

**Natchitoches Parish School Board  
Natchitoches, Louisiana**

**Financial Statements and  
Independent Auditor's Reports  
as of and for the Year Ended  
June 30, 2018**

**NATCHITOCHE PARISH SCHOOL BOARD**

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## FINANCIAL AUDIT REPORT

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board  
Natchitoches Parish School Board

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Natchitoches Parish School Board as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Natchitoches Parish School Board's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

## Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
General Fund	Unmodified
CSD #7 Construction 2017 FA LHA Goldonna Fund	Unmodified
CSD #10 Maintenance Marthaville Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

### **Basis for Qualified Opinion on the Governmental Activities Capital Assets**

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

### **Qualified Opinion**

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on the Governmental Activities Capital Assets" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Natchitoches Parish School Board, as of June 30, 2018, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Unmodified Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities other than Capital Assets, each major fund, and the aggregate remaining fund information of the Natchitoches Parish School Board, as of June 30, 2018, 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.

### **Emphasis of Matter**

As discussed in Note 1 to the financial statements, the School Board adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result, net position as of July 1, 2017, has been restated. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of the School Board's Proportionate Share of the Net Pension Liability, the Schedule of School Board's Contributions, the Schedule of the School Board's Proportionate Share of the Total OPEB Liability, and the Schedule of School Board's Contributions (OPEB) on pages 10 to 19 and 69 to 79, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Natchitoches Parish School Board's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, the combining nonmajor fund financial statements, Agency Fund - Schedule of Changes in Deposit Balances of Individual School Activity Funds, Schedule of Compensation Paid Board Members, and the Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, the combining nonmajor fund financial statements, Agency Fund - Schedule of Changes in Deposit Balances of Individual School Activity Funds, Schedule of Compensation Paid Board Members, and the Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information mentioned above is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2019, on our consideration of the Natchitoches Parish School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Natchitoches Parish School Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Natchitoches Parish School Board's internal control over financial reporting and compliance.

*Fortenberry & Ballard, PC*

Fortenberry & Ballard, PC  
February 25, 2019

Certified Public Accountants

**REQUIRED SUPPLEMENTARY INFORMATION**  
**PART I**

**NATCHITOCHEES PARISH SCHOOL BOARD  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2018**

The following discussion and analysis of Natchitoches Parish School Board's financial performance provides an overview of the School Board's financial activities for the year ended June 30, 2018. The intent of this discussion and analysis is to look at the School Board's performance as a whole. Readers are encouraged to review the financial statements and the notes to the financial statements to enhance their understanding of the School Board's financial performance. Information contained in this section is qualified by the more detailed information contained elsewhere in this School Board's financial statements, notes to financial statements and any accompanying materials. To the extent this discussion contains any forward-looking statements of the School Board's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

#### **FINANCIAL HIGHLIGHTS**

- Total net position for 2018 decreased \$79,247,999, including a prior period adjustment of (\$80,450,037), due primarily to the effect of recording the total OPEB Liability and corrections made to the components of Net Pension Liability for prior year, which represents a 106% decrease from fiscal year 2017. Total net position for 2017 decreased \$6,260,124, including a prior period adjustment of (\$6,662), which represents a 9% decrease from fiscal year 2016.
- General revenues account for \$58,287,786 in revenue, or 82% of all revenues. This amount was more, amount wise, than the general revenues reported for the year 2017 of \$55,642,817, or 83% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$12,527,127 or 18% of total revenues, compared with \$11,550,186 or 17% in 2017.
- Natchitoches Parish School Board had \$69,612,875 in expenses, a decrease of 5% from \$73,446,465 in expenses from the prior year. Of these expenses, \$12,527,127 was offset by program specific charges for services, grants and contributions in 2018.
- Among major funds, the General Fund had \$53,956,793 in revenues and \$52,486,898 in expenditures. In 2017, the General Fund had \$52,052,407 in revenues and \$56,051,771 in expenditures. The General Fund's fund balance increased \$2,586,466, from 2017 to 2018, and decreased \$4,310,288, from 2016 to 2017.
- Long-term debt increased by \$6,026,000. This increase from prior year was due primarily to the issuance of general obligation refunding bond totaling \$7,200,000.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Natchitoches Parish School Board**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2018

**Government-wide Financial Statements**

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

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

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

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

**Fund Financial Statements**

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

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

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

**Natchitoches Parish School Board**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2018

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

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

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

#### **Reconciliation of Government-wide and Fund Financial Statements**

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

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

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

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

A net pension liability and total OPEB liability result in liabilities on the government-wide financial statements but are not reported on governmental funds financial statements.

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

**Natchitoches Parish School Board**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2018

**Notes to the financial statements**

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

**Required Supplementary Information**

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

**Supplementary Information**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net position**

Net position may serve over time as a useful indicator of government's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$154,238,682 as of June 30, 2018.

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

Table 1 presents a summary of the School Board's net position at June 30, 2018 and June 30, 2017.

**Natchitoches Parish School Board**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2018**

**Table 1**  
**Condensed Statement of Net Position**

	June 30, 2018	June 30, 2017	Percentage Change
Current assets	\$ 27,384,547	15,111,966	81.21%
Capital assets, net	30,089,732	30,089,732	0.00%
<b>Total assets</b>	<b>57,474,279</b>	<b>45,201,698</b>	<b>27.15%</b>
<b>Deferred outflows of resources</b>	<b>14,154,608</b>	<b>14,708,537</b>	<b>-3.77%</b>
Current liabilities	9,734,000	7,450,686	30.65%
Long-term debt	15,199,491	8,755,605	73.60%
Net Pension Liability and Other Postemployment Benefits	186,828,084	116,731,894	60.05%
<b>Total liabilities</b>	<b>211,761,575</b>	<b>132,938,185</b>	<b>59.29%</b>
<b>Deferred inflows of resources</b>	<b>14,105,994</b>	<b>1,962,733</b>	<b>618.69%</b>
<b>Net position:</b>			
Net investment in capital assets	16,787,680	23,422,732	-28.33%
Restricted	12,819,403	5,416,602	136.67%
Unrestricted	(183,845,765)	(103,830,017)	-77.06%
<b>Total net position (deficit)</b>	<b>\$ (154,238,682)</b>	<b>(74,990,683)</b>	<b>-105.68%</b>

Additional information on unrestricted net position:

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

Total unrestricted net position (deficit)	\$ (183,845,765)
Less unrestricted deficit in total position resulting from recognition of the net pension liability and total OPEB liability including the related deferred outflows and deferred inflows	<u>186,779,470</u>
Unrestricted net position, exclusive of the net pension liability and total OPEB liability effect	<u>\$ 2,933,705</u>

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

- The principal retirement of \$1,174,000 of long-term debt.
- Implementation of GASB 75 which resulted in the recognition of a total OPEB liability in the amount of \$115,797,881.
- The issuance of a general obligation refunding bond totaling \$7,200,000.

**Natchitoches Parish School Board**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2018**

**Changes in net position**

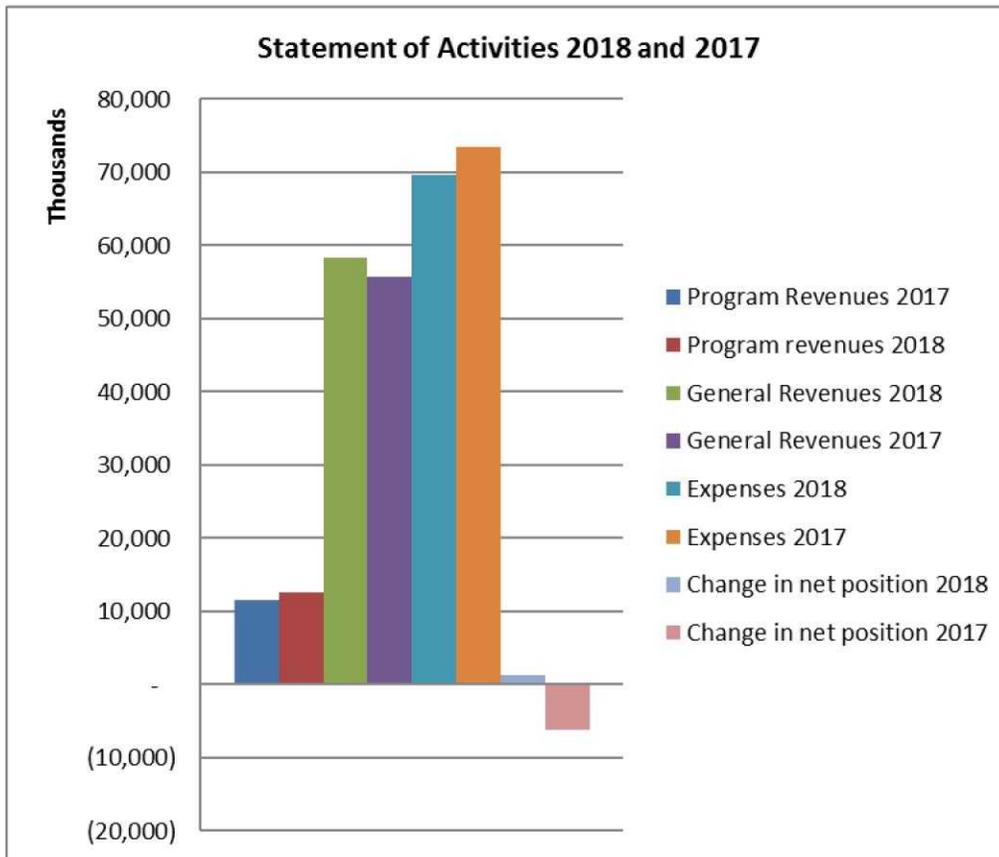
The School Board's total revenues for the fiscal years ended June 30, 2018 and 2017 were \$70,814,913 and \$67,193,003, respectively. The total cost of all programs and services was \$69,612,875 for 2018 and \$73,446,465 for 2017.

Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2018 and June 30, 2017.

**Table 2**  
**Changes in Net Position**

	For the Year Ended June 30, 2018	For the Year Ended June 30, 2017	Percentage Change
<b>Revenues:</b>			
<u>Program revenues</u>			
Charges for services	\$ 721,650	\$ 1,255,754	-42.53%
Operating grants & contributions	11,805,477	10,294,432	14.68%
Total program revenues	12,527,127	11,550,186	8.46%
<u>General revenues</u>			
Property taxes	8,349,247	8,542,616	-2.26%
Sales and use taxes	15,434,082	12,469,396	23.78%
State revenue sharing	186,945	190,980	-2.11%
Minimum foundation program	33,059,209	33,611,205	-1.64%
Other unrestricted revenues	-	196,514	-100.00%
Federal revenue in lieu of taxes	191,788	179,309	6.96%
Interest & investment earnings	808,709	452,797	78.60%
Miscellaneous	257,806	-	N/A
Total general revenues	58,287,786	55,642,817	4.75%
<b>Total Revenues</b>	<b>70,814,913</b>	<b>67,193,003</b>	<b>5.39%</b>
<b>Expenses:</b>			
Instruction	34,072,645	36,810,882	-7.44%
Support services	21,445,515	23,835,698	-10.03%
Food services	3,415,734	3,838,487	-11.01%
Community service programs	237	1,193	-80.13%
Pension expense	4,830,484	8,733,407	-44.69%
OPEB expense	5,543,255	-	N/A
Interest on long-term debt	305,005	226,798	34.48%
<b>Total Expenses</b>	<b>69,612,875</b>	<b>73,446,465</b>	<b>-5.22%</b>
<b>Increase (decrease) in net position</b>	<b>1,202,038</b>	<b>(6,253,462)</b>	<b>119.22%</b>
Net position (Deficit), July 1, 2017, as previously reported	(74,990,683)	(68,730,559)	-9.11%
Prior period adjustment	(80,450,037)	(6,662)	-1207495.87%
Net position (Deficit), July 1, 2017, as restated	(155,440,720)	(68,737,221)	-126.14%
Net position (Deficit), June 30, 2018	<b>\$ (154,238,682)</b>	<b>\$ (74,990,683)</b>	<b>-105.68%</b>

**Natchitoches Parish School Board**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2018**



**Governmental activities**

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

**Natchitoches Parish School Board**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2018

Functional expenses			2018	2017
	2018	2017	Net (Expense)/ Revenue	Net (Expense)/ Revenue
	Expenses	Expenses		
Instruction	\$ 34,072,645	36,810,882	(30,074,125)	(32,049,483)
Support services	21,445,515	23,835,698	(13,404,554)	(17,515,224)
Food services	3,415,734	3,838,487	(2,928,088)	(3,370,174)
Community service programs	237	1,193	(237)	(1,193)
Pension expense	4,830,484	8,733,407	(4,830,484)	(8,733,407)
OPEB expense	5,543,255	-	(5,543,255)	-
Interest on long-term debt	305,005	226,798	(305,005)	(226,798)
<b>Total</b>	<b>\$ 69,612,875</b>	<b>73,446,465</b>	<b>(57,085,748)</b>	<b>(61,896,279)</b>

- Net cost of governmental activities \$57,085,748, was financed by general revenues. General revenues consist of the Minimum Foundation Program funding, \$33,059,209, federal revenue in lieu of taxes, \$191,788, property taxes, \$8,349,247, sales and use taxes, \$15,434,082, investment and interest earnings, \$808,709, state revenue sharing, \$186,945, miscellaneous \$257,806.

**FINANCIAL ANALYSIS OF THE SCHOOL BOARD'S FUNDS**

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

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

The financial performance of the Board as a whole is reflected in its governmental funds. As the Board completed the year, its governmental funds reported a combined fund balance of \$17,716,326, an increase of \$10,024,956. \$4,831,144 or 27% of the fund balance is unassigned, which represents the residual classification for the general fund's fund balance that has not been assigned to other funds and that has not been restricted or assigned to specific purposes within the general fund. The remaining fund balance of \$12,885,182 or 73% is restricted to indicate that it is not available for spending except only for the purposes to which it is restricted.

The General Fund is the principal operating fund of the Board. The increase in fund balance in the General Fund for the fiscal year was \$2,586,466. The fund balance of Other Governmental Funds decreased \$112,726. The increase (decrease) in the fund balance for the other major funds were as follows:

**Natchitoches Parish School Board**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2018

Major Fund	Increase (Decrease)
CSD #7 Construction 2017 FA LHA Goldonna Fund	\$ 7,316,429
CSD #10 Maintenance Marthaville Fund	\$ 9,335

**BUDGETARY HIGHLIGHTS**

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

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

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

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

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** As of June 30, 2018, the Board's total capital assets were \$75,376,889, including land, school buildings, buses, other school vehicles, furniture and equipment. Total accumulated depreciation as of June 30, 2018 was \$45,287,157, resulting in total net capital assets of \$30,089,732.

	2018	2017	Percentage Change
Land	\$ 1,300,290	1,300,290	0.00%
Buildings & improvements	28,057,403	28,057,403	0.00%
Furniture & equipment	732,039	732,039	0.00%
Total	\$ 30,089,732	30,089,732	0.00%

Additional information about the Board's capital assets can be found in Note 7 of this report.

**Debt Administration.** At June 30, 2018, the School Board had \$12,918,000 in bonds outstanding, of which \$916,000 is due within one year, and \$1,897,439 in compensated absences payable.

**Natchitoches Parish School Board**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2018**

	<u>2018</u>	<u>2017</u>	<u>Percentage</u> <u>Change</u>
Compensated absences	\$ 1,897,439	1,863,605	1.82%
Bonds	12,918,000	6,892,000	87.43%
Total long-term debt	<u>\$ 14,815,439</u>	<u>8,755,605</u>	<u>69.21%</u>

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

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

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

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

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

**CONTACTING THE SCHOOL BOARD'S FINANCIAL MANAGEMENT**

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

## **BASIC FINANCIAL STATEMENTS**

**NATCHITOCHE PARISH SCHOOL BOARD**

## STATEMENT OF NET POSITION

JUNE 30, 2018

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 14,397,594
Cash with fiscal agents	626,420
Investments	10,526,276
Receivables	1,652,554
Inventory	181,703
Capital assets (non-depreciable):	
Land	1,300,290
Capital assets (net of accumulated depreciation):	
Buildings and building improvements	28,057,403
Furniture and equipment	732,039
Total Assets	<u>57,474,279</u>
<b>Deferred Outflows of Resources</b>	
Deferred outflows - pensions	10,183,157
Deferred outflows - OPEB	3,971,451
Total Deferred Outflows of Resources	<u>14,154,608</u>
<b>Liabilities:</b>	
Accounts payable, salaries payable, and other payables	9,668,221
Accrued interest payable	65,779
Long-term liabilities (due within one year):	
Capital related liabilities	916,000
Capital related premiums	20,213
Long-term liabilities (due beyond one year):	
Capital related liabilities	12,002,000
Capital related premiums	363,839
Non-capital related liabilities	1,897,439
Net pension liability	71,030,203
Other postemployment benefits liability	115,797,881
Total Liabilities	<u>211,761,575</u>
<b>Deferred Inflows of Resources</b>	
Deferred inflows - pensions	7,807,140
Deferred inflows - OPEB	6,298,854
Total Deferred Inflows of Resources	<u>14,105,994</u>
<b>Net Position</b>	
Net Investment in Capital Assets	16,787,680
Restricted For:	
Expendable:	
Debt service	1,234,541
Capital projects	7,316,429
Other purposes	4,268,433
Unrestricted	(183,845,765)
Total Net Position (Deficit)	<u>\$ (154,238,682)</u>

The accompanying notes are an integral part of this statement.

**NATCHITOCHE PARISH SCHOOL BOARD**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
<b>Governmental Activities:</b>				
Instruction:				
Regular programs	20,153,709	625,065	118,108	(19,410,536)
Special programs	7,153,873	--	--	(7,153,873)
Vocational programs	1,133,749	--	--	(1,133,749)
All other programs	5,631,314	--	3,255,347	(2,375,967)
Support services:				
Student services	2,898,063	--	--	(2,898,063)
Instructional staff support	2,445,794	--	3,570,223	1,124,429
General administration	1,383,752	--	--	(1,383,752)
School administration	2,940,591	--	--	(2,940,591)
Business services	523,651	--	--	(523,651)
Plant services	6,260,360	--	--	(6,260,360)
Student transportation services	4,515,497	--	--	(4,515,497)
Central services	477,807	--	4,470,738	3,992,931
Food services	3,415,734	96,585	391,061	(2,928,088)
Community service programs	237	--	--	(237)
Pension expense	4,830,484	--	--	(4,830,484)
OPEB expense	5,543,255	5,543,255	5,543,255	11,086,510
Interest on long-term debt	305,005	--	--	(305,005)
<b>Total Governmental Activities</b>	<b>\$ 69,612,875</b>	<b>\$ 721,650</b>	<b>\$ 11,805,477</b>	<b>(57,085,748)</b>
<b>General Revenues:</b>				
Taxes:				
Property taxes, levied for general purposes				7,490,934
Property taxes, levied for debt services				852,977
Property taxes				5,336
Sales and use taxes, levied for general purposes				15,434,082
State revenue sharing				186,945
Grants and contributions not restricted to specific purposes:				
State source - Minimum Foundation Program				33,059,209
Federal Revenue in Lieu of Taxes				191,788
Interest and investment earnings				808,709
Miscellaneous				257,806
<b>Total General Revenues</b>				<b>58,287,786</b>
Change in Net Position				1,202,038
Net Position (Deficit), Beginning, as previously reported				(74,990,683)
Prior Period Adjustments				(80,450,037)
Net Position (Deficit), Beginning, as restated				(155,440,720)
Net Position (Deficit), June 30, 2016				<b>\$ (154,238,682)</b>

The accompanying notes are an integral part of this statement.

**NATCHITOCHE PARISH SCHOOL BOARD**

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2018

Exhibit C

	General Fund	CSD #7 Construction 2017 FA LHA Goldonna Fund	CSD#10 Maintenance Marthaville Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 9,379,932	\$ --	\$ 2,953,836	\$ 2,063,826	\$ 14,397,594
Cash with fiscal agent	626,420	--	--	--	626,420
Investments	2,973,768	7,552,508	--	--	10,526,276
Receivables	42,223	--	519	1,609,812	1,652,554
Interfund receivables	236,079	--	--	--	236,079
Inventories	--	--	--	181,703	181,703
Total Assets	<u>\$ 13,258,422</u>	<u>\$ 7,552,508</u>	<u>\$ 2,954,355</u>	<u>\$ 3,855,341</u>	<u>\$ 27,620,626</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable, salaries payable, and other payables	\$ 8,427,278	\$ --	\$ 50	\$ 1,240,893	\$ 9,668,221
Interfund payables	--	236,079	--	--	236,079
Total Liabilities	<u>8,427,278</u>	<u>236,079</u>	<u>50</u>	<u>1,240,893</u>	<u>9,904,300</u>
<b>Fund Balances:</b>					
Nonspendable:					
<b>Restricted:</b>					
Capital projects	--	7,316,429	--	--	7,316,429
Debt service	--	--	--	1,300,320	1,300,320
Other purposes	--	--	2,954,305	1,314,128	4,268,433
Unassigned	4,831,144	--	--	--	4,831,144
Total Fund Balances	<u>4,831,144</u>	<u>7,316,429</u>	<u>2,954,305</u>	<u>2,614,448</u>	<u>17,716,326</u>
Total Liabilities and Fund Balances	<u>\$ 13,258,422</u>	<u>\$ 7,552,508</u>	<u>\$ 2,954,355</u>	<u>\$ 3,855,341</u>	<u>\$ 27,620,626</u>

The accompanying notes are an integral part of this statement.

**NATCHITOCHEES PARISH SCHOOL BOARD***RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**TO THE STATEMENT OF NET POSITION**JUNE 30, 2018*

Total fund balances for governmental funds	\$ 17,716,326
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	30,089,732
Liabilities due in one year are not recognized in the funds.	(936,213)
Payables for bond principal which are not due in the current period are not reported in the funds.	(12,002,000)
Payables for bond interest which are not due in the current period are not reported in the funds.	(65,779)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(1,897,439)
Recognition of the Sabine Parish 's proportionate share of the net pension liability is not reported in the funds.	(71,030,203)
Deferred Inflows of Resources related to the pension plan are not reported in the funds.	(7,807,140)
Deferred Outflows of Resources related to the pension plan are not reported in the funds.	10,183,157
Bond premiums are recognized in the SNP.	(363,839)
Recognition of the Natchitoches 's proportionate share of the net OPEB liability is not reported in the funds.	(115,797,881)
Deferred Inflows of Resources related to the OPEB plan are not reported in the funds.	(6,298,854)
Deferred Outflows of Resources related to the OPEB plan are not reported in the funds.	<u>3,971,451</u>
Net position of governmental activities	<u>\$ (154,238,682)</u>

The accompanying notes are an integral part of this statement.

**NATCHITOCHE PARISH SCHOOL BOARD**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Exhibit E

	General Fund	CSD #7 Construction 2017 FA LHA Goldonna Fund	CSD#10 Maintenance Marthaville Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Local sources:					
Taxes:					
Ad valorem	\$ 4,095,330	\$ 580,562	\$ 802,759	\$ 2,870,596	\$ 8,349,247
Sales and use	15,434,082	--	--	--	15,434,082
Interest earnings	754,482	52,647	177	1,403	808,709
Charges for services	--	--	--	87,393	87,393
Other	543,288	--	6,000	334,787	884,075
<b>Total Local Sources</b>	<b>20,827,182</b>	<b>633,209</b>	<b>808,936</b>	<b>3,294,179</b>	<b>25,563,506</b>
State sources:					
Minimum Foundation Program	32,562,460	--	--	496,749	33,059,209
Other	268,764	--	--	587,138	855,902
<b>Total State Sources</b>	<b>32,831,224</b>	<b>--</b>	<b>--</b>	<b>1,083,887</b>	<b>33,915,111</b>
Federal Sources	298,387	--	--	10,780,103	11,078,490
<b>Total Revenues</b>	<b>53,956,793</b>	<b>633,209</b>	<b>808,936</b>	<b>15,158,169</b>	<b>70,557,107</b>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular programs	23,214,300	--	92,956	364,992	23,672,248
Special programs	7,698,099	--	--	599,024	8,297,123
Vocational programs	1,120,081	--	--	69,412	1,189,493
All other programs	1,374,752	--	--	4,753,668	6,128,420
Support services:					
Student services	2,557,944	--	--	875,649	3,433,593
Instructional staff support	1,664,436	--	--	1,224,740	2,889,176
General administration	1,478,548	1,234	--	205	1,479,987
School administration	3,460,846	--	--	15,870	3,476,716
Business services	605,511	--	--	3,017	608,528
Plant services	4,023,155	--	112,346	1,324,946	5,460,447
Student transportation services	4,520,991	--	--	69,779	4,590,770
Central services	499,079	--	1,387	24,172	524,638
School food services	20,215	--	--	3,688,116	3,708,331
Community service programs	301	--	--	--	301
Capital outlay	19,490	482,868	592,912	4,542	1,099,812
Debt service:					
Principal retirement	225,000	325,000	--	624,000	1,174,000
Interest and bank charges	4,150	61,558	--	172,236	237,944
Other	--	50,385	--	1,200	51,585
<b>Total Expenditures</b>	<b>52,486,898</b>	<b>921,045</b>	<b>799,601</b>	<b>13,815,568</b>	<b>68,023,112</b>
Excess (Deficiency) of Revenues over (under) Expenditures	1,469,895	(287,836)	9,335	1,342,601	2,533,995
<b>Other Financing Sources (Uses):</b>					
Bond Proceeds	--	7,200,000	--	--	7,200,000
Premium on bonds issued	--	404,265	--	--	404,265
Transfers In	1,377,887	--	--	2,341,685	3,719,572
Transfers Out	(148,012)	--	--	(3,571,560)	(3,719,572)
Local Revenue Transfers - Charter Schools	(113,304)	--	--	--	(113,304)
<b>Total Other Financing Sources (Uses)</b>	<b>1,116,571</b>	<b>7,604,265</b>	<b>--</b>	<b>(1,229,875)</b>	<b>7,490,961</b>
<b>Net Change in Fund Balances</b>	<b>2,586,466</b>	<b>7,316,429</b>	<b>9,335</b>	<b>112,726</b>	<b>10,024,956</b>
July 1, 2017	2,244,678	--	2,944,970	2,501,722	7,691,370
June 30, 2018	\$ 4,831,144	\$ 7,316,429	\$ 2,954,305	\$ 2,614,448	\$ 17,716,326

The accompanying notes are an integral part of this statement.

**NATCHITOCHE PARISH SCHOOL BOARD**

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018*

Net change in fund balances - total governmental funds	\$ 10,024,956
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,174,000
(Increase) decrease in accrued interest from beginning of period to end of period.	(35,689)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(33,834)
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.	(7,200,000)
Bond premiums are reported in the funds but not in the SOA.	(384,052)
Proportionate share of non-employer contributing entity revenue.	257,806
Pension contributions made after the measurement date but in current FY were de-expended & reduced NPL.	7,772,590
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	(4,830,484)
OPEB expense relating to GASB 75 is recorded in the SOA but not in the funds.	(5,543,255)
	<u>1,202,038</u>
Change in net position of governmental activities	\$ <u>1,202,038</u>

The accompanying notes are an integral part of this statement.

**NATCHITOCHE PARISH SCHOOL BOARD**

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

FIDUCIARY FUNDS

JUNE 30, 2018

	Agency Fund
<b>Assets</b>	
Cash and cash equivalents	\$ 995,886
Total Assets	<u>\$ 995,886</u>
<b>Liabilities</b>	
Amounts due to others	\$ 995,886
Total Liabilities	<u>\$ 995,886</u>

The accompanying notes are an integral part of this statement.

**Natchitoches Parish School Board**

Notes to the Financial Statements  
For the Year Ended June 30, 2018

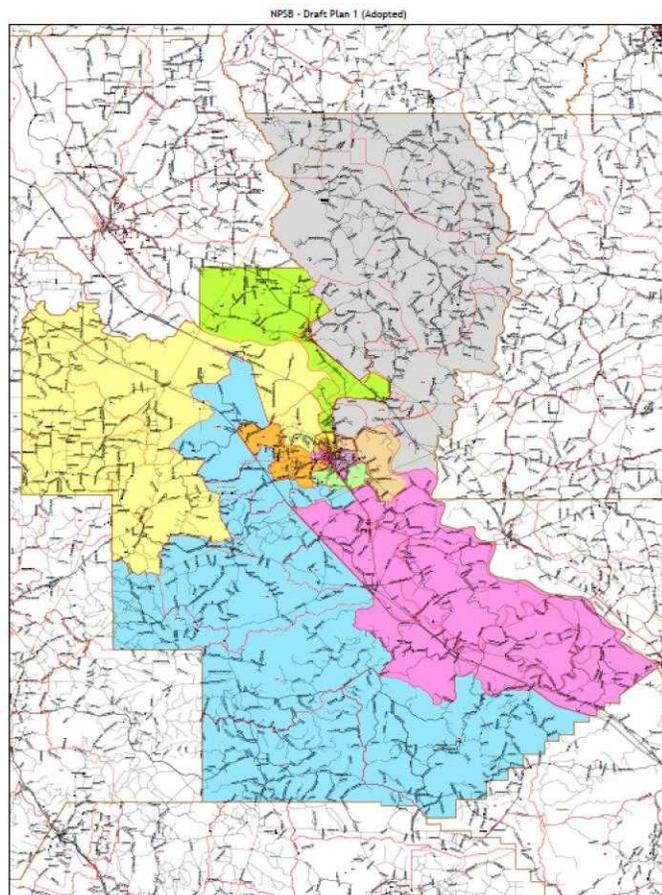
# NATCHITOCHES PARISH SCHOOL BOARD

Natchitoches, Louisiana  
Notes to the Financial Statements  
For the Year Ended June 30, 2018

## INTRODUCTION

The Natchitoches Parish School Board was created by Louisiana Revised Statute (R.S.) 17:51 to provide public education for the children within Natchitoches Parish. The School Board is authorized by R.S. 17:81 to establish policies and regulations for its own government consistent with the laws of the State of Louisiana and the regulations of the Louisiana Board of Elementary and Secondary Education. The School Board is comprised of members who are elected from nine School Boards for terms of four years.

The School Board operates 17 schools within the parish with a total enrollment of 6,339 pupils. In conjunction with the regular educational programs, some of these schools offer special education and/or adult education programs. In addition, the School Board provides transportation and school food services for the students.



# NATCHITOCHEES PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. BASIS OF PRESENTATION

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

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

### B. FINANCIAL REPORTING ENTITY

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

### C. FUNDS

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

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

# NATCHITOCHESES PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

## **Governmental Funds**

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

**General fund** - the general operating fund of the School Board and it accounts for all financial resources, except those required to be accounted for in other funds. The General Fund's resources are available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to School Board policy.

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

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

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

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

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

CSD #7 Construction 2017 FA LHA Goldonna Fund – accounts for expenditures of bond proceeds obtained from CSD#7 bond for school construction projects at three schools in the district.

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

## **Fiduciary Funds**

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

## NATCHITOCHEs PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

### D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

#### **Government-Wide Financial Statements (GWFS)**

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

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

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

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

#### **Fund Financial Statements (FFS)**

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

## NATCHITOCHEES PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

the relationship between the government-wide statements and the governmental funds statements.

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

Governmental funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School Board considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

### **Revenues**

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

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

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

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

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

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

## **NATCHITOCHEs PARISH SCHOOL BOARD**

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

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

### **Expenditures**

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

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

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

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

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

### **Other Financing Sources (Uses)**

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

### **Unearned Revenues**

The School Board reports unearned revenues on its Fund Financial Statements. Unearned revenues arise when resources are received by the School Board before it has a legal claim to them, as when grant monies are received before the incurrence of qualifying expenditures. In subsequent periods, when the School Board has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and the revenue is recognized.

## **E. BUDGETS**

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

## **NATCHITOCHEES PARISH SCHOOL BOARD**

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

budgets based on the results of the public hearing and the desires of the School Board as a whole. The budgets are then adopted, and notice is published in an official journal.

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

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

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

### **F. CASH AND CASH EQUIVALENTS**

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

### **G. INVESTMENTS**

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

In accordance with Louisiana Revised Statute (LSA-R.S.) 32:2955, the School Board, upon determination of the availability of funds in excess of immediate cash requirements by its treasurer or chief financial officer and in the exercise of prudent judgment, may invest in direct US Treasury Obligations, bonds, debentures, notes, or other evidence of indebtedness guaranteed by federal agencies or the US government instrumentalities, provided that such obligations are backed by the full faith and credit of the US government. The School Board may invest in savings accounts and certificates of deposit of state banks organized under the laws of Louisiana or national banks having their

## **NATCHITOCHEs PARISH SCHOOL BOARD**

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

principal offices in the state of Louisiana. Additionally, the School Board may invest in mutual or trust fund institutions, limited to 25% of the funds considered available for investment under this section. These mutual or trust fund institutions must be registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940 and have underlying investments consisting solely of securities of the United States government or its agencies.

Investments are stated at fair value.

### **H. SHORT-TERM INTERFUND RECEIVABLES/ PAYABLES**

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

### **I. INVENTORIES**

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

### **J. CAPITAL ASSETS**

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The School Board maintains a threshold level of \$5,000 or more for capitalizing capital assets. Expenditures for maintenance, repairs and minor renewals are charged as an expenditure as incurred.

Capital assets are recorded in the Government-Wide Financial Statements, but are not reported in the Fund Financial Statements. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purposes by the School Board, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land and construction in progress, are depreciated using a composite group rate which is applied to similar assets for the purpose of calculating depreciation expense. Interest costs on debt used to finance the construction of capital assets are not capitalized.

## **NATCHITOCHES PARISH SCHOOL BOARD**

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

### **K. COMPENSATED ABSENCES**

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

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

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

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

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

### **L. EQUITY CLASSIFICATION**

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

1. Net investment in capital assets—consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowing attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net position—consists of net position with constraints placed on use either by (a) external groups such as creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation. At June 30, 2018, Natchitoches Parish School Board reported \$12,819,403 in restricted net position.

## NATCHITOCHEs PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

3. Unrestricted net position—all other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

GASB Statement 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*” provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

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

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available, it is the School Board’s general policy to use restricted resources first. When expenditures/expense are incurred for purposes for which unrestricted (committed, assigned and unassigned) resources are

## **NATCHITOCHEES PARISH SCHOOL BOARD**

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

available, and amounts in any of these unrestricted classifications could be used, it is the School Board's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

### **M. INTERFUND TRANSACTIONS**

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

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

### **N. SALES TAXES**

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

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

### **O. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State and School Employees' Life and Health Plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

## **NATCHITOCHEs PARISH SCHOOL BOARD**

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

### **P. ESTIMATES**

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

### **Q. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future periods and so will not be recognized as an outflow of resources (expense) until then. The school board has deferred outflows which are presented as deferred outflows for pension and OPEB.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time. The school board has deferred inflows which are presented as deferred inflows for pension and OPEB.

See Note 18 for further details.

### **R. NEW PRONOUNCEMENTS**

In June 2017, the GASB issued GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This statement is effective for fiscal years beginning after June 15, 2017.

## **NATCHITOCHEES PARISH SCHOOL BOARD**

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

### **2. LEVIED TAXES**

The following ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. During the fiscal year ended June 30, 2018, taxes were levied by the School Board in August 2017, and were billed to taxpayers by the Assessor in November. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year.

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

For the year ended June 30, 2018, taxes were levied on property with net assessed valuations totaling \$340,186,653, and were dedicated as follows:

#### **Parish-wide Taxes:**

General School 4.65 mills

Special School 7.00 mills

#### **School Board Taxes:**

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

School Board No. 25 (Consolidated School #7) - maintenance 7.00 mills, debt service 11.50 mills, special 10.50 mills

School Board No. 28 (Consolidated School #8) – bond 33.00 mills, maintenance 7.00 Mills, special 7.00 mills

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

School Board No. 28 (Consolidated School #10) - maintenance 20.00 mills

Gross taxes levied for the current fiscal year totaled \$8,398,368. After deductions for various pension distributions and uncollectible taxes and collections of back taxes, net taxes remitted to the School Board amounted to \$8,044,079.

### **3. CASH AND CASH EQUIVALENTS**

At June 30, 2018, the School Board has cash and cash equivalents (book balances) totaling \$14,397,594 in governmental funds and \$995,886 in fiduciary funds in interest-bearing demand deposits. These deposits are stated at cost, which approximates market.

**Custodial Credit Risk – Deposits.** Custodial credit risk is defined as the risk that in the event of the failure of a financial institution, the School Board's deposits may not be recovered or will not be able to recover the collateral securities that are in possession of an outside party. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged

# NATCHITOCHESES PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2018, the School Board had \$16,019,888 in deposits (collected bank balances). These deposits are secured from risk by \$500,000 of federal deposit insurance and \$15,519,888 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

## 4. INVESTMENTS

As of June 30, 2018, the Natchitoches Parish School Board had the following investments:

<u>Investment type</u>	<u>Rating</u>	<u>Maturity</u>	<u>Fair Value</u>
Government Securities	n/a	More than one year	\$ 2,973,768
Certificate of Deposits	n/a	More than one year	<u>7,552,508</u>
Total			\$ <u>10,526,276</u>

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

The School Board has the following recurring fair value measurements as of June 30, 2018:

- Level 1 type of investments of \$10,526,276 are valued using quoted market prices (Level 1 inputs)

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

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

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

**NATCHITOCHEs PARISH SCHOOL BOARD**

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

*Concentration of Credit Risk.* Concentration of credit risk for investments is the risk of loss attributed to the magnitude of an entity’s investment in a single issuer. GASB Statement No. 40 requires disclosure by issuer and amount of investments for any one issuer that represents five percent (5%) or more of total investments for the School Board. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of June 30, 2018, the School Board did not have any investments to which this would apply.

**5. RECEIVABLES**

The receivables of \$1,652,554 at June 30, 2018, are as follows:

Class of Receivable	General Fund	CSD #10		Total
		Maintenance Marthaville Fund	Other Governmental Funds	
Intergovernmental grants:				
Local	\$ 5,576	\$ 519	\$ 5,514	\$ 11,609
Federal	10,217	-	147,405	157,622
State	2,618	-	1,456,893	1,459,511
Other	23,812	-	-	23,812
	<u>\$ 42,223</u>	<u>\$ 519</u>	<u>\$ 1,609,812</u>	<u>\$ 1,652,554</u>

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

**6. INTERFUND RECEIVABLES/PAYABLES FUNDS**

Individual balances due to/from other funds at June 30, 2018, are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	CSD #7 Construction 2017 FA LHA Goldonna Fund	\$ <u>236,079</u>

The purpose of the due from/to other funds was to cover deficit cash balances. All balances are expected to be repaid within one year from the date of the financial statements.

## NATCHITOCHEES PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

### 7. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2018, is as follows:

	Balance, July 1, 2017	Additions	Balance, June 30, 2018
Land	\$ 1,300,290	-	1,300,290
Buildings and improvements	69,758,257	-	69,758,257
Furniture and equipment	4,318,342	-	4,318,342
Total capital assets	<u>75,376,889</u>	<u>-</u>	<u>75,376,889</u>
Accumulated depreciation:			
Buildings and improvements	41,700,854	-	41,700,854
Furniture and equipment	3,586,303	-	3,586,303
Total accumulated depreciation	<u>45,287,157</u>	<u>-</u>	<u>45,287,157</u>
Net capital assets	<u>\$ 30,089,732</u>	<u>0</u>	<u>30,089,732</u>

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

### 8. RETIREMENT SYSTEMS

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

#### A. Teachers' Retirement System of Louisiana (TRSL)

##### **Plan Description**

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

The System's employer pension schedules were prepared using the accrual basis of accounting. Member and employer contributions are recognized when due, pursuant to formal commitments

## NATCHITOCHEES PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

as well as statutory or contractual requirements. The member's earnable compensation is attributed to the employer(s) for which the member is employed as of June 30, 2017.

Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's plan fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues, expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated amounts.

### **Benefits Provided**

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

#### **1. NORMAL RETIREMENT**

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

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

**Plan B** - Members may retire with a 2.0% benefit factor at age 55 with at least 30 years of service credit, or age 60 (hired before July 1, 2015) with at least 5 years of service credit, or age

## **NATCHITOCHEES PARISH SCHOOL BOARD**

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Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

62 (after July 1, 2015) with 5 years of service credit, or an actuarially reduced benefit with at least 20 years of service credit at any age.

### **Benefit Formula**

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

### **Payment Options**

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

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

## **2. DEFERRED RETIREMENT OPTION PROGRAM (DROP)**

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

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

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

## **NATCHITOCHESES PARISH SCHOOL BOARD**

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

### **3. DISABILITY RETIREMENT BENEFITS**

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

### **4. SURVIVOR BENEFITS**

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

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

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

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

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

### **6. OPTIONAL RETIREMENT PLAN (ORP)**

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

**NATCHITOCHEs PARISH SCHOOL BOARD**

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Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

The ORP is a defined contribution pension plan which provides for portability of assets and full and immediate vesting of all contributions submitted on behalf of the affected employees to the approved providers. These providers are selected by the TRSL Board of Trustees. Monthly employer and employee contributions are invested as directed by the employee to provide the employee with future retirement benefits. The amount of these benefits is entirely dependent upon the total contributions and investment returns accumulated during the employee’s working lifetime. Employees in eligible positions of higher education can make an irrevocable election to participate in the ORP rather than TRSL and purchase annuity contracts—fixed, variable, or both—for benefits payable at retirement.

**Employer Contributions**

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

The normal cost portion of each plan’s employer contribution rate varies based upon that plan’s benefits, member demographics, and the rate contributed by employees. The Unfunded Accrued Liability (UAL) contribution rate is determined in aggregate for all plans. The UAL resulting from legislation specific to a plan or group of plans will be allocated entirely to that plan or those plans.

For ORP, only the UAL portion of the employer contribution is retained by the plan. Therefore, only the UAL projected rates were used in the projection of future contributions in determining an employer’s proportionate share.

The rates in effect for the year ended June 30, 2018, are as follows:

<b>TRSL Sub Plan</b>	<b>Total Employer Contribution</b>
	<b>2018</b>
K-12 Regular Plan	26.6%
Higher Ed Regular Plan	25.4%
Plan A	26.6%
Plan B	26.6%

<b>ORP</b>	<b>Employer UAL</b>
2018	22.2%

## NATCHITOCHEs PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

The School Board's contractually required composite contribution rate for the year ended June 30, 2018 was 26.6% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the School Board were \$7,352,464 for the year ended June 30, 2018.

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

At June 30, 2018, the School Board reported a liability of \$67,925,584 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School Board's proportion of the net pension liability was based on a projection of the School Board's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. The School Board's proportionate share used to calculate the June 30, 2018 net pension liability was 0.665080 percent, which was based on a measurement date of June 30, 2017. This was a decrease of 0.03009 percent from its proportionate share used to calculate the June 30, 2017 net pension liability, which was based on a measurement date of June 30, 2016.

For the year ended June 30, 2018, the School Board recognized pension expense of \$4,801,287.

At June 30, 2018, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,384,853	\$	2,962,239
Changes of Assumptions	718,995		
Net difference between projected and actual earnings on pension plan investments			1,761,054
Changes in Proportionate Share	190,426		2,674,896
School Board contributions subsequent to the measurement date	7,352,464		
Total	<u>\$ 9,646,738</u>	\$	<u>7,398,189</u>

\$7,352,464 reported as deferred outflows of resources related to pensions resulting from School Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

# NATCHITOCHEES PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

Year Ending June 30:	
2019	\$ (2,128,322)
2020	149,758
2021	(687,247)
2022	<u>(2,438,105)</u>
Total	<u>\$ (5,103,915)</u>

## Actuarial Assumptions

The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

<b>Valuation date</b>	June 30, 2017
<b>Actual cost method</b>	Entry Age Normal
<b>Amortization approach</b>	Closed
<b>Actuarial assumptions:</b>	
<b>Expected Remaining Service Lives</b>	5 years
<b>Investment rate of return</b>	7.70% net of investment expenses
<b>Inflation rate</b>	2.5% per annum
<b>Projected salary increases</b>	3.50% - 10.0% varies depending on duration of service
<b>Cost-of-living adjustments</b>	None
<b>Mortality</b>	Mortality rates were projected based on the RP-2000 Mortality Table with projection to 2025 using Scale AA.
<b>Termination and disability</b>	Termination, disability, and retirement assumptions were projected based on a five year (2008-2012) experience study of the System's members.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return was 8.33% for 2017. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 are summarized in the following table:

**NATCHITOCHEES PARISH SCHOOL BOARD**

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

<b>Asset Class</b>	<b>Target Allocation 2017</b>	<b>Long Term Expected Real Rate of Return</b>
Domestic Equity	27.00%	4.28%
International Equity	19.00%	4.96%
Domestic Fixed Income	13.00%	1.98%
International Fixed Income	5.50%	2.75%
Private Equity	25.50%	8.47%
Other Private Assets	10.00%	3.51%

The discount rate used to measure the total pension liability was 7.70%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System’s actuary. Based on those assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity to Changes in Discount Rate**

The following presents the proportionate share of the net pension liability of the school board calculated using the discount rate of 7.70%, as well as what the School Board’s net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage point higher than the current rate.

	<b>1.0% Decrease (6.70%)</b>	<b>Current Discount Rate (7.70%)</b>	<b>1.0% Increase (8.70%)</b>
School Board's proportionate share of the net pension liability	\$ 87,855,589	\$ 68,183,390	\$ 51,448,345

**Retirement System Audit Reports**

TRSL issues stand-alone audit reports on its financial statements. Access to these reports can be found on the Louisiana Legislative Auditor’s website, [www.la.gov](http://www.la.gov) and the TRSL website, [www.trsl.org](http://www.trsl.org).

## **NATCHITOCHEES PARISH SCHOOL BOARD**

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

### **B. Louisiana School Employees' Retirement System (LSERS)**

#### **General Information about the Pension Plan**

##### **Plan Description**

Employees of Natchitoches Parish School Board are provided with pension through a cost-sharing multiple-employer defined benefit plan administered by the State of Louisiana School Employees' Retirement System (LSERS). Section 11:1001 of the Louisiana Revised Statutes grants to LSERS Board of Trustees and the Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the plan.

The System's Employer Pension Schedules are prepared using the accrual basis of accounting. Members' earnable compensation, for which the employer allocations are based, is recognized in the period in which the employee is compensated for services performed and attributed to the employer for which the member is employed during the period.

Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues, and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily related to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated amounts.

##### **Benefits Provided**

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

##### **Benefits**

Benefit provisions are authorized and amended by Louisiana Revised Statutes 11:1141 – 11:1153.

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

## **NATCHITOCHEES PARISH SCHOOL BOARD**

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

for normal retirement if he has at least five years of creditable service and is at least age 62, or 20 years of creditable service regardless of age with an actuarially reduced benefit.

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

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

### **Disability**

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

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

### **Deferred Retirement Option Plan (DROP)**

Members of the System may elect to participate in the Deferred Retirement Option Plan, (DROP) and defer the receipt of benefits. The election may be made only one time and the duration is limited to three years. Once an option has been selected, no change is permitted. Upon the effective date of the commencement of participation in the DROP, active membership in the regular retirement plan of the System terminates. Average compensation and creditable service remain as they existed on the effective date of commencement of participation in DROP. The monthly retirement benefits, that would have been payable had the person elected to cease employment and receive a service retirement allowance, are paid into the Deferred Retirement Option Plan Fund Account.

## **NATCHITOCHEs PARISH SCHOOL BOARD**

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

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

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

### **Initial Benefit Retirement Plan (IBRP)**

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

### **EMPLOYER CONTRIBUTIONS**

Contributions for all participating School Boards are actuarially determined as required by Act 81 of 1988 but cannot be less than the rate required by the Constitution. The actual employer contribution rate for the year ended June 30, 2017, was 27.3%.

Contributions to the pension plan from the School Board were \$420,126 for the year ended June 30, 2018.

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

At June 30, 2018, the Employer reported a liability of \$3,104,619 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School Board's proportion of the net pension liability was based on a projection of the School Board's long-term share of contribution to the pension plan relative to the projected contributions of all participating entities actuarially determined. The School Board's proportionate share used to calculate the June 30, 2018 net pension liability was 0.485152 percent, which was based on a measurement date of June 30, 2017. This was an decrease of 0.028214 percent from its proportionate share used to calculate the June 30, 2017 net pension liability, which was based on a measurement date of June 30, 2016.

**NATCHITOCHEs PARISH SCHOOL BOARD**

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

For the year ended June 30, 2018, the School Board recognized pension expense of \$29,197. At June 30, 2018, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$	\$ 183,866
Changes of Assumptions	65,098	48,365
Net difference between projected and actual earnings on pension plan investments		48,546
Changes in Proportionate Share	51,195	128,174
School Board contributions subsequent to the measurement date	<u>420,126</u>	
Total	<u>\$ 536,419</u>	<u>\$ 408,951</u>

\$420,126 reported as deferred outflows of resources related to pensions resulting from School Board contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2019	\$ (229,391)
2020	29,228
2021	20,463
2022	<u>(112,958)</u>
Total	<u>\$ (292,658)</u>

**ACTUARIAL ASSUMPTIONS**

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2017, are as follows:

**NATCHITOCHEES PARISH SCHOOL BOARD**

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

<b>Valuation Date</b>	June 30, 2017
<b>Actuarial Cost Method</b>	Entry Age Normal Cost
<b>Investment Rate of Return</b>	7.125%, per annum; net of plan investment expenses, including inflation
<b>Inflation Rate</b>	2.625% per annum
<b>Mortality Rate</b>	RP-2000 Sex Distinct Mortality Table RP-2000 Disabled Lives Mortality Table
<b>Expected Remaining Service Lives</b>	3 years, closed period
<b>Cost of Living Adjustments (COLA)</b>	Not substantively automatic  The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values and accrued liabilities do not include provisions for potential future increases not yet authorized by the Board of Trustees, but do include a recognition of the existing balance in the Experience Account together with the present value of future contributions to the Account up to the maximum permissible value of the Account based upon current account limitations.
<b>Salary Increases, including inflation and merit increase</b>	2008-2012 experience study, ranging from 3.075% to 5.375%

The total pension liability has been changed to recognize that a portion of future investment gains will be used to fund the System’s Experience Account. Since neither the existing funds in the account nor future deposits to the account may be used to pay for existing benefits the liability was added for one future cost of living increase to the system’s liabilities. However, since it will take an act of the legislature to pay a cost of living increase from the Experience Account and such an act will be dependent upon a range of economic and political factors, no pattern of future increases can be forecast on a reliable basis. Hence, no liability for payments beyond that of one future COLA is included in the total pension liability.

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

## NATCHITOCHEES PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

effect of rebalancing/diversification. The resulting long-term arithmetic nominal expected return is 8.10%.

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017, are summarized in the following table:

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income		
Core Fixed Income	8.00%	2.02%
High Yield	5.00%	4.43%
Emerging Markets Debt	7.00%	4.71%
Global Fixed Income	10.00%	1.38%
Equity		
US Equity	20.00%	6.44%
Developed Equity	18.00%	7.40%
Emerging Markets Equity	10.00%	9.42%
Global REITs	3.00%	5.77%
Alternative		
Private Equity	5.00%	10.47%
Hedge Fund of Funds	3.00%	3.75%
Real Estate	5.00%	5.00%
Real Assets		
Timber	2.00%	5.67%
Oil & Gas	2.00%	10.57%
Infrastructure	2.00%	6.25%
Total	<u>100.00%</u>	

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

### SENSITIVITY TO CHANGES IN DISCOUNT RATE

The following presents the School Board's proportionate share of the net pension liability calculated using the discount rate of 7.125%, as well as what the School Board's proportionate

**NATCHITOCHE PARISH SCHOOL BOARD**

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

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.

	<b>1% Decrease (6.125%)</b>	<b>Current Discount Rate (7.125%)</b>	<b>1% Increase (8.125%)</b>
School Board's proportionate share of the net pension liability	\$ 4,256,067	\$ 3,104,619	\$ 2,115,794

**RETIREMENT SYSTEM AUDIT REPORT**

The System issued a stand-alone audit report on its financial statements for the year ended June 30, 2017. Access to the audit report can be found on the Louisiana Legislative Auditor’s official website at [www.lla.la.gov](http://www.lla.la.gov) and on the System’s website at [www.lasers.net](http://www.lasers.net).

**9. STATE OF LOUISIANA POST-RETIREMENT BENEFIT PLAN**

**Plan Description**

The Natchitoches Parish School Board's (SPSB) employees participate in the State of Louisiana's OPEB plan. The Office of Group Benefits (OGB) administers the State of Louisiana Post-Retirement Benefit Plan – a defined-benefit, multiple-employer other post-employment benefit plan that is not administered as a formal trust. The plan provides medical, prescription drug and life insurance benefits to retirees, disabled retirees, and their eligible beneficiaries through premium subsidies. Current employees, who participate in an OGB health plan while active, are eligible for plan benefits if they enrolled in the OGB health plan immediately before the date of retirement and retire under one of the state sponsored retirement systems (Louisiana State Employees’ Retirement System, Teachers’ Retirement System of Louisiana, Louisiana School Employees’ Retirement System, or Louisiana State Police Retirement System) or they retire from a participating employer that meets the qualifications in the Louisiana Administrative Code 32:3.303. Benefit provisions are established under RS 42:821 for life insurance benefits and LRS 42:851 for health insurance benefits. The obligations of the plan members, employer(s), and other contributing entities to contribute to the plan are established or may be amended under the authority of R.S. 42:802.

Premium amounts vary depending on the health plan selected and if the retired member has Medicare coverage. OGB offers several different plan options for both active and retired employees. OGB offered to retirees under age 65 four self-insured healthcare plans and one fully insured plan. Retired employees who have Medicare Part A and Part B coverage had access to these plans and an additional four fully insured Medicare Advantage plans.

Employer contributions are based on plan premiums and the employer contribution percentage. This percentage is based on the date of participation in an OGB plan (before or after January 1,

## NATCHITOCHEs PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

2002) and employee years of service at retirement. Employees who begin participation or rejoin the plan before January 1, 2002, pay approximately 25% of the cost of active coverage (except single retirees under age 65 who pay approximately 25% of the active employee cost). Employees who begin participation or rejoin on or after January 1, 2002, the percentage of premiums contributed by the employer and retiree is based on the following schedule:

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

In addition to healthcare benefits, retirees may elect to receive life insurance benefits. Basic and supplemental life insurance is available for the individual retirees and spouses of retirees subject to maximum values. Employers pay approximately 50% of monthly premiums for individual retirees. Participating retirees paid \$0.54 each month for each \$1,000 of life insurance and \$0.98 each month for each \$1,000 of spouse life insurance. Life insurance amounts are reduced to 75% of the initial value at age 65 and to 50% of the original amount at age 70. The retiree is responsible for 100% of the premium for dependents. Effective January 1, 2018, the total monthly premium for retirees varies according to age group.

Employer contributions for health premiums of retired employees for the fiscal year ended June 30, 2018, totaled \$3,971,451.

### **Funding Policy**

The plan is currently financed on a pay-as-you-go basis under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments due.

### **Total Collective OPEB Liability, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2018, the School Board reported a liability of \$115,797,881 for its proportionate share of the collective OPEB Liability. The total collective OPEB liability was measured as of July 1, 2017, and was determined by an actuarial valuation as of that date. The School Board's proportionate share of the restated total collective OPEB liability at June 30, 2017 was \$120,524,931. The total OPEB liability as of July 1, 2016 was determined based on a roll backward of the July 1, 2017 valuation assuming no gains or losses due to experience. As of July 1, 2017, the School Board's current year proportion was 0.021295 percent. This was an increase of 0.000130 percent from the proportionate share as of the measurement date of June 30, 2016.

**NATCHITOCHEs PARISH SCHOOL BOARD**

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

For the year ended June 30, 2018, the School Board recognized total OPEB expense of \$5,543,255 and reported deferred outflows of resources and deferred inflows of resources related to OPEB from the followings sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$	\$ 6,298,854
School Board contributions subsequent to the measurement date	3,971,451	
Total	<u>\$ 3,971,451</u>	<u>\$ 6,298,854</u>

Deferred outflows of resources related to OPEB resulting from the School Board's benefit payments subsequent to the measurement date will be recognized as a reduction of the total collective OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:	
2019	\$ (1,157,878)
2020	(1,157,878)
2021	(1,157,878)
2022	(1,157,878)
2023	(1,157,878)
Thereafter	<u>(509,464)</u>
Total	<u>\$ (6,298,854)</u>

**Actuarial Assumptions**

The total collective OPEB liability in the July 1, 2017, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

## NATCHITOCHEES PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

Valuation Date	July 1, 2017
Actuarial Cost Method	Entry Age Normal, level percent of pay
Inflation Rate	2.80%
Discount Rate	3.13% based on the June 30, 2017 S&P 20 year municipal bond index rate
Healthcare cost trend rates	7.0% for pre-Medicare eligible employees decreasing by .25% each year, beginning in 2020-2021, to an ultimate rate of 4.5% in 2029; 5.5% for post-Medicare eligible employees, beginning in 2020-2021, decreasing 0.25% per year through 2024, to an ultimate rate of 4.5% for 2023-2024 and later years. The initial trend was developed using the National Health Care Trend Survey; the ultimate trend was developed using a building block approach which considers Consumer Price Index, Gross Domestic Product, and technology growth.
Retirees' share of benefit-related costs	Baseline per capita cost (PCCs) reflect 2017 claims and enrollment and retiree contributions were based on 2018 premiums. Claims experience was trended to the valuation date.
Age Related Morbidity	Per capita cost (PCCs) were adjusted to reflect expected cost differences due to age and gender. The expected impact of the increase in Coverage Gap Brand Discounts from 50% to 70% in 2019 has been incorporated in the PCCs.
Mortality – Non-disabled	RP-2014 Combined Healthy Mortality Table, projected on a fully generational basis by Mortality Improvement Scale MP-2017
Mortality – Disabled	RP-2014 Disabled Retiree Mortality Table, projected on a fully generational basis by Mortality Improvement Scale MP-2017

The average of the expected remaining service lives of all employees that are provided with benefits through the plan (active and inactive employees) determined as of July 1, 2017, is 4.48 years.

The actuarial assumptions used by the pension plans covering the same participants were used for the retirement, termination, disability and salary scale assumptions.

### Changes of assumptions and other inputs

The discount rate has been decreased from 3.80% to 3.13% since the previous valuation. Additionally, a discount rate of 2.71% was used to measure the liability using a measurement date of July 1, 2016. Under GASB 75, unfunded plans are required to use a discount rate that reflects the 20 year tax-exempt municipal bond yield or index rate. Thus, the discount rates of 3.13% and 2.71% are based on S&P Municipal Bond 20-year High Grade Rate Index as of June 30, 2017 and June 30, 2016, respectively. The discount rate used under the GASB 45 valuation was selected by the plan sponsor.

**NATCHITOCHEs PARISH SCHOOL BOARD**

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

**Sensitivity of the proportionate share of the total collective OPEB liability to changes in the discount rate**

The following chart presents the School Board’s proportionate share of the total collective OPEB liability using the current discount rate, as well as what the School Board’s proportionate share of the total collective OPEB 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:

	Current Discount Rate	
1.0% Decrease		1.0% Increase
-2.13%	-3.13%	-4.13%
<u>\$ 135,522,100</u>	<u>84,530,091</u>	<u>100,144,454</u>

**Sensitivity of the proportionate share of the total collective OPEB liability to changes in the Healthcare cost trend rates**

The following chart presents the School Board’s proportionate share of the total collective OPEB liability using the current healthcare cost trend rate, as well as what the School Board’s proportionate share of the total collective OPEB 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:

	Current Healthcare Cost Trend Rates	
1.0% Decrease		1.0% Increase
<u>\$ 99,453,408</u>	<u>84,530,091</u>	<u>136,809,583</u>

**Participation**

The percentage of employees and their dependents who are eligible for early retiree benefits that will participate in the retiree medical plan is outlined in the table below. This assumes that a one-time irrevocable election to participate is made at retirement. Retirees are assumed to participate in the life insurance benefit at a 52% rate. It is assumed that future retirees will continue their current life insurance coverage, if any. Active participants who have been covered continuously under the OGB medical plan since before January 1, 2002, are assumed to participate at a rate of 93%.

<u>Years of Service</u>	<u>Participation Percentage</u>
<10	56%
10-14	78%
15-19	90%
20+	93%

**NATCHITOCHE PARISH SCHOOL BOARD**

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

The State of Louisiana issued an actuarial valuation report as of July 1, 2017. Access to the audit report can be found on the Statement of Louisiana Division of Administration official website at [www.doa.la.gov/osrap](http://www.doa.la.gov/osrap).

**10. ACCOUNTS PAYABLE, SALARIES PAYABLE, AND OTHER PAYABLES**

Payables of \$9,668,221 at June 30, 2018, are as follows:

	CSD #10			
	General	Maintenance	Other	
	Fund	Marthaville	Governmental	Total
	Fund	Fund	Funds	Total
Salaries and withholdings	\$ 8,382,003	\$ -	\$ 1,171,732	\$ 9,553,735
Accounts payable	45,275	50	69,161	\$ 114,486
<b>Total</b>	<b>\$ 8,427,278</b>	<b>\$ 50</b>	<b>\$ 1,240,893</b>	<b>\$ 9,668,221</b>

**11. COMPENSATED ABSENCES**

At June 30, 2018, employees of the School Board have accumulated and vested \$1,897,439 of employee leave benefits. These employee leave benefits were computed in accordance with GASB Codification Section C60.

**12. LONG-TERM OBLIGATIONS**

The following is a summary of the long-term obligation transactions for the year ended June 30, 2018:

	Bonds and Certificates of Indebtedness	Compensated Absences	Premiums	Other Post Employment Benefits	Teacher's Retirement System of Louisiana	School Employee's Retirement System of Louisiana	Total
Long-term debt payable, July 1, 2017	\$ 6,892,000	1,863,605	-	31,267,790	81,591,542	3,872,562	125,487,499
Prior period adjustments	0	-	-	89,257,141	-	-	89,257,141
Additions	7,200,000	33,834	404,265	-	-	-	7,638,099
Retirements	(1,174,000)	-	20,213	(4,727,050)	(13,408,358)	(767,944)	(20,057,139)
Long-term debt payable, June 30, 2018	<b>\$ 12,918,000</b>	<b>1,897,439</b>	<b>384,052</b>	<b>26,540,740</b>	<b>68,183,184</b>	<b>3,104,618</b>	<b>113,068,459</b>
<b>Long-term Liabilities</b>							
Due within one year	\$ 916,000	-	20,213	-	-	-	936,213
Due in more than one year	12,002,000	1,897,439	363,839	115,797,881	68,183,184	3,104,619	201,348,962
<b>Total</b>	<b>\$ 12,918,000</b>	<b>1,897,439</b>	<b>384,052</b>	<b>115,797,881</b>	<b>68,183,184</b>	<b>3,104,619</b>	<b>202,285,175</b>

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

# NATCHITOCHEES PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

Bond Issue	Original Issue Amount	Interest Rates	Final Due	Interest to Maturity	Principal Outstanding
Consolidated School District No. 7: September 18, 2012	\$ 5,189,000	2.18%	3/1/2023	\$ 185,496	\$ 2,778,000
Consolidated School District No. 8: September 10, 2005	\$ 3,500,000	2.5 - 3.5%	3/1/2035	1,022,488	3,265,000
Premium	\$ 404,265	3.0 - 5.0%	3/1/2017	0	384,052
November 7, 2017	\$ 7,200,000	2.0 - 4.0%	3/1/2037	<u>2,823,450</u>	<u>6,875,000</u>
Total Bonds				<u>\$ 4,031,434</u>	<u>\$ 13,302,052</u>

All principal and interest requirements are funded in accordance with Louisiana law by the annual ad valorem tax levy on taxable property within the parish (or other as indicated). At June 30, 2018, the School Board has accumulated \$1,300,320 in the debt service funds for future debt requirements. The bonds and certificates of indebtedness are due as follows:

Year Ending June 30,	Principal Payments	Interest Payments	Total
2019	\$ 916,000	394,673	1,310,673
2020	942,000	374,165	1,316,165
2021	976,000	353,059	1,329,059
2022	1,009,000	328,688	1,337,688
2023	1,045,000	303,487	1,348,487
2024 - 2028	2,530,000	1,245,963	3,775,963
2029 - 2033	3,090,000	812,325	3,902,325
2034 - 2037	2,410,000	219,075	2,629,075
Total	<u>\$ 12,918,000</u>	<u>\$ 4,031,435</u>	<u>\$ 16,949,435</u>

In accordance with R.S. 39:562, the School Board is legally restricted from incurring long-term bonded debt in excess of 35% of the assessed value of taxable property. At June 30, 2018, the statutory limit is \$119,065,329, and outstanding bonded debt totals \$12,918,000.

## Defeased Debt:

In prior years, the School Board defeased certain general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the School Board's financial statements. On June 30, 2018, a total of \$2,788,000 of bonds outstanding is considered defeased.

## **NATCHITOCHEES PARISH SCHOOL BOARD**

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

### **13. INTER-FUND TRANSFERS**

Transfers amount total \$3,719,572 (See Finding 2018-002).

### **14. RISK MANAGEMENT**

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

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

### **15. LITIGATION AND CLAIMS**

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

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

## **NATCHITOCHEES PARISH SCHOOL BOARD**

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

### **16. ECONOMIC DEPENDENCY**

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

The Minimum Foundation funding provided by the state to all public school systems in Louisiana is primarily based on October 1 student count. The State provided \$33,059,209 to the School Board, which represents approximately 47% of the School Board's total revenue for the year.

### **17. PERFORMANCE-BASED ENERGY EFFICIENCY CONTRACT**

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

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

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

### **18. EFFECT ON DEFERRED AMOUNTS ON NET POSITION**

The unrestricted net position amount of (\$183,845,765) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflows of resources related to pension in the amount of \$7,772,590 resulting from the school board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. The \$2,410,567 balance of deferred outflow of resources, at June 30, 2018 will be recognized as an expense and will decrease the unrestricted net position over the next few years.

# NATCHITOCHEES PARISH SCHOOL BOARD

Natchitoches, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2018

The unrestricted net position amount of (\$183,845,765) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$7,807,140 balance of deferred inflow of resources, at June 30, 2018 will be recognized as a revenue and will increase the unrestricted net position over the next few years.

The unrestricted net position amount of (\$183,845,765) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from OPEB. The \$3,971,451 balance of deferred outflow of resources, at June 30, 2018 will be recognized as an expense and will decrease the unrestricted net position over the next few years.

The unrestricted net position amount of (\$183,845,765) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$6,298,854 balance of deferred inflow of resources at June 30, 2018 will be recognized as a revenue and will increase the unrestricted net position over the next few years.

## 19. PRIOR PERIOD ADJUSTMENTS

A summary of significant Net Position adjustments is as follows:

### Exhibit B - Statement of Activities

<u>Explanation</u>	<u>Amount</u>
1 To adjust net pension liability and its components (DIR/DOR) for prior year.	\$ 864,202
2 Implementation of GASB 75:	
Total OPEB liability (06-30-17)	(89,257,141)
Deferred outflows/Deferred inflows	<u>7,942,902</u>
Total prior period adjustment related to GASB 75	<u>(81,314,239)</u>
Total	\$ <u>(80,450,037)</u>

## 20. SUBSEQUENT EVENTS

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

On November 11, 2018, the School Board issued general obligation bonds, series 2018 (CSD #9) in the amount of \$19,750,000. It will mature on March 1, 2038 with a 3.00 - 5.00% interest rate.

**REQUIRED SUPPLEMENTARY INFORMATION  
PART II**

**NATCHITOCHE PARISH SCHOOL BOARD**  
**Natchitoches, Louisiana**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2018**

	BUDGETED AMOUNTS		ACTUAL AMOUNTS (Budgetary Basis)	VARIANCE WITH FINAL BUDGET Positive (Negative)
	ORIGINAL	FINAL		
<b>Revenues:</b>				
Local sources:				
Taxes:				
Ad valorem	\$ 3,828,693		4,095,330	4,095,330
Sales and use	15,453,450		15,434,082	15,434,082
Interest earnings	959,663		754,482	754,482
Other	418,685		543,288	543,288
Total local sources	<u>20,660,491</u>	<u>14,147,027</u>	<u>20,827,182</u>	<u>6,680,155</u>
State sources:				
Minimum Foundation Program	32,397,302		32,562,460	32,562,460
Other	371,710		268,764	268,764
Total state sources	<u>32,769,012</u>	<u>32,611,501</u>	<u>32,831,224</u>	<u>219,723</u>
Federal sources	<u>258,557</u>	<u>155,000</u>	<u>298,387</u>	<u>143,387</u>
Total Revenues	<u>53,688,060</u>	<u>46,913,528</u>	<u>53,956,793</u>	<u>6,899,878</u>
<b>Expenditures:</b>				
Instruction:				
Regular programs	24,317,430	20,859,133	23,214,300	(2,355,167)
Special programs	8,339,760	6,973,118	7,698,099	(724,981)
Vocational programs	1,124,983	987,225	1,120,081	(132,856)
All other programs	1,342,128	1,073,754	1,374,752	(300,998)
Support services:				
Student services	2,557,896	2,129,216	2,557,944	(428,728)
Instructional staff support	1,658,746	1,600,740	1,664,436	(63,696)
General administration	1,381,659	1,165,539	1,478,548	(313,009)
School administration	3,485,055	2,932,791	3,460,846	(528,055)
Business services	620,573	543,758	605,511	(61,753)
Plant services	4,126,239	3,994,200	4,023,155	(28,955)
Student transportation services	4,481,530	4,510,617	4,520,991	(10,374)
Central services	577,204	458,300	499,079	(40,779)
School food services	650	650	20,215	(19,565)
Community service programs	1,755	1,755	301	1,454
Capital outlay	16,453	16,453	19,490	(3,037)
Debt service:				
Principal retirement	215,000	227,272	225,000	2,272
Interest and bank charges	12,272	0	4,150	(4,150)
Total Expenditures	<u>54,259,333</u>	<u>47,474,521</u>	<u>52,486,898</u>	<u>(5,010,499)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(571,273)</u>	<u>(560,993)</u>	<u>1,469,895</u>	<u>11,910,377</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	721,273		1,377,887	(1,377,887)
Other sources of funds		692,223		692,223
Transfers out	(150,000)		(148,012)	148,012
Local revenue transfers - charter schools			(113,304)	113,304
Total Other Financing Sources (Uses)	<u>571,273</u>	<u>692,223</u>	<u>1,116,571</u>	<u>(424,348)</u>
Net Change in Fund Balances	0	131,230	2,586,466	11,486,029
July 1, 2017	328,740	0	2,244,678	(2,244,678)
July 30, 2018	<u>\$ 328,740</u>	<u>131,230</u>	<u>4,831,144</u>	<u>9,241,351</u>

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

**NATCHITOCHE PARISH SCHOOL BOARD**  
**Natchitoches, Louisiana**  
**CSD #10 Maintenance Marthaville Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2018**

	BUDGETED AMOUNTS		ACTUAL AMOUNTS (Budgetary Basis)	VARIANCE WITH FINAL BUDGET Positive (Negative)
	ORIGINAL	FINAL		
<b>Revenues:</b>				
Local sources:				
Taxes:				
Ad valorem	\$ 855,009	802,759	802,759	-
Interest earnings	39	177	177	-
Other	6,000	6,000	6,000	0
Total local sources	<u>861,048</u>	<u>808,936</u>	<u>808,936</u>	<u>0</u>
Total Revenues	<u>861,048</u>	<u>808,936</u>	<u>808,936</u>	<u>0</u>
<b>Expenditures:</b>				
Instruction:				
Regular programs	147,098	92,957	92,956	1
Support services:				
Instructional staff support	304			0
General administration	34,131			0
School administration	1,366	(631)		(631)
Plant services	103,004	112,977	112,346	631
Central services	2,587	1,387	1,387	0
Capital outlay	572,558	592,912	592,912	0
Total Expenditures	<u>861,048</u>	<u>799,602</u>	<u>799,601</u>	<u>1</u>
Net Change in Fund Balances	<u>0</u>	<u>9,334</u>	<u>9,335</u>	<u>(1)</u>
July 1, 2017	<u>0</u>	<u>0</u>	<u>2,944,970</u>	<u>(2,944,970)</u>
July 30, 2018	<u>\$ 0</u>	<u>9,334</u>	<u>2,954,305</u>	<u>1</u>

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

**Natchitoches Parish School Board**

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

TRSL

Last 10 Fiscal Years\*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
School Board's proportionate share of the net pension liability	\$ 67,925,584	81,591,542	73,439,237	71,396,513
School Board's proportion of the net pension liability	0.66508%	0.69517%	0.68301%	0.69850%
School Board's covered payroll	30,204,310	33,291,460	30,558,771	31,177,287
School Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	224.89%	245.08%	240.32%	229.00%
Plan fiduciary net position as a percentage of the total pension liability	65.55%	59.90%	62.47%	63.65%

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

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

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

**Natchitoches Parish School Board**

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

LSERS

Last 10 Fiscal Years\*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
School Board's proportionate share of the net pension liability	\$ 3,104,619	3,872,562	3,111,591	3,199,283
School Board's proportion of the net pension liability	0.48515%	0.51337%	0.49069%	0.55190%
School Board's covered payroll	1,400,927	361,642	330,958	339,235
School Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	221.61%	1070.83%	940.18%	943.09%
Plan fiduciary net position as a percentage of the total pension liability	75.03%	70.09%	74.49%	76.18%

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

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

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 7,352,464	7,702,099	8,755,654	8,556,456
Contributions in relation to the contractually required contribution	7,352,464	7,702,099	8,755,654	8,556,456
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
School Board's covered payroll	26,258,800	30,204,310	33,291,460	30,558,771
Contributions as a percentage of covered payroll	28.00%	25.50%	26.30%	28.00%

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

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

	2018	2017	2016	2015
Contractually required contribution	\$ 420,126	382,453	109,216	109,216
Contributions in relation to the contractually required contribution	420,126	382,453	109,216	109,216
Contribution deficiency (excess)	\$ -	-	-	-
School Board's covered payroll	1,273,109	1,400,927	361,642	330,958
Contributions as a percentage of covered payroll	33.00%	27.30%	30.20%	33.00%

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

**Natchitoches Parish School Board**

Schedule of the School Board's Proportionate Share of the Total OPEB Liability

OPEB

Last 10 Fiscal Years\*

School Board's proportionate share of the total OPEB liability (asset)	\$	<u>2018</u> 115,797,881
School Board's proportion of the total OPEB liability		0.021295%
School Board's covered-employee payroll		19,140,749 **
School Board's proportionate share of the total OPEB liability (asset) as a percentage of its covered-employee payroll		605%
Plan fiduciary net position as a percentage of the total OPEB liability		0.00%

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

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

\*\* The amount used to calculate this figure was based on the Plan's covered payroll as of the measurement date.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

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

Contractually required contribution	\$ <u>2018</u> 3,971,451
Contributions in relation to the contractually required contribution	3,971,451
Contribution deficiency (excess)	\$ <u><u>-</u></u>
School Board's covered-employee payroll	23,187,153
Contributions as a percentage of covered-employee payroll	17.13%

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

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 75 was implemented in FYE 6/30/18, and, until a full 10-year trend is compiled, the School Board has only presented information for the years in which information is available.

**Natchitoches Parish School Board**  
Notes to the Required Supplementary Information  
For the Year Ended June 30, 2018

**A. BUDGETS**

**General Budget Practice:** The School Board follows these procedures in establishing the budgetary data reflected in the financial statements:

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

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

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

Formal budget integration (within the accounting records) is employed as a management control device. All budgets are controlled at the function level. Budget amounts included in the accompanying financial statements include the original and adopted budget and all subsequent amendments. These revisions were not considered significant.

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

**B. PENSION SCHEDULES**

**Louisiana School Employees' Retirement System (LSERS)**

**2015**

1. Changes of benefit provisions

None.

**Natchitoches Parish School Board**

Notes to the Required Supplementary Information (Continued)

For the Year Ended June 30, 2018

2. Changes of assumptions

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

**2016**

1. Changes of benefit provisions

None

2. Changes of assumptions

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

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

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

**2017**

1. Changes of benefit provisions

None

2. Changes of assumptions

The expectation of retired life mortality was changed to the RP-2000 Sex Distinct Mortality Table and RP-2000 Disabled Lives Mortality Table rather than just the RP-2000 Sex Distinct Mortality Table.

**Teachers' Retirement System of Louisiana (TRSL)**

**2015**

1. Changes of benefit provisions

None

**Natchitoches Parish School Board**

Notes to the Required Supplementary Information (Continued)  
For the Year Ended June 30, 2018

2. Changes of assumptions

None

**2016**

1. Changes of benefit provisions

None

2. Changes of assumptions

None

**2017:**

1. Changes of benefit provisions

None

2. Changes of assumptions

The investment rate of return assumptions were changed from 7.75% to 7.70%.

**Other Post-Employment Benefits (OPEB) Schedules**

**2017:**

1. Benefit Changes

None.

2. Changes of assumptions

The discount rate changed from 2.71% as of July 1, 2016 to 3.13% as of July 1, 2017.

## **SUPPLEMENTARY INFORMATION**

**NATCHITOCHE PARISH SCHOOL BOARD**  
**Natchitoches, Louisiana**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**Combining Balance Sheet**  
**June 30, 2018**

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets</b>			
Cash and cash equivalents	\$ 1,314,128	\$ 749,698	\$ 2,063,826
Receivables	-	1,609,812	1,609,812
Inventories	-	181,703	181,703
Total Assets	<u>\$ 1,314,128</u>	<u>\$ 2,541,213</u>	<u>\$ 3,855,341</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts, salaries, and other payables	-	1,240,893	1,240,893
Total Liabilities	<u>-</u>	<u>1,240,893</u>	<u>1,240,893</u>
<b>Fund Balances:</b>			
<b>Restricted:</b>			
Debt service	-	1,300,320	1,300,320
Other purposes	1,314,128	-	1,314,128
Total Fund Balances	<u>1,314,128</u>	<u>1,300,320</u>	<u>2,614,448</u>
Total Liabilities and Fund Balances	<u>\$ 1,314,128</u>	<u>\$ 2,541,213</u>	<u>\$ 3,855,341</u>

**NATCHITOCHE PARISH SCHOOL BOARD**  
**Natchitoches, Louisiana**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**Combining Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**For the Year Ended June 30, 2018**

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<b>REVENUES</b>				
Local sources:				
Taxes:				
Ad valorem	\$ 2,016,903	\$ 853,693	\$ -	\$ 2,870,596
Interest earnings	1,072	331	-	1,403
Charges for services	87,393	-	-	87,393
Other	334,787	-	-	334,787
Total Local Sources	<u>2,440,155</u>	<u>854,024</u>	<u>-</u>	<u>3,294,179</u>
State sources:				
Minimum Foundation Program	496,749	-	-	496,749
Other	544,073	43,065	-	587,138
Total State Sources	<u>1,040,822</u>	<u>43,065</u>	<u>-</u>	<u>1,083,887</u>
Federal Sources	<u>10,780,103</u>	<u>-</u>	<u>-</u>	<u>10,780,103</u>
TOTAL REVENUES	<u>14,261,080</u>	<u>897,089</u>	<u>-</u>	<u>15,158,169</u>
<b>EXPENDITURES</b>				
Current:				
Instruction:				
Regular programs	364,992	-	-	364,992
Special programs	599,024	-	-	599,024
Vocational programs	69,412	-	-	69,412
All other programs	4,753,668	-	-	4,753,668
Support services:				
Student services	875,649	-	-	875,649
Instructional staff support	1,224,740	-	-	1,224,740
General administration	205	-	-	205
School administration	15,870	-	-	15,870
Business services	3,017	-	-	3,017
Plant services	1,324,946	-	-	1,324,946
Student transportation services	69,779	-	-	69,779
Central services	24,172	-	-	24,172
School food services	3,622,338	65,778	-	3,688,116
Capital outlay	4,542	-	-	4,542
Debt service:				
Principal retirement	-	624,000	-	624,000
Interest and bank charges	-	172,236	-	172,236
Other	-	1,200	-	1,200
Total expenditures	<u>12,952,354</u>	<u>863,214</u>	<u>-</u>	<u>13,815,568</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,308,726</u>	<u>33,875</u>	<u>-</u>	<u>1,342,601</u>
<b>OTHER FINANCING SOURCES (Uses)</b>				
Bond proceeds	-	-	-	-
Premium on bonds issued	-	-	-	-
Transfers in	2,341,685	-	-	2,341,685
Transfers out	(3,571,560)	-	-	(3,571,560)
Total other financing sources (uses)	<u>(1,229,875)</u>	<u>-</u>	<u>-</u>	<u>(1,229,875)</u>
<b>NET CHANGES IN FUND BALANCES</b>	78,851	33,875	-	112,726
<b>FUND BALANCES - JULY 1, 2017</b>	1,091,067	1,266,445	144,210	2,501,722
<b>FUND BALANCES - JUNE 30, 2018</b>	<u>\$ 1,169,918</u>	<u>\$ 1,300,320</u>	<u>\$ 144,210</u>	<u>\$ 2,614,448</u>

**NATCHITOCHE PARISH SCHOOL BOARD**  
Natchitoches, Louisiana  
**SUPPLEMENTARY INFORMATION SCHEDULES**  
As of and for the Year Ended June 30, 2018

**NONMAJOR GOVERNMENTAL FUNDS**

**Special Revenue:**

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

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

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

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

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

**Debt Service:**

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

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

**Capital Project Funds:**

The capital project funds for this School Board are used to account for major capital acquisitions or construction.

## **AGENCY FUND**

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

**NATCHITOCHE PARISH SCHOOL BOARD**

Natchitoches, Louisiana

AGENCY FUND

Schedule of Changes in Deposit Balances of Individual School Activity Funds  
For the Year Ended June 30, 2018

School	Beginning Balance	Additions	Reductions	Ending Balance
Cloutierville Elementary & Junior High School	\$ 10,759	\$ 14,777	\$ 18,864	\$ 6,672
East Natchitoches Elementary	15,244	15,231	19,817	10,658
Frankie Ray Jackson, Senior Technical Center	1,497	14,734	12,788	3,443
Fairview Alpha Elementary & Junior High School	10,563	53,505	48,848	15,220
Goldonna Elementary & Junior High School	18,032	48,128	43,103	23,057
Lakeview Senior and Junior High	69,193	260,104	255,695	73,602
L. P. Vaughn Elementary & Middle School	40,651	71,550	72,622	39,579
Marthaville Elementary & Junior High School	42,498	87,793	87,209	43,082
Natchitoches Central High	297,890	797,277	749,962	345,205
Natchitoches Junior High	20,530	109,291	111,559	18,262
Natchitoches Magnet	67,913	93,321	90,131	71,103
Northwestern Elementary Laboratory	75,438	122,914	92,197	106,155
Northwestern State University Middle Laboratory	85,678	138,324	97,339	126,663
Provencal Elementary & Junior High School	73,865	102,519	97,317	79,067
Weaver Elementary	34,414	51,483	51,779	34,118
Total School Activity Funds	<u>\$ 864,165</u>	<u>\$ 1,980,951</u>	<u>\$ 1,849,230</u>	<u>\$ 995,886</u>

**NATCHITOCHE PARISH SCHOOL BOARD**  
Natchitoches, Louisiana

Schedule of Compensation Paid Board Members  
For the Year Ended June 30, 2018

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

Ralph D. Wilson	\$ 8,400
Carroll Daniels	7,800
Russell E. Danzy	7,800
Willis Eugene Garner	7,800
Harry D. Graham	7,800
Steven R. Harris	7,800
Michael W. Hilton	7,800
Thomas G. Melder	7,800
Emile E. Metoyer	7,800
Katrina Willis	6,500
Rhonda E. Guidroz	<u>7,800</u>
Total	<u>\$85,100</u>

**NATCHITOCHE PARISH SCHOOL BOARD**  
Natchitoches, Louisiana

Schedule of Compensation, Benefits and Other Payments  
to Agency Head or Chief Executive Officer  
Year Ended June 30, 2018

**Agency Head Name:** Mr. Dale Skinner, Superintendent

Purpose		Amount
Salary	\$	121,272
Benefits - insurance		1,758
Benefits - retirement		36,753
Benefits - life		-
Car allowance		-
Vehicle provided by government		-
Per diem		-
Reimbursements		-
Travel		21,020
Registration fees		-
Conference travel		-
Continuing professional education fees		-
Housing		-
Unvouchered expenses		-
Special meals		-

NATCHITOCHES PARISH SCHOOL BOARD  
Natchitoches, Louisiana  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2018

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL CFDA NUMBER	FEDERAL EXPENDITURES
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>			
Passed through Louisiana Department of Education:			
National School Lunch Program	05-SFS-054A	10.555	\$ 3,186,573
National School Lunch Program		10.555	205,688
Total passed-through Louisiana Department of Education			<u>3,392,261</u>
<b>Total United States Department of Agriculture</b>			<u>3,392,261</u>
<b>UNITED STATES DEPARTMENT OF DEFENSE</b>			
Direct Program:			
Reserve Officers' Training Corps		12.xxx	143,567
<b>Total United States Department of Defense</b>			<u>143,567</u>
<b>UNITED STATES DEPARTMENT OF INTERIOR</b>			
Direct Programs:			
Timber Sales		15.xxx	24,187
Payments in Lieu of Taxes		15.226	167,600
<b>Total United States Department of Defense</b>			<u>191,787</u>
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>			
Passed through Louisiana Department of Education:			
Title I Grants to Local Educational Agencies	28-18-T1-35	84.010	4,470,738
Migrant Education - State Grant Program	28-18-M1-35	84.011A	141,435
Career and Technical Education - Basic Grants to States	28-18-02-35	84.048	68,774
Twenty-First Century Community Learning Centers	28-18-C8-35	84.287	161,850
Rural Education	28-18-RE-35	84.358	126,153
Supporting Effective Instruction State Grants	28-18-50-35	84.367	190,667
Striving Readers/Comprehensive Literacy Development	28-18-U3-35	84.371C	33,084
Student Support and Academic Enrichment Program	28-18-71-35	84.424	27,028
Subtotal			<u>5,219,729</u>
Special Education Cluster:			
Special Education - Grants to States	28-18-B1-35	84.027	1,480,080
Special Education - Grants to States	28-18-RH-35	84.027	36,600
Special Education - Grants to States	28-18-PA-35	84.027	27,513
Special Education - Preschool Grants	28-18-CY-35	84.173	4,528
Special Education - Preschool Grants	28-18-P1-35	84.173	79,449
Total Special Education Cluster			<u>1,628,170</u>
Total passed-through Louisiana Department of Education			<u>6,847,899</u>
<b>Total United States Department of Education</b>			<u>6,847,899</u>
<b>UNITED STATES DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</b>			
Direct Programs:			
Child Care and Development Block Grant	28-18-C3-35	93.575	15,630
Subtotal			<u>15,630</u>
Passed through the Louisiana Department of Education:			
Temporary Assistance for Needy Families	28-18-36-35	93.558	453,996
Temporary Assistance for Needy Families	28-18-JS-35	93.558	43,945
Subtotal			<u>497,941</u>
Total passed-through the Louisiana Department of Education			<u>497,941</u>
<b>Total United States Department of Health &amp; Human Services</b>			<u>513,571</u>
<b>Total Expenditures of Federal Awards</b>			<b>\$ <u>11,089,085</u></b>

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

## **NATCHITOCHES PARISH SCHOOL BOARD**

Natchitoches, Louisiana

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2018

### **Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Natchitoches Parish School Board under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Natchitoches Parish School Board, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Natchitoches Parish School Board.

### **Note 2. Noncash Programs**

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

Donated commodities of \$205,688 are included in the National School Lunch Program.

### **Note 3. Summary of Significant Accounting Policies**

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

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

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

## REPORTS ON INTERNAL CONTROL AND COMPLIANCE

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board  
Natchitoches Parish School Board

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Natchitoches Parish School Board, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Natchitoches Parish School Board's basic financial statements, and have issued our report thereon dated February 25, 2019. Our report differed from the standard report because Natchitoches Parish School Board did not maintain adequate records documenting the existence, completeness, and valuation of the capital assets for governmental activities.

**Internal Control Over Financial Reporting**

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

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as Finding 2018-001 that we consider to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as Findings 2018-002 and 2018-003 to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Natchitoches Parish School Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as Finding 2018-001.

### **Natchitoches Parish School Board's Responses to Findings**

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

### **Purpose of this Report**

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

*Fortenberry & Ballard, PC*

Fortenberry & Ballard, PC  
February 25, 2019

Certified Public Accountants

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board  
Natchitoches Parish School Board

**Report on Compliance for Each Major Federal Program**

We have audited Natchitoches Parish School Board's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Natchitoches Parish School Board's major federal programs for the year ended June 30, 2018. The Natchitoches Parish School Board's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

**Opinion on Each Major Federal Program**

In our opinion, the Natchitoches Parish School Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

## **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as Findings 2018-004 and 2018-005. Our opinion on each major federal program is not modified with respect to these matters.

Natchitoches Parish School Board's response to the noncompliance findings identified in our audit is described in the accompanying Auditee's Corrective Action Plan. Natchitoches Parish School Board's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **Report on Internal Control Over Compliance**

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

*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 not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as Findings 2018-004 and 2018-005 that we consider to be significant deficiencies.

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

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

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC  
February 25, 2019

Certified Public Accountants

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**NATCHITOCHE PARISH SCHOOL BOARD**  
**Natchitoches, Louisiana**  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2018

Section 1: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued:
 

Governmental Activities	Qualified
General Fund	Unmodified
CSD #7 Construction 2017 FA LHA Goldonna Fund	Unmodified
CSD#10 Maintenance Marthaville Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified
  
2. Internal control over financial reporting:
  - a. Material weakness(es) identified? Yes.
  - b. Significant deficiency(ies) identified? Yes.
  
3. Noncompliance material to financial statements noted? Yes.

Federal Awards:

4. Internal control over major programs:
  - a. Material weakness(es) identified? No.
  - b. Significant deficiency(ies) identified? Yes.
  
5. Type of auditor's report issued on compliance for major programs: Unmodified.
  
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes.
  
7. Was a management letter issued? Yes
  
8. Identification of major programs:
  - a. National School Lunch Program  
CFDA# 10.555
  
  - b. Special Education Cluster  
CFDA# 84.027 & 84.173
  
9. Dollar threshold used to distinguish between type A and type B programs: \$750,000.
  
10. Auditee qualified as low-risk auditee, as defined by Uniform Guidance? No.

11. Prior fiscal year audit finding(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary of schedule of prior audit findings in accordance with 2 CFR 200.511(b). Yes.

## Section 2: Financial Statement Findings

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

### **Material Weakness and Material Noncompliance**

#### **Finding 2018-001:**

##### Criteria:

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

##### Condition:

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

##### Cause:

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

##### Effect/Possible Effect:

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

##### Recommendation:

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

## **Significant Deficiencies**

### **Finding 2018-002:**

#### Criteria:

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

#### Condition:

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

#### Cause:

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

#### Effect/Possible Effect:

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

#### Recommendation:

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

### **Finding 2018-003:**

#### Criteria:

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

#### Condition:

General Fund budgets were not allocated by function.

#### Cause:

System produces budget allocated by grouping of revenues and expenditures instead of breakdown by revenue and expenditures type.

#### Effect/Possible Effect:

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

#### Recommendation:

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

### Section 3: Federal Award Findings and Questioned Costs

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

#### **Significant Deficiencies and Noncompliance:**

##### **Finding 2018-004:**

Program: National School Lunch Program  
Passed-Through Louisiana Department of Education  
CFDA Number: 10.555

Compliance Requirement: Reporting

##### Criteria:

Management is responsible for compliance with Louisiana Department of Education's policies and procedures manual for child nutrition programs requiring report submissions to Louisiana Department of Education by the 10<sup>th</sup> following the reporting month.

##### Condition:

Eight reports were not submitted to Louisiana Department of Education by the 10<sup>th</sup> following the reporting month.

##### Context:

During test work surrounding submission of monthly claims for reimbursement report by deadline, we noted 8 out of 10 reports required were not submitted to Louisiana Department of Education by the 10<sup>th</sup> of the month.

##### Questioned Costs:

None

##### Whether Sampling was Statistically Valid:

No.

##### Repeat Finding:

No.

##### Cause:

Food Service reimbursement is received at a later time period imperiling the fund solvency.

##### Effect:

Lack of adequate internal controls regarding timely submission of reports by deadline could result in the School Board not receiving federal reimbursement in a timely manner to cover program expenditures.

##### Recommendation:

School Board should implement policies and procedures to ensure compliance with the reporting requirements of the Child Nutrition Cluster.

Views of Responsible Official:

Management will require that child nutrition reports be submitted by the deadline of the 10<sup>th</sup> of each month.

**Finding 2018-005:**

Program: National School Lunch Program  
Passed-Through Louisiana Department of Education  
CFDA Number: 10.555

Compliance Requirement: Cash Management

Criteria:

Accurate claim information recapped allows for proper meal reimbursement to be received by the school.

Condition:

February 2018 claim reimbursement appears to understate actual number of meals eligible for reimbursement by \$4,790.

Context:

During the course of our audit, we noted one (1) instance where a claim reimbursement was understated actual number of emails for individual who were eligible for reimbursement.

Questioned Costs:

None

Whether Sampling was Statistically Valid:

No.

Repeat Finding:

No.

Cause:

Individual meal reports calculated had a greater number of free reimbursable meals than the Louisiana Department of Education submitted monthly report.

Effect:

Inaccurate information submitted may affect Food Service fund operations/solvency.

Recommendation:

The School Board should ensure accurate meal counts are properly recapped and submitted to Louisiana Department of Education to receive proper reimbursement.

Views of Responsible Official:

Management will require that the food services manager verifies and balances meal reimbursement requests with the actual number of meals eligible for reimbursement.

**FORTENBERRY & BALLARD, PC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**Management Letter**

Natchitoches Parish School Board  
Natchitoches, Louisiana

We have audited the basic financial statements of Natchitoches Parish School Board as of and for the year ended June 30, 2018, and have issued our report thereon dated February 25, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

As a part of our examination, we have issued our report on the financial statements, dated February 25, 2019, and our report on internal control and compliance with laws, regulations, contracts, and grants, dated February 25, 2019.

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

Suggestion 2018-1

- Criteria: Louisiana law R.S. 39:75 requires that fiscal activity be monitored to ensure expenditures do not exceed available financial resources.
- Condition: At June 30, 2018, Consolidated School District #8 reported a deficit of approximately \$300,655, an increase of \$14,699 from the previous year.
- Cause: Noncompliance occurred with the school board not properly reconciling expenditures with available resources.
- Effect: Noncompliance with R.S. 39:75 resulted in the School Board violating state law.
- Recommendation: R.S. 39:76 requires if a deficit exist in any fund at the end of the fiscal year, that deficit shall be eliminated no later than the end of the next fiscal year. The School Board should implement action to eliminate the deficit in Consolidated School District #8.
- Response: The school district has increased the ad valorem taxes in District #8 to offset this deficit. Additional expenses led to an increase in the deficit for this year. In the future, cost for this district will be closely monitored.

Suggestion 2018-2

- Criteria: R.S. 24:513 (5)(a)(1) requires licensed certified public accountants to complete audit reports within six months of the close of the entity's fiscal year. The certified public accountant completed the School Board audit report on February 25, 2019, after the December 31 deadline for completion.
- Condition: The School Board 2018 audit report was not completed by December 31, 2018.
- Cause: The School Board failed to comply with R.S. 24:513 (5)(a)(1).
- Effect: Noncompliance with R.S. 24:513 (5)(a)(1) resulted in the School Board violating state law.
- Recommendation: The School Board should implement action to ensure completion of the audit report within the time frame in accordance with RS 24:513 (5)(a)(1).
- Response: Future audits need to begin at an earlier date so that they will be completed by the December 31 deadline.

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

*Fortenberry & Ballard, PC*

Fortenberry & Ballard, PC  
February 25, 2019

Certified Public Accountants

**AUDITEE'S CORRECTIVE ACTION PLAN AND  
SUMMARY OF PRIOR YEAR AUDIT FINDINGS**



# Natchitoches Parish School Board

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

DALE SKINNER  
Superintendent

RHONDA GUIDROZ  
President

BILLY J. BENEFIELD, JR.  
Vice-President

## AUDITEE'S CORRECTIVE ACTION PLAN

As required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, the Natchitoches Parish School Board has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended June 30, 2018:

Finding  
2018-001

Corrective Action Plan Details

a. Name of Contact Person Responsible for Corrective Action:

Name: Richard Foshee  
Title: Director of Business Affairs  
Phone Number: 318-352-2358

b. Corrective Action Planned:

Management is currently working with our CPA to resolve this deficiency. Management plans to implement an internal control process over capital assets to verify that they are recorded and tracked properly.

c. Anticipated Completion Date: 6/30/19

2018-002

a. Name of Contact Person Responsible for Corrective Action:

Name: Richard Foshee  
Title: Director of Business Affairs  
Phone Number: 318-352-2358

b. Corrective Action Planned:

Management is currently working with our CPA to identify and explain the reason for the fund transfers. The journal entries for these transfers will include a detailed explanation as to why the proceeds are being moved between funds.

c. Anticipated Completion Date: 3/1/19



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Vice-President

## AUDITEE'S CORRECTIVE ACTION PLAN (Continued)

As required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, the Natchitoches Parish School Board has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended June 30, 2018:

2018-003

a. Name of Contact Person Responsible for Corrective Action:

Name: Richard Foshee  
Title: Director of Business Affairs  
Phone Number: 318-352-2358

b. Corrective Action Planned:

In the future management will verify that a copy of the revised Consolidated General Fund Budget is run and saved in order to provide a comparison with the beginning General Fund Consolidated Budget.

c. Anticipated Completion Date: 3-1-2019

2018-004

a. Name of Contact Person Responsible for Corrective Action:

Name: Richard Foshee  
Title: Director of Business Affairs  
Phone Number: 318-352-2358

b. Corrective Action Planned:

Management will require that child nutrition reports be submitted by the deadline of the 10<sup>th</sup> of each month.

c. Anticipated Completion Date: 4-1-2019



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Vice-President

## AUDITEE'S CORRECTIVE ACTION PLAN (Continued)

As required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, the Natchitoches Parish School Board has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended June 30, 2018:

2018-005

a. Name of Contact Person Responsible for Corrective Action:

Name: Richard Foshee  
Title: Director of Business Affairs  
Phone Number: 318-352-2358

b. Corrective Action Planned:

Management will require that the food services manager verifies and balances meal reimbursement requests with the actual number of meals eligible for reimbursement.

c. Anticipated Completion Date: 4-1-19



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Superintendent

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President

BILLY J. BENEFIELD, JR.  
Vice-President

Dale Skinner – Superintendent  
Richard Foshee – Director of Business Affairs

## SUMMARY OF PRIOR YEAR AUDIT FINDINGS

As required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, the Natchitoches Parish School Board has prepared and hereby submits the following summary schedule of prior year audit findings for the year ended June 30, 2018:

<u>Finding</u>	<u>Status</u>
2017-001	Repeat (See Finding 2018-001)
2017-002	Corrected
2017-003	Corrected

**SCHEDULES REQUIRED BY STATE LAW**

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

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board  
Natchitoches Parish School Board

We have performed the procedures enumerated below, which were agreed to by Natchitoches Parish School Board; the Louisiana Department of Education, and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of the Natchitoches Parish School Board for the fiscal year ended June 30, 2018; and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE), in compliance with Louisiana Revised Statute 24:514 I. Management of Natchitoches Parish School Board is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

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

1. We selected a random sample of 25 transactions, reviewed supporting documentation, and observed that the sampled expenditures/revenues are classified correctly and are reported in the proper amounts among the following amounts reported on the schedule:

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

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

*Class Size Characteristics (Schedule 2)*

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

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

Education Levels/Experience of Public School Staff (NO SCHEDULE)

3. We obtained October 1<sup>st</sup> PEP data submitted to the Department of Education (or equivalent listing prepared by management), including full-time teachers, principals, and assistant principals by classification, as well as their level of education and experience, and obtained management's representation that the data/listing was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's education level and experience was properly classified on the PEP data or equivalent listing prepared by management.

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

Public School Staff Data: Average Salaries (NO SCHEDULE)

4. We obtained June 30<sup>th</sup> PEP data submitted to the Department of Education (or equivalent listing provided by management) of all classroom teachers, including base salary, extra compensation, and ROTC or rehired retiree status, as well as full-time equivalents, and obtained management's representation that the data/listing was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's salary, extra compensation, and full-time equivalents were properly included on the PEP data (or equivalent listing prepared by management).

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

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

The purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of the Natchitoches Parish School Board, as required by Louisiana Revised Statue 24:514.1, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislature Auditor as a public document.

Fortenberry & Ballard, PC  
February 25, 2019

General Fund Instructional and Support Expenditures  
 and Certain Local Revenue Sources  
 For the Year Ended June 30, 2018

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$ 19,246,653	
Other Instructional Staff Activities	2,442,329	
Instructional Staff Employee Benefits	8,126,887	
Purchased Professional and Technical Services	568,741	
Instructional Materials and Supplies	245,474	
Instructional Equipment	20,242	
Total Teacher and Student Interaction Activities		\$ 30,650,326

Other Instructional Activities 372,442

Pupil Support Activities	2,324,721	
Less: Equipment for Pupil Support Services		
Net Pupil Support Activities		\$ 2,324,721

Instructional Staff Services	1,344,660	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		\$ 1,344,660

School Administration	3,135,411	
Less: Equipment for School Administration	-	
Net Instructional Staff Services		\$ 3,135,411

Total General Fund Instructional Expenditures \$ 37,827,560

Total General Fund Equipment Expenditures \$ 20,242

Certain Local Revenue Sources

Local Taxation Revenues:

Constitutional Ad Valorem Taxes	\$ 1,513,826	
Renewable Ad Valorem Taxes	2,278,877	
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	299,832	
Penalties/Interest on Sales/Use Taxes	2,795	
Sales and Use Taxes	15,434,082	
Total Local Taxation Revenues		\$ <u>19,529,412</u>

Local Earnings on Investment in Real Property:

Earnings from 16th Section Property	\$ 642,112	
Earnings from Other Real Property	0	
Total Local Earnings on Investment in Real Property		\$ <u>642,112</u>

State Revenue in Lieu of Taxes:

Revenue Sharing - Constitutional Tax	68,886	
Revenue Sharing - Other Taxes	71,553	
Total State Revenue in Lieu of Taxes		\$ <u>140,439</u>

Nonpublic Textbook Revenue \$ 10,217

Nonpublic Transportation Revenue \$ 0

Class Size Characteristics  
 As of October 1, 2017

School Type	Class Size Range							
	1-20		21-26		27-33		34 +	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	46%	852	52%	345	19%	58	23%	17
Elementary Activity Classes	3%	60	4%	25	5%	16	48%	36
Middle / Jr. High	7%	127	13%	87	19%	57	3%	2
Middle / Jr. High Activity Classes	1%	23	1%	7	3%	8	1%	1
High	13%	234	6%	41	8%	23	9%	7
High Activity Classes	4%	75	0%	1	0%	0	0%	0
Combination	21%	396	22%	151	43%	131	11%	8
Combination Activity Classes	4%	76	2%	15	3%	10	5%	4
Other	0%	-	0%	-	0%	-	0%	-
	100%	1,843	100%	672	100%	303	100%	75

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

School Board and the Louisiana Legislature Auditor  
Natchitoches Parish School Board

We have performed the procedures enumerated below, which were agreed to by Natchitoches Parish School Board and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the Louisiana Legislature Auditor's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The Natchitoches Parish School Board's management is responsible for those control and compliance (C/C) areas identified in the Statewide Agreed-Upon Procedures.

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

The procedures and associated findings are as follows:

***Board or Finance Committee***

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Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.
- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

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

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

The purpose of this report is solely to describe the scope of testing performed on those control and compliance areas identified in the Statewide Agreed-Upon Procedures, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor LLA as a public document.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC  
February 25, 2019