 White Collar Employee tables, adjusted by 1.010 for males and by 0.997 for females.
Non-Disabled retiree/inactive members - RP-2014 White Collar Healthy Annuitant tables, adjusted by 1.366 for males and by 1.189 for females.
Disability retiree mortality - RP-2014 Disability tables, adjusted by 1.111 for males and by 1.134 for females
- 2018 - Active members - RP-2014 White Collar Employee tables, adjusted by 1.010 for males and by 0.997 for females.
Non-Disabled retiree/inactive members - RP-2014 White Collar Healthy Annuitant tables, adjusted by 1.366 for males and by 1.189 for females.
Disability retiree mortality - RP-2014 Disability tables, adjusted by 1.111 for males and by 1.134 for females.
These base tables are adjusted from 2014 to 2018 using the MP-2017 generational improvement table, with continued future mortality improvement projected using the MP-2017 generational mortality improvement tables.
- 2017 - Mortality rates were projected based on the RP-2000 Mortality Table with projection to 2025 using Scale AA.

ORLEANS PARISH SCHOOL BOARD

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

b. CHANGES IN BENEFIT TERMS AND ASSUMPTIONS RELATED TO DEFINED BENEFIT PENSION PLANS (continued)

LSERS

2018/19 – RP-2014 Healthy Annuitant, Sex Distinct Employee, Sex Distinct Disabled Tables

2017 – RP-2000 Sex Distinct Mortality and Disabled Lives Mortality Tables

LASERS

2019 - Non-disabled members - Mortality rates based on the RP-2014 Healthy Mortality Table with mortality improvement projected using the MP-2018 Mortality Improvement Scale, applied on a fully generational basis.

Disabled members - Mortality rates based on the RP-2000 disabled Retiree Mortality Table, with no projection for mortality improvement.

2018 – Non-disabled members - RP-2000 Combined Healthy Mortality Table with mortality projected to 2015.

Disabled members - Mortality rates based on the RP-2000 disabled Retiree Mortality Table, with no projection for mortality improvement.

c. General Budget Policies

The School Board follows these procedures in establishing the budgetary data reflected in the budgetary comparison schedules.

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

Each year prior to September 15, the Superintendent submits to the School Board proposed annual budgets for the general fund and special revenue funds' budgets. Public hearings are conducted, prior to the School Board's approval, to obtain citizens 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. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments. These revisions were considered significant by the School Board. All budget revisions are approved by the School Board.

The budgets are prepared under the modified accrual basis of accounting. The level of budgetary control is established by function within each fund.

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET - BY FUND TYPE
JUNE 30, 2020

Exhibit 2

	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL</u>
Cash and cash equivalents	\$ 386,473	\$ -	\$ 369,815	\$ 756,288
Equity in pooled assets	12,803,148	23,346,615	10,699,982	46,849,745
Investments	-	-	-	-
Receivables	1,177,902	-	-	1,177,902
Interfund receivables	-	-	-	-
Inventories	49,754	-	-	49,754
Prepaid items	-	-	51,000	51,000
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ 14,417,277	\$ 23,346,615	\$ 11,120,797	\$ 48,884,689
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS				
Liabilities:				
Accounts and other payables	1,604,434	-	2,086,789	3,691,223
Salaries and benefits payable	36,543	-	-	36,543
Interfund payables	983,209	-	6,694	989,903
Unearned revenues	157,030	-	-	157,030
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	2,781,216	-	2,093,483	4,874,699
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances:				
Nonspendable	49,754	-	51,000	100,754
Restricted	9,499,557	23,346,615	2,858,760	35,704,932
Committed	2,086,750	-	6,117,554	8,204,304
Unassigned	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL FUND BALANCES	11,636,061	23,346,615	9,027,314	44,009,990
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCES	\$ 14,417,277	\$ 23,346,615	\$ 11,120,797	\$ 48,884,689
	<hr/>	<hr/>	<hr/>	<hr/>

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BY FUND TYPE
FOR THE YEAR ENDED JUNE 30, 2020

Exhibit 3

	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL
REVENUES				
Local sources:				
Ad valorem taxes	\$ -	\$ 8,351,374	\$ -	\$ 8,351,374
Sales and use taxes	5,413,200	10,855,173	-	16,268,373
Earnings on investments	-	1,123,842	-	1,123,842
Food Services	297,539	-	-	297,539
Other	1,042,953	-	-	1,042,953
State sources:				
Equalization-Minimum Foundation	40,122	-	-	40,122
Other	1,168,733	-	-	1,168,733
Federal sources	8,110,254	-	-	8,110,254
TOTAL REVENUES	16,072,801	20,330,389	-	36,403,190
EXPENDITURES				
Current:				
Instruction:				
Regular programs	2,669,498	-	213,768	2,883,266
Special education	1,080,329	-	-	1,080,329
Other Instructional programs	41,050	-	-	41,050
Special programs	587,892	-	-	587,892
Support services:				
Student services	1,918,872	-	-	1,918,872
Instructional staff support	334,174	-	-	334,174
General administration	81,456	536,551	1,830	619,837
School administration	-	-	-	-
Business services	9,851	-	-	9,851
Plant services	769,714	-	293,642	1,063,356
Student transportation services	-	-	-	-
Central services	204,225	-	-	204,225
Food services	4,563,175	-	-	4,563,175
Community service programs	339,920	-	26,306	366,226
Appropriations - Charter Schools and OJJ:				
Type III Charter Schools	1,303,495	-	-	1,303,495
Capital Outlay:				
Facilities acquisition and construction	-	-	8,091,519	8,091,519
Debt service:				
Principal	-	20,533,571	-	20,533,571
Interest and fiscal charges	-	4,186,919	-	4,186,919
TOTAL EXPENDITURES	13,903,651	25,257,041	8,627,065	47,787,757
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 2,169,150	\$ (4,926,652)	\$ (8,627,065)	\$ (11,384,567)

(continued)

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BY FUND TYPE
FOR THE YEAR ENDED JUNE 30, 2020

Exhibit 3

	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	\$ 5,000,000	\$ -	\$ -	\$ 5,000,000
Transfers out	(1,002,475)	-	(14,927,894)	(15,930,369)
Sale of capital assets	-	-	860,000	860,000
Insurance recoveries	-	-	8,651,035	8,651,035
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,997,525</u>	<u>-</u>	<u>(5,416,859)</u>	<u>(1,419,334)</u>
 <u>NET CHANGE IN FUND BALANCES</u>	 6,166,675	 (4,926,652)	 (14,043,924)	 (12,803,901)
 FUND BALANCES - BEGINNING, AS RESTATED	 <u>5,469,386</u>	 <u>28,273,267</u>	 <u>23,071,238</u>	 <u>56,813,891</u>
 FUND BALANCES - ENDING	 <u>\$ 11,636,061</u>	 <u>\$ 23,346,615</u>	 <u>\$ 9,027,314</u>	 <u>\$ 44,009,990</u> (concluded)

ORLEANS PARISH SCHOOL BOARD

NONMAJOR SPECIAL REVENUE FUNDS DESCRIPTIONS

SCHOOL FOOD SERVICE To assist through grants and food donations in providing a nutritious breakfast and lunch service for school students and to encourage the domestic consumption of nutritious agricultural commodities.

INDIVIDUALS WITH DISABILITIES EDUCATION ACT (IDEA) To seek out and identify every child within the jurisdiction of the School Board who is suspected of being an exceptional child and in need of special education and related services; and to provide individualized education programs for those in need of specially designed instruction.

MISCELLANEOUS FEDERAL FUNDS To account for various smaller federal grants for which expenditures are legally restricted to specific purposes.

MISCELLANEOUS STATE AND LOCAL FUNDS To account for various smaller state and local grants for which the expenditures are legally restricted or committed to specified purposes.

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2020

Exhibit 4

	SCHOOL FOOD SERVICE	IDEA	MISCELLANEOUS FEDERAL	STATE AND LOCAL GRANTS	TOTAL
ASSETS					
Cash and cash equivalents	\$ 386,473	\$ -	\$ -	\$ -	\$ 386,473
Equity in pooled assets	3,524,439	-	643,085	8,635,624	12,803,148
Investments	-	-	-	-	-
Receivables	88,187	823,467	156,642	109,606	1,177,902
Interfund receivables	-	-	-	-	-
Inventories	49,754	-	-	-	49,754
Prepaid items	-	-	-	-	-
TOTAL ASSETS	\$ 4,048,853	\$ 823,467	\$ 799,727	\$ 8,745,230	\$ 14,417,277
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts and other payables	\$ 425,538	\$ 14,717	\$ 6,583	\$ 1,157,596	\$ 1,604,434
Salaries and benefits payable	23,045	13,498	-	-	36,543
Interfund payables	-	795,252	94,776	93,181	983,209
Unearned revenues	-	-	-	157,030	157,030
TOTAL LIABILITIES	448,583	823,467	101,359	1,407,807	2,781,216
Fund balances:					
Nonspendable	49,754	-	-	-	49,754
Restricted	1,463,766	-	698,368	7,337,423	9,499,557
Committed	2,086,750	-	-	-	2,086,750
TOTAL FUND BALANCES	3,600,270	-	698,368	7,337,423	11,636,061
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,048,853	\$ 823,467	\$ 799,727	\$ 8,745,230	\$ 14,417,277

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

Exhibit 5

	SCHOOL FOOD SERVICE	IDEA	MISCELLANEOUS FEDERAL	STATE AND LOCAL GRANTS	TOTAL
REVENUES					
Local sources:					
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	-	-	-	5,413,200	5,413,200
Earnings on investments	-	-	-	-	-
Food Services	297,539	-	-	-	297,539
Other	-	-	220,592	822,361	1,042,953
State sources:					
Equalization-Minimum Foundation	40,122	-	-	-	40,122
Other	-	-	-	1,168,733	1,168,733
Federal sources	3,002,684	3,708,062	1,399,508	-	8,110,254
TOTAL REVENUES	3,340,345	3,708,062	1,620,100	7,404,294	16,072,801
EXPENDITURES					
Current:					
Instruction:					
Regular programs	-	-	-	2,669,498	2,669,498
Special education	-	1,049,739	-	30,590	1,080,329
Vocational education	-	-	-	-	-
Other Instructional programs	-	-	-	41,050	41,050
Special programs	-	-	-	587,892	587,892
Adult Education	-	-	-	-	-
Support services:					
Student services	-	1,918,872	-	-	1,918,872
Instructional staff support	-	317,026	-	17,148	334,174
General administration	-	-	-	81,456	81,456
School administration	-	-	-	-	-
Business services	-	-	-	9,851	9,851
Plant services	-	-	-	769,714	769,714
Student transportation services	-	-	-	-	-
Central services	-	-	-	204,225	204,225
Food services	4,550,895	-	-	12,280	4,563,175
Community service programs	-	-	-	339,920	339,920
Appropriations - Charter Schools and OJJ:					
Type III Charter Schools	-	-	1,303,495	-	1,303,495
TOTAL EXPENDITURES	4,550,895	3,285,637	1,303,495	4,763,624	13,903,651
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (1,210,550)	\$ 422,425	\$ 316,605	\$ 2,640,670	\$ 2,169,150

(continued)

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

Exhibit 5

	SCHOOL FOOD SERVICE	IDEA	MISCELLANEOUS FEDERAL	STATE AND LOCAL GRANTS	TOTAL
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in	\$ -	\$ -	\$ -	\$ 5,000,000	\$ 5,000,000
Transfers out	-	(422,425)	(96,013)	(484,037)	(1,002,475)
TOTAL OTHER FINANCING SOURCES (USES)	-	(422,425)	(96,013)	4,515,963	3,997,525
 <u>NET CHANGE IN FUND BALANCES</u>	(1,210,550)	-	220,592	7,156,633	6,166,675
 FUND BALANCES - BEGINNING, AS RESTATED	4,810,820	-	477,776	180,790	5,469,386
 FUND BALANCES - ENDING	<u>\$ 3,600,270</u>	<u>\$ -</u>	<u>\$ 698,368</u>	<u>\$ 7,337,423</u>	<u>\$ 11,636,061</u> (concluded)

ORLEANS PARISH SCHOOL BOARD

NONMAJOR DEBT SERVICE FUNDS DESCRIPTIONS

The debt service funds are used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs. These funds reflect the debt service activity of administrative districts created by the School Board.

GENERAL OLIGATION BONDS A debt service fund established to account for the accumulation of resources for, and the payment of long-term debt principal, interest, and related costs on the general obligation bonds issued by the Orleans Parish School Board in September 2010.

OSCB FUND *Qualified School Construction Bonds (QSCB) Fund*, a debt service fund established to account for the accumulation of resources for and payment of long-term debt principal, interest, and related costs on outstanding Qualified School Construction bonds issued by the Orleans Parish School Board in December 2011.

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana

NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2020

Exhibit 7

	<u>GENERAL OLIGATION BONDS</u>	<u>QSCB FUND</u>	<u>TOTAL</u>
<u>ASSETS</u>			
Equity in pooled assets	\$ 10,545,012	\$ 12,801,603	\$ 23,346,615
TOTAL ASSETS	<u>\$ 10,545,012</u>	<u>\$ 12,801,603</u>	<u>\$ 23,346,615</u>
<u>LIABILITIES AND FUND BALANCES</u>			
TOTAL LIABILITIES	\$ -	\$ -	\$ -
Fund balances:			
Restricted	<u>10,545,012</u>	<u>12,801,603</u>	<u>23,346,615</u>
TOTAL FUND BALANCES	<u>10,545,012</u>	<u>12,801,603</u>	<u>23,346,615</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 10,545,012</u>	<u>\$ 12,801,603</u>	<u>\$ 23,346,615</u>

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana

NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

Exhibit 8

	<u>GENERAL OLIGATION BONDS</u>	<u>QSCB FUND</u>	<u>TOTAL</u>
<u>REVENUES</u>			
Local sources:			
Ad valorem taxes	\$ 8,351,374	\$ -	\$ 8,351,374
Sales and use taxes	-	10,855,173	10,855,173
Earnings on investments	-	1,123,842	1,123,842
	<u>8,351,374</u>	<u>11,979,015</u>	<u>20,330,389</u>
TOTAL REVENUES			
<u>EXPENDITURES</u>			
Current:			
Support: services:			
General administration	365,603	170,948	536,551
Debt service:			
Principal	9,240,000	11,293,571	20,533,571
Interest and fiscal charges	706,249	3,480,670	4,186,919
Bond issuance costs	-	-	-
	<u>10,311,852</u>	<u>14,945,189</u>	<u>25,257,041</u>
TOTAL EXPENDITURES			
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (1,960,478)</u>	<u>\$ (2,966,174)</u>	<u>\$ (4,926,652)</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>(1,960,478)</u>	<u>(2,966,174)</u>	<u>(4,926,652)</u>
FUND BALANCES - BEGINNING, AS RESTATED	<u>12,505,490</u>	<u>15,767,777</u>	<u>28,273,267</u>
FUND BALANCES - ENDING	<u>\$ 10,545,012</u>	<u>\$ 12,801,603</u>	<u>\$ 23,346,615</u>

ORLEANS PARISH SCHOOL BOARD

NONMAJOR CAPITAL PROJECT FUNDS DESCRIPTIONS

The capital project funds account for the receipts and disbursement of proceeds of bond issues and other committed revenues used for acquisition and improvement of major capital facilities. These funds reflect the activity of administrative districts created by the School Board.

CAPITAL PROJECTS – OTHER A capital project fund established to account for the receipt and disbursements for construction or renovation costs of schools not accounted for in any other capital project fund.

MASTER PLAN A capital projects fund initially established to account for the receipts and disbursements for the rebuilding of schools after Hurricane Katrina funded by insurance proceeds.

G.O. BOND A capital project fund established to account for the receipt and disbursements for construction or renovation costs of schools to be paid from the general obligation bonds issued by the School Board.

HARRAH'S CASINO A capital project fund established to account for the receipt and disbursements for construction or renovation costs of schools to be paid from assistance received from Harrah's Casino.

CDBG A capital projects fund initially established to account for the receipts and disbursements for the rebuilding of schools after Hurricane Katrina funded by community development block grant assistance.

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana

NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2020

Exhibit 9

	<u>OTHER</u>	<u>MASTER PLAN</u>	<u>G.O. BOND</u>	<u>HARRRAH'S CASINO</u>	<u>CDBG</u>	<u>TOTAL</u>
<u>ASSETS</u>						
Cash and cash equivalents	\$ -	\$ 369,815	\$ -	\$ -	\$ -	\$ 369,815
Equity in pooled assets	7,795,414	-	1,663,772	1,237,031	3,765	10,699,982
Prepaid items	51,000	-	-	-	-	51,000
TOTAL ASSETS	\$ 7,846,414	\$ 369,815	\$ 1,663,772	\$ 1,237,031	\$ 3,765	\$ 11,120,797
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts and other payables	\$ 1,677,860	\$ 362,882	\$ 36,612	\$ 9,435	\$ -	\$ 2,086,789
Interfund payables	-	6,694	-	-	-	6,694
TOTAL LIABILITIES	1,677,860	369,576	36,612	9,435	-	2,093,483
Fund balances:						
Nonspendable	51,000	-	-	-	-	51,000
Restricted	-	239	1,627,160	1,227,596	3,765	2,858,760
Committed	6,117,554	-	-	-	-	6,117,554
TOTAL FUND BALANCES	6,168,554	239	1,627,160	1,227,596	3,765	9,027,314
TOTAL LIABILITIES AND FUND BALANCES	\$ 7,846,414	\$ 369,815	\$ 1,663,772	\$ 1,237,031	\$ 3,765	\$ 11,120,797

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana

NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

Exhibit 10

	<u>OTHER</u>	<u>MASTER PLAN</u>	<u>G.O. BOND</u>	<u>HARRRAH'S CASINO</u>	<u>CDBG</u>	<u>TOTAL</u>
REVENUES						
TOTAL REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENDITURES						
Current:						
Instruction:						
Regular programs	-	-	213,768	-	-	213,768
Support: services:						
General administration	1,830	-	-	-	-	1,830
Plant services	61,025	-	105,518	127,099	-	293,642
Community service programs	-	-	26,306	-	-	26,306
Capital Outlay:						
Facilities acquisition and construction	7,789,243	-	266,839	39,202	(3,765)	8,091,519
TOTAL EXPENDITURES	<u>7,852,098</u>	<u>-</u>	<u>612,431</u>	<u>166,301</u>	<u>(3,765)</u>	<u>8,627,065</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (7,852,098)</u>	<u>\$ -</u>	<u>\$ (612,431)</u>	<u>\$ (166,301)</u>	<u>\$ 3,765</u>	<u>(8,627,065)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers out	(11,640,043)	-	-	(3,287,851)	-	(14,927,894)
Sale of capital assets	860,000	-	-	-	-	860,000
Insurance recoveries	8,651,035	-	-	-	-	8,651,035
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,129,008)</u>	<u>-</u>	<u>-</u>	<u>(3,287,851)</u>	<u>-</u>	<u>(5,416,859)</u>
NET CHANGE IN FUND BALANCES	(9,981,106)	-	(612,431)	(3,454,152)	3,765	(14,043,924)
FUND BALANCES - BEGINNING, AS RESTATED	<u>16,149,660</u>	<u>239</u>	<u>2,239,591</u>	<u>4,681,748</u>	<u>-</u>	<u>23,071,238</u>
FUND BALANCES - ENDING	<u>\$ 6,168,554</u>	<u>\$ 239</u>	<u>\$ 1,627,160</u>	<u>\$ 1,227,596</u>	<u>\$ 3,765</u>	<u>\$ 9,027,314</u>

ORLEANS PARISH SCHOOL BOARD

COMBINING INTERNAL SERVICE FUNDS DESCRIPTIONS

The Internal Service Funds account for the receipt of premiums and expenditures for the claims and administrative costs for the School Board's self-insurance programs.

The Board maintains the following internal service funds related to self-insured programs:

EMPLOYEE'S HEALTH/LIFE

RETIREE'S HEALTH/LIFE

WORKERS' COMPENSATION

In addition, the School Board maintains the following internal service fund related to discounts received to help eligible schools to obtain affordable telecommunication and internet access:

ERATE

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2020

Exhibit 11

<u>ASSETS</u>	<u>EMPLOYEE'S HEALTH/LIFE</u>	<u>RETIREE'S HEALTH/LIFE</u>	<u>WORKERS' COMPENSATION</u>	<u>ERATE</u>	<u>TOTAL</u>
Current:					
Cash and cash equivalents	\$ -	\$ 2,834,840	\$ 74,153	\$ -	\$ 2,908,993
Equity in pooled assets	112,514	-	3,088,858	-	3,201,372
Receivables	2,202	55,348	-	32,189	89,739
Prepaid expenses	300,000	-	-	-	300,000
TOTAL ASSETS	<u>414,716</u>	<u>2,890,188</u>	<u>3,163,011</u>	<u>32,189</u>	<u>6,500,104</u>
 <u>LIABILITIES</u>					
Current liabilities:					
Accounts and other payables	44,238	48,318	8,250	-	100,806
Salaries and benefits payable	9,478	-	-	-	9,478
Interfund payables	-	2,342,943	-	32,189	2,375,132
Claims payable	-	-	1,295,788	-	1,295,788
Total current liabilities	<u>53,716</u>	<u>2,391,261</u>	<u>1,304,038</u>	<u>32,189</u>	<u>3,781,204</u>
Noncurrent:					
Claims payable	361,000	498,927	-	-	859,927
Total current liabilities	<u>361,000</u>	<u>498,927</u>	<u>-</u>	<u>-</u>	<u>859,927</u>
 TOTAL LIABILITIES	<u>414,716</u>	<u>2,890,188</u>	<u>1,304,038</u>	<u>32,189</u>	<u>4,641,131</u>
 NET POSITION (UNRESTRICTED)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,858,973</u>	<u>\$ -</u>	<u>\$ 1,858,973</u>

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

Exhibit 12

	<u>EMPLOYEE'S HEALTH/LIFE</u>	<u>RETIREE'S HEALTH/LIFE</u>	<u>WORKERS' COMPENSATION</u>	<u>ERATE</u>	<u>TOTAL</u>
<u>OPERATING REVENUES</u>					
Premiums	\$ 1,825,118	\$ 1,078,997	\$ -	\$ 194,281	\$ 3,098,396
Reimbursements	-	-	293,727	-	293,727
TOTAL OPERATING REVENUES	1,825,118	1,078,997	293,727	194,281	3,392,123
<u>OPERATING EXPENSES</u>					
Administrative expenses	155,119	97,738	(121,266)	194,281	325,872
Premium payments	2,235,604	54,665	49,500	-	2,339,769
Benefit payments / claims expense	-	1,414,532	195,414	-	1,609,946
TOTAL OPERATING EXPENSES	2,390,723	1,566,935	123,648	194,281	4,275,587
NET OPERATING INCOME (LOSS)	(565,605)	(487,938)	170,079	-	(883,464)
<u>TRANSFERS IN (OUT) NET</u>					
Transfers In	565,605	487,938	244,914	-	1,298,457
Transfers out	-	-	-	-	-
TOTAL TRANSFERS	565,605	487,938	244,914	-	1,298,457
Changes in net position	-	-	414,993	-	414,993
NET POSITION, BEGINNING, AS RESTATED	-	-	1,443,980	-	1,443,980
NET POSITION, ENDING	\$ -	\$ -	\$ 1,858,973	\$ -	\$ 1,858,973

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

Exhibit 13

	EMPLOYEE'S HEALTH/LIFE	RETIREE'S HEALTH/LIFE	WORKERS' COMPENSATION	ERATE	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from interfund charges for premiums	\$ 1,760,022	\$ 3,421,940	\$ -	\$ 32,189	\$ 5,214,151
Other receipts	362,894	(55,348)	(670,716)	188,917	(174,253)
Payments for benefits	(1,919,678)	(1,414,532)	953,939	-	(2,380,271)
Payments for excess insurance	(2,212)	-	-	-	(2,212)
Payments to employees for salaries and related benefits	(104,730)	(101,406)	-	-	(206,136)
Payments to suppliers and service providers	(550,023)	(237,007)	(50,617)	(221,106)	(1,058,753)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(453,727)	1,613,647	232,606	-	1,392,526
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	565,605	487,938	244,914	-	1,298,457
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	565,605	487,938	244,914	-	1,298,457
NET CHANGE IN CASH	111,878	2,101,585	477,520	-	2,690,983
Cash at beginning of year	636	733,255	2,685,491	-	3,419,382
Cash at end of year	\$ 112,514	\$ 2,834,840	\$ 3,163,011	\$ -	\$ 6,110,365
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ (565,605)	\$ (487,938)	\$ 170,079	\$ -	\$ (883,464)
Changes in assets and liabilities:					
(Increase) decrease in receivables	297,798	(55,348)	-	(5,364)	237,086
(Increase) decrease in interfund receivables	-	-	-	-	-
(Increase) decrease in prepaid expenses	(300,000)	-	349,781	-	49,781
Increase (decrease) in accounts payable	(239,325)	-	(50,617)	(26,825)	(316,767)
Increase (decrease) in unearned revenue	-	-	(964,443)	-	(964,443)
Increase (decrease) in compensated absences	9,478	(186,010)	-	-	(176,532)
Increase (decrease) in interfund payable	-	2,342,943	-	32,189	2,375,132
Increase (decrease) in claims payable	343,927	-	727,806	-	1,071,733
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ (453,727)	\$ 1,613,647	\$ 232,606	\$ -	\$ 1,392,526

ORLEANS PARISH SCHOOL BOARD

SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS

FOR THE YEAR ENDED JUNE 30, 2020

<u>Board Member</u>	<u>District Number</u>	<u>Salary</u>
John A. Brown, Sr., President	1	\$10,800 (1)
Ethan Ashley President	2	10,800 (2)
Sarah Newell Usdin	3	9,600
Leslie Ellison	4	9,600
Ben Kleban	5	9,600
Woody Koppel, Vice-President	6	9,600
Nolan Marshall, Jr.	7	9,600
		<u>\$69,600</u>

(1) President term ended December 31, 2019

(2) President term started January 1, 2020

ORLEANS PARISH SCHOOL BOARD

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO THE
SUPERINTENDENT

FOR THE YEAR ENDED JUNE 30, 2020

Dr. Henderson Lewis, Jr.	
<u>Purpose</u>	<u>Amount</u>
Salary	\$ 278,546
Benefits-Health Insurance	9,495
Benefits - Retirement	72,422
Payroll taxes and unemployment expenses	2,925
Travel	399
Other-Professional Dues	160
Total	<u>\$ 363,947</u>

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

To the Members of the
Orleans Parish School Board
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Orleans Parish School Board (the School Board) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements and have issued our report thereon dated September 24, 2021.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify 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 deficiencies described in the accompanying schedule of findings and questioned costs as items 2020-001, 2020-002 and 2020-005 to be material weaknesses.

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 accompany schedule of findings and questioned costs as items 2020-003 and 2020-004 to be significant deficiencies.

Compliance and Other Matters

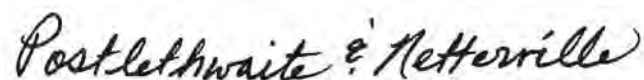
As part of obtaining reasonable assurance about whether the School Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2020-003, 2020-004, 2020-005 and 2020-006.

Orleans Parish School Board's Response to Findings

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

Purpose of this Report

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



Baton Rouge, Louisiana
September 24, 2021

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

To the Members of the
Orleans Parish School Board
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Orleans 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 Orleans Parish 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 Major Federal Program

In our opinion, the School Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2020-007. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2020-007 and 2020-008 that we consider to be material weaknesses.

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



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

Postlethwaite & Netterville

Baton Rouge, Louisiana
September 24, 2021

**ORLEANS PARISH SCHOOL BOARD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Federal Grantor / Pass-Through Grantor / Program Name	CFDA Number	Pass-Through Grantor No.	OPSB Expenditures	Charter Pass-Through Expenditures
United States Department of Homeland Security (FEMA) Passed through the Louisiana Department of Education FEMA Disaster Relief Program	97.036	N/A	\$ 7,959,011	\$ -
Total United States Department of Homeland Security			<u>7,959,011</u>	<u>-</u>
United States Department of Agriculture (USDA) Passed through State Department of Education: Child Nutrition Cluster: Non-Cash Assistance (Commodities): National School Lunch Program	10.555	N/A	268,519	-
Cash Assistance: National School Lunch Program	10.555	N/A	2,401,233	-
Summer Food Service Program for Children	10.559	N/A	332,932	-
Cash Assistance Subtotal			<u>2,734,165</u>	<u>-</u>
Total United States Department of Agriculture			<u>3,002,684</u>	<u>-</u>
United States Department of Defense (DOD) ROTC	12.998	N/A	1,550	-
Total United States Department of Defense			<u>1,550</u>	<u>-</u>
United States Department of Education (ED) Passed through the Louisiana Department of Education Every Student Succeeds Act (ESSA): Title I Title I - School Improvement	84.010A 84.010A	28-17-T1-36 28-15-TA-36	6,313,436 69,809	6,273,653 64,638
			<u>6,383,245</u>	<u>6,338,291</u>
Title II	84.367A	28-17-50-36	173,903	171,685
Title III - Immigrant Set Aside	84.365A	28-17-S3-36	68,912	66,619
Title IV	84.424A	28-17-70-36	118,586	106,259
McKinney-Vento Homeless	84.196A	28-17-H1-36	50,965	42,331
Special Education Cluster: Individuals with Disabilities and Exceptionalities Act (IDEA): IDEA Part B Special Ed High Risk Pool	84.027A 84.027A	28-17-B1-36 28-17-B1-36	3,602,532 29,392	- -
IDEA Preschool	84.173A	28-17-P1-36	76,138	-
Total Special Education Cluster			<u>3,708,062</u>	<u>-</u>
LA Charter School - Start Up and Implementation	84.282A		607,561	568,467
LA Charter School - Dissemination	84.282A		111,853	103,810
School Climate Transformation Grant	84.184G		678,568	634,906
Total United States Department of Education			<u>11,901,655</u>	<u>8,032,368</u>
Total Federal Award Expenditures			<u>\$ 22,864,900</u>	<u>\$ 8,032,368</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

ORLEANS PARISH SCHOOL BOARD
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE A – BASIS OF PRESENTATION

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

NOTE B – NON-CASH ASSISTANCE - FOOD COMMODITIES

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. During the year ended June 30, 2020, the School Board received commodities valued at \$268,519.

NOTE C – DE MINIMUS COST RATE

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

NOTE D – RECONCILIATION TO FINANCIAL STATEMENTS

The Federal Expenditures reported on the SEFA of \$22,864,900, are broken out as seen below:

General Fund	\$ 1,550
ESSA	6,794,085
Hurricane Katrina Restoration	7,959,011
Non-Major Governmental Funds:	
School Food Service	3,002,684
IDEA	3,708,062
Other Federal Funds	<u>1,399,508</u>
Total Non-Major Governmental Funds	<u>8,110,254</u>
Total Federal Sources per Financial Statements	<u>\$ 22,864,900</u>

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

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal Control over Financial Reporting:

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

Noncompliance material to financial statements noted? X yes no

Federal Awards

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with Title 2, Part 200 of the Uniform Guidance? X yes no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
97.036	Disaster Grant – Public Assistance (FEMA #4277)
84.027;84.173	Special Education Cluster

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

Auditee qualified as a low-risk auditee? yes X no

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

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2020-001: Internal Control Over Financial Reporting of Capital Assets and Capitalization of Project Costs Related to the Transfer of Operations of Schools to the Recovery School District (RSD)

Criteria: The definition of internal control over financial reporting includes ensuring that policies and procedures exist that pertain to an entity's ability to initiate, record, process and report financial data consistent with the assertions embodied in the annual financial statements.

Condition: During our audit procedures, we identified the following matters related to internal control over financial reporting of fixed assets:

1. The School Board did not timely reconcile capital outlay expenditures to the accounting system's fixed asset account group reporting which includes the calculation of depreciation expense for financial reporting purposes. It was also noted that when additions to the fixed asset account grouping trial balance are entered, this results in one-sided fund entries that need to be manually adjusted to balance the funds affected, the fixed assets account group and the general fund.
2. The School Board did not properly record and capitalize costs associated with the renovation or reconstruction of facilities damaged by Hurricane Katrina for those schools whose operations were transferred to the RSD resulting in a material misstatement of assets of the School Board.
3. The School Board was not recording retainage payable for projects not completed by fiscal year end.

Cause: A lack of adequate internal controls exists over the timely preparation and review of schedules used in tracking and recording of fixed assets, as well as, a misinterpretation of the agreement with the RSD as to whether ownership of the assets of the School Board transferred to the RSD.

Effect: Due to the inaccuracy of the underlying accounting records, material adjustments were made to the construction in progress, and building and improvements schedules prepared by the School Board.

Recommendation: Communication between purchasing and accounting functions should be improved to ensure underlying accounting records are properly maintained throughout the fiscal year. The School Board should also strengthen its controls including its reconciliation and review processes over the fixed asset schedules, project statuses, and capitalization of expenditures recorded in repairs and maintenance accounts. The School Board must also establish the appropriate processes in identifying costs paid by the RSD for property improvements and timely reconciliation and recording of these transactions in the financial records.

View of Responsible Official: Management is updating its accounting records to reflect the appropriate amount of capitalized costs. Management will ensure training for staff responsible for this area and utilize assistance from an outsourced consultant. Internal controls over this area will be reviewed and developed to ensure reconciliations, in conjunction with the RSD, are done timely and agree to the accounting ledger. See detailed corrective action plan.

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

B. FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)

2020-002: Internal Control Over Financial Reporting of Receivables and Payables

Criteria: The definition of internal control over financial reporting includes ensuring that policies and procedures exist that pertain to an entity's ability to initiate, record, process, and report financial data consistent with the assertions embodied in the financial statements, which for the School Board, is that the financial statements are prepared in accordance with generally accepted accounting principles (GAAP).

Condition: As part of the audit process, we have assisted management in drafting the financial statements and related notes for the year-end audit procedures. Because our involvement is so key to that process, that is an indication that the internal control over year-end GAAP financial statements by the School Board is not sufficient. During our audit, we noted that many accounts required adjustment in order for them to properly reflect account balances at both the beginning and ending of the current fiscal year. These included grants receivable and the related revenues and payables to charter schools. In addition, a reconciliation of salaries and wages of School District employees to the general ledger detail is not being performed. Accruals for expenditures incurred prior to the fiscal year-end were not timely reviewed and accounted for in the correct period. Accounting related to the net pension liability and related deferrals were not properly recorded.

Cause: Accounting personnel were not properly trained in year-end close out procedures to ensure compliance with generally accepted accounting principles. In addition, a communication gap exists between grant and accounting personnel. Current accounting for charter school reimbursements improperly classify expenditures in natural account classifications and functions of the School district instead of as payments to sub-recipients of grant funding.

Effect: The School District has a material weakness in their internal control over financial reporting.

Recommendation: We recommend that management designate appropriate personnel to maintain the books and records of the School Board in accordance with GAAP. This would involve monthly reconciliations of accounts and providing interim reports to management and the Board throughout the year. In addition, the School Board needs to ensure that proper procedures are established to improve the communications between departments to ensure accuracy and completeness of accounting records.

View of Responsible Official: A monthly close out process has been created in order to designate accounting functions to staff members. Grant accounting processes have been changed in order to properly account for charter school claim reimbursements. In addition, the accounting department has been reorganized to eliminate silos that stifled communication necessary to ensure completeness and accuracy of accounting information. See detail corrective action plan.

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

B. FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)

2020-003: Tenant Lease Agreements

Criteria: Policies and procedures should exist over all accounting functions to ensure the entity's ability to initiate, record, process, and report financial data consistent with the assertions embodied in the annual financial statements, which for the Association, is that financial statements are prepared in accordance with generally accepted accounting principles (GAAP).

Condition: During our review of the lease agreements with the tenants of both the administrative offices of the School Board and the Mahalia Jackson Complex we noted there is currently no process in place to reconcile the cash receipts to the records of the third party to ensure that collections are complete and accurate.

Cause: The School Board does not have written policies and procedures to maintain a database of the signed lease agreements. Also, there is no process to ensure that the revenue collections are consistent with the terms of the leases.

Effect: Financial records of the School Board were not accurate. Without adherence to established terms of the agreement, tenant revenues were not collected and potential revenue lost. In addition, without a complete listing and copies of executed agreements, the School Board will not be able to appropriately adopt the new lease accounting standard.

Recommendation We recommend that the School Board develop and adopt written procedures related to the accounting and compliance with internal procedures and third party agreements, specifically with the lease agreements with tenants.

View of Responsible Official: The operations department will confirm the existence of each lease and utilize its receivable module in the accounting system to properly invoice for lease payments based on the current lease terms. The purchasing department will begin training on additional functionality of the accounting software to assist in tracking leases, notification of rate changes, and renewal dates. See detailed corrective action plan.

2020-004: Violation of Local Government Budget Act

Criteria: Louisiana Revised Statute 39:1311A(1-2) requires that the budget shall be amended when total revenue and other sources (including fund balance from the prior years) plus projected revenue and other sources for the remainder of the year, within a fund, are failing to meet total budgeted revenues and other sources by five percent or more and total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more.

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

B. FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)

2020-004: Violation of Local Government Budget Act and Negative Fund Balance (Continued)

Condition: Expenditures of the School Board’s General Fund and several non-major special revenue funds exceeded the budgeted amounts by more than 5%.

Cause: Due to timing of year end close out procedures and material adjustments necessary for compliance with generally accepted accounting principles, proper monitoring of budget to actual variances were not able to be performed.

Effect: The negative variances of more than five percent are a violation of Louisiana Revised Statute 39:1311A(1-2).

Recommendation: We recommend that the School Board develop and adopt written procedures related to the accounting and compliance with the local government budget act.

View of Responsible Official: Management has established a process for department heads and senior leadership to assist with budget tracking and internal reporting to identify when amendments are necessary.

2020-005: Distributions of Local Revenue to Charter Schools

Criteria: The School Board adopted the provisions of Revised Statute 17:100.11 and 17:100.12 for the fiscal year beginning July 1, 2019 which established a school facilities preservation program and system-wide needs program which are to be funded through the proceeds of local sales taxes at a rate of thirteen-hundredths percent and certain property taxes. Under the provisions of the regulation, the School Board is still responsible for the payments for school facility debt that existed on July 1, 2014 until the debt is paid. Beginning in the year following the retirement of all bonds as defined in the regulation, the School Board shall deposit into each school facility account per pupil student amounts established in the regulation.

Condition: As the School District did not directly run any schools during the fiscal year, all amounts are to be paid directly to charter management organizations of each school in the district. The amounts calculated to be distributed to each school should be based on the taxes collected during the year of adoption of these provisions and subsequently disbursed in the year following based on school board policy. In an effort to provide consistent funding to the charter management organizations, the School Board had established a \$100 per pupil amount and made distributions to each school based on a per pupil amount during the year instead of subsequently after collections were made as established in the regulation. The amount of revenue received was not sufficient to cover the per pupil amount established and distributed which resulted in an overpayment of funds to the charter schools. The amount of the overpayment was withheld from the next fiscal year payments to the charter schools.

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

B. FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)

2020-005: Local Education Authority (LEA) Administrative Fee Payments (Continued)

Cause: A misinterpretation of the requirements for distributions to the charter school operators resulted in the overpayments.

Effect: Charter school operators were advanced funds to which they were not entitled.

Recommendation: We recommend that the School Board revisit procedures and adopted policies governing the calculation and timing of payments to charter school operators.

View of Responsible Official: Implementation of HB 393 prematurely resulted in the advance payments to charters and will be corrected by creating receivables from schools to account for the timing error: this will not affect actual cash to schools. The timing error and all reconciliations with charter schools will be completed in fiscal year 2021.

2020-006: Non-Compliance with State Audit Law

Criteria: In accordance with R.S. 24:513, any local auditee that receives \$500,000 or more in revenues and other sources in any one fiscal year shall be audited annually. The due date of the audit report is six months after the agency's fiscal year end.

Condition: The School Board was required to have an audit completed by the emergency extended filing due date of July 31, 2021 and the School Board did not meet this filing deadline.

Cause: Due to timing of year end close out procedures, turnover of key finance personnel and material adjustments necessary to prepare the financial statements in accordance with generally accepted accounting principles delayed the completion of the financial statements and timing of audit procedures.

Effect: The School Board applied for an additional non-emergency extension with the Louisiana Legislative Auditor but communications regarding the granting of the additional extension to the filing deadline was not acknowledged and therefor the School Board is not compliant with the audit law.

Recommendation: The School Board should ensure year-end close out procedures are done timely to allow sufficient time for the auditor to complete their procedures in accordance with *Government Auditing Standards* and meet future deadlines.

View of Responsible Official: As a result of the COVID-19 pandemic and turnover of key personnel in the finance department this is not expected to occur for the upcoming fiscal year as processes and procedures are currently being implemented to ensure timely close-out and reconciliation of account balances.

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

C. FINDINGS AND QUESTIONED COST – MAJOR FEDERAL AWARD PROGRAMS AUDIT

2020–007: Preparation of the Schedule of Expenditures of Federal Awards

Questioned Costs: N/A

Criteria: The Uniform Guidance Subpart F section 200.510 requires the preparation of the Schedule of Expenditures of Federal Awards (SEFA) to include an accurate reporting of federal awards expended based on the terms and conditions of the grants. In order for the SEFA to be prepared accurately and properly report the amounts expended for federal awards, a system of controls should be in existence that includes the timely preparation and review of the amounts reported on the SEFA.

Condition: The SEFA prepared by the School Board’s personnel did not properly report the correct amount of the federal awards expended for the Federal programs administered by the School Board. The amount of expenditures reported included the grant award amounts and not the federal expenditure amounts of these programs.

Cause: A formal review of the SEFA by an individual not involved in the determination of the federal awards reported was not performed.

Effect: The SEFA provided to us did not contain the correct amounts of federal expenditures which is the basis used to determine the major federal programs to be audited in a fiscal year.

Recommendation: The School Board should strengthen its controls including its review and approval processes over the information and balances that are accumulated and reported on the SEFA to make sure the expenditures reported are an accurate representation of federal costs.

View of Responsible Official: *The grant staff as well as accounting staff will be trained on the proper accounting of charter school expenses and reimbursements through the claim process as well as year-end accruals in order to properly state the expenditure of federal awards and not the allocation amount of federal awards. Year-end close out processes support the determination of fiscal year status for those grants whose program period do not align with the OPSB fiscal year.*

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

C. FINDINGS AND QUESTIONED COST – MAJOR FEDERAL AWARD PROGRAMS AUDIT(continued)

2020-008: Internal Controls over the Reconciliation of Federal Expenditures to the Appropriate Funding Sources and Reports Submitted

Questioned Costs: N/A

Criteria:

The 2 CFR section 200.303 of Uniform Guidance requires that non-federal entities receiving federal awards establish and maintain internal control over the federal awards that provides reasonable assurance that the non-federal entity is managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards. The 2 CFR section 200.514 requires auditors to obtain an understanding of the non-federal entity's internal control over federal programs sufficient to plan the audit to support a low assessed level of control risk of noncompliance for major programs, and, unless internal control is likely to be ineffective, plan the testing of internal control over major programs to support a low assessed level of control risk for the assertions relevant to the compliance requirements for each major program and perform testing of internal control as planned. The objectives of internal control over compliance as found in 2 CFR section 200.62, are as follows:

1. Transactions are properly recorded and accounted for in order to: a) Permit the preparation of reliable financial statements and federal reports; b) Maintain accountability over assets; and c) Demonstrate compliance with federal statutes, regulations, and the terms and conditions of the federal award;
2. Transactions are executed in compliance with: a) Federal statutes, regulations, and the terms and conditions of the federal award that could have a direct and material effect on a federal program; and the applicable compliance supplement b) Any other federal statutes and regulations that are identified in the Compliance Supplement; and
3. Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

Condition:

While testing a sample of expenditures recorded in the fund which tracks the use of disaster assistance grant funding, it was noted that some of these expenditures were to be reimbursed from other federal or local sources based on reports maintained by the School Board's outsourced grant administrator. A reconciliation of costs maintained by the grants administrator and the general ledger is not being performed. Our testing did not disclose any non-compliance with respect to amounts submitted for reimbursements during the fiscal year.

Cause:

Accounting personnel were not properly trained in monthly reconciliation procedures to ensure expenditures were classified to the correct fund.

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

C. FINDINGS AND QUESTIONED COST – MAJOR FEDERAL AWARD PROGRAMS AUDIT(continued)

2020-008: Internal Controls over the Reconciliation of Federal Expenditures to the Appropriate Funding Sources and Reports Submitted (continued)

Effect: Financial reports prepared were not accurate. This misclassification of expenditures prevented a timely reconciliation of fund account detail to reports submitted. A material adjustment was necessary to properly state several funds of the School Board including the Hurricane Katrina Fund and two other capital project funds.

Recommendation: The School Board should strengthen its controls including its review and approval processes over the information and balances that are accumulated and reported by the grants administrator to make sure the expenditures reported are an accurate representation of federal costs recorded in the appropriate fund, and a reconciliation of reports submitted for reimbursement are correct.

View of Responsible Official: Accounting procedures will include a monthly close process that includes the review of funds to ensure proper recording of expenditures. This monthly process will also assist in the year end close process. Accounting staff and operations staff functioning as grant administrators will communicate regularly on the reconciliation of funds in order to ensure proper classification of revenues and expenditures within each fund.

ORLEANS PARISH SCHOOL BOARD
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

A. FINDINGS – FINANCIAL STATEMENT AUDIT

2019-001: Inadequate Cash Reconciliations and Monitoring Procedures

Condition: During the performance of cash and cash equivalents audit procedures, we noted that cash reconciliations were not being prepared and reviewed on a timely basis. In certain instances, bank reconciliations were not prepared for up to four (4) months after month-end closing. This delay in the preparation of the operating account reconciliation significantly increased the number of reconciling items and therefore the likelihood for the preparer to make errors during the reconciliation process.

Current Year Status: Resolved.

2019-002: Monitoring of Certain Control Procedures at Direct-Run Schools Were Not Adequate

Condition: We examined internal control related procedures related to School Board direct-run schools and noted the following exceptions:

1. Supporting documentation was not available for examination at a School Board direct-run school for six of the twelve Student Activity fund account transactions selected for examination. Further examination indicated the proper documentation existed at the direct-run school and reviewed by School Board staff. However, the documentation was not properly maintained in the file.
2. One of the student activity fund bank accountants were managed by a single individual who had dual responsibilities for cash collections and deposits.

Current Year Status:

The School Board did not directly run any schools during the fiscal year under audit. Therefore, this matter is considered resolved.

B. FINDINGS AND QUESTIONED COST – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

Finding	Corrective Action Plan	Contact Person(s)	Anticipated Completion Date
<p>2020-001: Internal Control Over Financial Reporting of Fixed Assets and Capitalization of Project Costs Related to the Transfer of Operations of Schools to the Recovery School District (RSD)</p>	<ul style="list-style-type: none"> Fixed asset account group reporting was removed from the ledger in order to properly recalculate capitalized costs as well as the construction in progress and improvement schedules. Management is in the process of inputting those corrected asset balances and amounts back into the fixed asset account grouping for the period ended June 30, 2020 as well as updating all asset records through the period ended June 30, 2021. Training for staff and contracted assistance has been conducted on the MUNIS fixed asset module and updated internal controls are being developed for ongoing staff training and understanding. Updates to criteria in the MUNIS fixed asset module will result in eliminating manual adjustments to balance the funds. A Project Accountant position has been created and is in the process of filled so a dedicated staff member manages the relationship between the facilities department, purchasing and accounting functions. OPSB is updating the reconciliation process with the Recovery School District (RSD) for costs paid by the RSD for 	<p>Stuart Gay, CFO</p> <p>Nyesha Veal, Comptroller</p> <p>Project Accountant (Vacancy)</p>	<p>10/31/2021</p>

	<p>property improvements so these can be properly input into the fixed asset records.</p>	
<p>2020-002: Internal Control Over Financial Reporting of Receivables and Payables</p>	<ul style="list-style-type: none"> • A monthly close process has been created in order to designate necessary accounting functions to staff members monthly that prepare the OPSB for the annual close process. • Grant accounting processes have been changed in order to properly account for charter school claim reimbursements as sub-recipients and year end claim accrual processes have been modified to align the grant period to the fiscal year. • The accounting department has been reorganized to eliminate silos that stifled communication necessary to ensure accuracy and completeness of accounting records. 	<p>Stuart Gay, CFO 10/31/2021</p> <p>Javier Cortez, School Finance Senior Officer</p> <p>Nyeshia Veal, Comptroller</p> <p>Senior Accountant (Vacancy)</p>
<p>2020-003: Tenant Lease Agreements</p>	<ul style="list-style-type: none"> • The operations department will confirm each lease for properties owned by the OPSB and utilize the MUNIS accounts receivable module in order to initiate invoices that match the terms of the lease. The system centralizes invoices so the accounting department can properly track and record the accruals as well as notify the operations department for follow up on delinquent payments. • The purchasing department will begin training on additional MUNIS functions that track leases and provide notifications regarding rate changes, renewal dates and other fields. 	<p>Stuart Gay, CFO 6/30/2021</p> <p>Barbara Robillard, ED of Procurement</p> <p>Tiffany Delcour, COO</p>
<p>2020-004: Violation of Local Government Budget Act and</p>	<ul style="list-style-type: none"> • Negative fund balances have been corrected through adjustments in FY20 and from prior years and funds that should 	<p>Stuart Gay, CFO 6/30/2021</p>

<p>Negative Fund Balance</p>	<p>not have fund balances because they are reimbursable grants have been corrected.</p> <ul style="list-style-type: none"> Budget tracking and internal reporting will happen with department heads and senior leadership in order to more closely track variances and project the need for OPSB action through amendments. 	<p>Jennifer Celestain, Senior Accountant</p>	
<p>2020-005: Distributions of Local Revenue to Charter Schools</p>	<ul style="list-style-type: none"> Implementation of HB 393 prematurely resulted in the advance payments to charters and will be corrected by creating receivables from schools to account for the timing error: this will not affect actual cash to schools. The timing error and all reconciliations with charter schools will be completed in fiscal year 2021. 	<p>Stuart Gay, CFO</p> <p>Javier Cortez, School Finance Senior Officer</p>	<p>6/30/2021</p>
<p>2020-006: Non-Compliance with State Audit Law</p>	<ul style="list-style-type: none"> As a result of the COVID-19 pandemic and turnover of key personnel in the finance department this is not expected to occur for the upcoming fiscal year as processes and procedures are currently being implemented to ensure timely close-out and reconciliation of account balances. 	<p>Stuart Gay, CFO</p>	<p>12/31/2021</p>
<p>2020 -007: Preparation of the Schedule of Expenditures of Federal Awards</p>	<ul style="list-style-type: none"> The grant staff as well as accounting staff will be trained on the proper accounting of charter school expenses and reimbursements through the claim process as well as year end accruals in order to properly state the expenditure of federal awards and not the allocation amount of federal awards. Year end close out processes support the determination of fiscal year status for those grants whose program period do not align with the OPSB fiscal year. 	<p>Stuart Gay, CFO</p> <p>Javier Cortez, School Finance Senior Officer</p> <p>Nyesha Veal, Comptroller</p>	<p>9/30/2021</p>

2020 –008: Internal Controls over the Reconciliation of Federal Expenditures to the Appropriate Funding Sources and Reports Submitted

- Accounting procedures will include a monthly close process that includes the review of funds to ensure proper recording of expenditures. This monthly process will also assist in the year end close process.
- Accounting staff and operations staff functioning as grant administrators will communicate regularly on the reconciliation of funds in order to ensure proper classification of revenues and expenditures within each fund.

Stuart Gay, CFO 6/30/2021

Nyasha Veal, Comptroller

Tiffany Delcour, COO

LETTER TO MANAGEMENT

Management of the
Orleans Parish School Board
New Orleans, Louisiana

We have audited the financial statements of the Orleans Parish School Board for the year ended June 30, 2020, and have issued our report thereon dated September 24, 2021. Professional standards suggest that we provide you with the following information related to our audit.

In planning and performing our audit of the financial statements of the governmental activities, business-type activities each major fund, and the aggregate remaining fund information of Orleans Parish School Board as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered Orleans Parish School Board's internal control over financial reporting (internal control) as a basis for designing 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 Orleans Parish School Board's internal control. Accordingly, we do not express an opinion on the effectiveness of Orleans Parish School Board's internal control.

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

Also, in accordance with *Government Auditing Standards*, we considered 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, during the course of our audit, we became aware of certain matters that are opportunities for strengthening internal controls or operating efficiencies or instances of immaterial non-compliance. Our comments and suggestions regarding those matters are set forth below. This letter does not affect our reports dated September 24, 2021, on the financial statements of the School Board or the School Board's internal control over financial reporting.

ML 2020-001

Use of Public Funds/Lease Agreements

Condition:

Article VII, Section 14 (A) of the Louisiana Constitution states that funds of any political subdivision shall not be donated to, or for any person, association, or corporation, public or private. While performing certain audit procedures over tenant lease agreements, we noted that the School Board is not billing tenants or received payments for a tenant of the Mahalia Jackson complex for which a lease agreement totaling \$8,500 per month existed. Given no rent is being collected, this is deemed a donation and thus prohibited under the Constitution.

Recommendation:

We recommend the School Board execute an agreement with this non-profit organization to memorialize the terms of its lease. The agreement should also be properly maintained and updated from year-to-year. In addition, the School Board should establish a procedure to ensure any similar transactions are supported by the appropriate documentation. Tenants should be billed monthly based on the terms of their established agreement and procedures should be implemented to track collections and compliance with lease terms.

Management's Response: On April 29, 2021 the OPSB issued a demand letter to the non-profit confirming the lease arrangement as well as the amounts owed. The remaining lease agreements between the OPSB and its tenants have been accumulated and reviewed by the property manager and training is being conducted by procurement staff to track the leases within the MUNIS system. This will ensure timely updates to lease agreements, price modifications, due dates, term length and invoicing.

ML 2020-002

Information System Control Environment

Condition:

The controls related to the information system environment should be improved to ensure that information is secure, access to information is limited to personnel with a need for access, and that system changes are appropriate. The following were noted during our review of the IT environment of the School Board:

- Service organizations (SOC) reports are designed to help service organizations that provide services to other entities, build trust and confidence in the service performed and controls related to the services through a report by an independent CPA. These reports are available from many organizations and should be obtained by management from key vendors. Currently, management obtains these reports from key vendors; however, key personnel complete limited reviews of SOC reports, as they are obtained and manages a spread sheet to identify any issues identified during the review. SOC reports are not reviewed to identify complementary user entity controls (CUECs) or formally map applicable CUECs to relevant IT controls within the organization.
- There are no formal policies or procedures that outline specific IT processes, including, but not limited to, procedures related to backups, information security, change management, user access provisioning, and IT vendor management.

ML 2020-002

Information System Control Environment (continued)

Condition: (continued)

- While management has general procedures or expectations regarding Disaster Recovery and Business Continuity Planning, a formal disaster recovery plan has not been developed, formal disaster recovery testing was not completed during the fiscal year, and management did not complete formal user access reviews for in-scope systems and applications.
- Upon inspection of the School Board's password parameters for the Active Directory, it appeared that a lockout policy was not configured.

Recommendations: The School Board should consider implementing the following based on the conditions noted above:

- During management's review of SOC reports obtained from key third parties, they should ensure that any CUECs are identified and mapped against existing School Board control activities to ensure necessary internal controls are implemented. As part of the mapping process, management should consider documenting the specific control activities in place to meet the CUECs, as well as, any identified opportunities to enhance current control activities or implement new control activities to achieve the reported CUECs to assist in addressing the risks presented by outsourcing key services or functions to a third party organization.
- Management should consider formally documenting policies and procedures for key IT functions, including but not limited to, procedures related to backups, information security, change management, user access provisioning, IT vendor management, and any other IT related process or procedure, as necessary.
- Management should ensure documented policies are updated, as necessary, and presented to appropriate levels of management and/or oversight committees for review and approval at least annually.
- Management should consider formally documenting plans for Disaster Recovery, including Business Continuity and Incident Response plans. Plans should address areas such as personnel teams assigned to assist in recovery efforts, steps to recovery from applicable events (i.e. hurricane, flooding, pandemic, etc.), plans to complete adequate testing with assigned personnel teams, on at least an annual basis, and cyber-attacks, including but not limited to, how to recognize when an attack is happening, steps to take after an attack is discovered, and remediation efforts once the attack has been resolved. Plans may also incorporate disaster recovery hot sites contracted with third party vendors, as well as contact information for key team members and vendors.
- Management should ensure documented plans are updated, as necessary, and presented to appropriate levels of management and/or oversight committees for review and approval at least annually.
- Management should consider completing formal testing of disaster recovery strategies at least on an annual basis. In addition, upon documenting the process and results, management should consider reporting them to appropriate oversight individuals and/or committees.

ML 2020-002

Information System Control Environment (continued)

Recommendations: (continued)

- Management should consider implementing periodic formal user access review process for in-scope systems and applications. The process should be completed by employee(s) that are not user administrator(s) of the system under review, on at least an annual basis. In addition, Management should consider documenting any identified issues and evidence of remediation, as necessary.
- Management should consider enhancing current network password settings to enforce account lockout after a predetermined number of failed attempts (3 to 5 attempts) to mitigate the risk of brute force attacks on the School Board's network. While the School Board indicated that the current configuration was an operational decision due to personnel limitations, management could consider other lockout strategies that lock accounts for a predetermined period of time prior to resetting for additional login attempts.
- In the instance that the School Board determines that account lockout restrictions are not implemented, management may consider further strengthening the password length and complexity requirements to compensate for the risk of accounts not being configured to lockout after failed access attempts.

Management's Response: The information technology (IT) department will conduct a full review of procedures and update them according to the recommendations noted above. It is imperative to protect the network and its many systems for not only financial and operational activities but also student and employee information. Disaster planning and recovery procedures are in place to create remote access and telework capabilities in the event of a natural disaster, however, additional processes are needed to address the various incident responses necessary given the variety of possible natural and man-made disasters.

ML 2020-003

Maintenance of File Documentation

Condition:

During the performance of our audit procedures, we noted that for 1 out of 40 disbursements items selected for testing, the copier lease and maintenance agreement to support the monthly charge of \$2,167 could not be provided. While the disbursement appears to be a valid school board expense, supporting documentation must be maintained to support the accuracy and proper authorization of the expenditure in accordance with school board policies.

Recommendation:

We recommend the School Board review its current processes and procedures over file documentation to ensure required supporting documentation is maintained to comply with established policies.

ML 2020-003

Maintenance of File Documentation (continued)

Management's Response: Copier lease and maintenance agreements will be managed and reviewed by the purchasing department and all agreements will be reviewed monthly or at the time of invoicing for accuracy and alignment with the terms of the agreement. Additional MUNIS training will be conducted to allow purchasing staff to track leases within the system in order to link accounts payable modules to contract tracking. This will ensure effective timing of renewals, price modifications and other contractual functions.

ML 2020-004

Updating Policies and Procedures over Procurement to Comply with Uniform Guidance Requirements

Condition:

Local governments are required to adopt written procurement policies that confirm to applicable federal law and the Uniform Guidance (2 C.F.R. § 200.318(a)). During the performance of our audit procedures, we noted the School Board's policies are missing some of the required elements as established by Uniform Guidance.


Recommendation:

We recommend the School Board review their own local policies and consult with their attorneys to make modifications as needed to conform to the requirements as established under Uniform Guidance. In addition, the School Board should also review local purchasing practices (such as approval processes and use of purchasing cards and purchase orders) when adopting changes to its policy. For individual contracts, the School Board should consult their grant award documents and with their federal grantor agency to determine whether any other additional procurement requirements apply.

Management's Response: We will review, in consultation with our attorneys, and update our procedures in compliance with Uniform Guidance and bring forth any policy changes to the OPSB for adoption.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various governmental unit personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of the board of directors and management, and others within, and is not intended to be, and should not be, used by anyone other than these specified parties.



Baton Rouge, Louisiana
September 24, 2021