

**Sabine Parish School Board
Many, Louisiana**

**Financial Statements and
Independent Auditor's Reports
as of and for the Year Ended
June 30, 2011**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **FEB 01 2012**

SABINE PARISH SCHOOL BOARD

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FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
Sabine Parish School Board

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Sabine Parish School Board as of and for the year ended June 30, 2011, which collectively comprise the Sabine Parish School Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Sabine Parish School Board's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Sabine Parish School Board as of June 30, 2011, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2011, on our consideration of the Sabine Parish School Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Budgetary Comparison Schedule and corresponding notes are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sabine Parish School Board's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our

opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The accompanying supplemental information schedules listed in the table of contents relating to the school board's performance measures and the Independent Accountant's Report on the specified procedures performed at the individual schools are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
October 11, 2011

Certified Public Accountants

REQUIRED SUPPLEMENTARY INFORMATION

PART I

**SABINE PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

The discussion and analysis of Sabine Parish School Board's financial performance provides an overall narrative review of the School District's financial activities for the year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the School District's financial performance. Information contained in this section is qualified by the more detailed information contained elsewhere in this district's financial statements, notes to financial statements and any accompanying materials. To the extent this discussion contains any forward-looking statements of the district's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

FINANCIAL HIGHLIGHTS

- Total net assets increased \$4,899,931, which represents a 39% increase from fiscal year 2010. The main reason for the large increase in fund balance was the increase in sales and use taxes, levied for general purposes, which increased 47% from fiscal year 2010.
- General revenues account for \$46,729,639 in revenue, or 78% of all revenues. This amount was greater than the general revenues reported for the year 2010 (\$38,731,254), but was about the same percentage of total revenue, at 76%. Program specific revenues in the form of charges for services and grants and contributions accounted for \$12,858,600 or 22% of total revenues, compared with \$11,948,949 (24%) in 2010.
- Sabine Parish School Board had \$54,688,308 in expenses, an amount increased significantly from \$49,892,755 in expenses from the prior year. Of these expenses, \$12,858,600 was offset by program specific charges for services, grants and contributions.
- Among major funds, the General Fund had \$41,708,440 in revenues and \$37,093,539 in expenditures. In comparison with 2010, the General Fund had \$36,543,054 in revenues and \$34,109,803 in expenditures. The General Fund's fund balance increased \$5,966,722 over the prior year. One of the funds added to the General Fund for 2011 was included in Special Revenue Funds (OJJ Pal's After School) the prior year. Therefore, the beginning balance for the General Fund was \$9,128,109, rather than \$9,159,451.
- Capital assets, net of accumulated depreciation, decreased by \$33,777. The main activity in capital assets was the construction in progress of \$790,803, of which \$143,562 is construction at Florien HS, while the remainder, \$647,241, is for construction at Zwolle Elementary. Construction in progress is not depreciated until it is completed and moved to its appropriate category of capital assets.
- Long-term debt increased by \$1,474,138. There was \$3,300,000 in new bonds issued.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the School Board's basic financial statements. The School Board's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the School Board's finances, in a manner similar to a private-sector business. These statements are prepared using the accrual basis of accounting and include all assets and liabilities.

The Statement of Net Assets presents information on all the School Board's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the district is improving or deteriorating.

The Statement of Activities presents information showing how the School Board's net assets changed during the most recent fiscal year. All changes in net assets 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). Some of the governmental activities of the School Board include instruction, support services, food service, community service programs, interest on long-term liabilities, and depreciation expense.

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. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the School Board's current financing requirements. Governmental Funds are reported using modified accrual accounting. This method of accounting measures cash and other assets that can be easily converted to cash. The Governmental Funds Statements provide a detailed short-term view of the School Board's operations.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the School Board's current financing decisions. Both the governmental fund

balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The 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 fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for all major funds. All other non-major funds are combined together and presented in these reports 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. The accrual basis of accounting is used for fiduciary funds. The School Board is responsible for ensuring that the assets reported in these funds are used for their intended purpose, which is for activity funds.

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.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School Board's budget process.

The School Board adopts an annual operating budget for all governmental funds. A budgetary comparison statement has been provided for the General Fund.

Additionally, a Schedule of Expenditures of Federal Awards, required by OMB Cir. A-133 can be found in of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets. Net assets may serve over time as a useful indicator of government's financial position. In the case of the School Board, assets exceeded liabilities by \$17,518,120 as of June 30, 2011.

The largest portion of the School Board's net assets (70%) reflects its investment in capital assets (e.g., land, buildings, improvements other than buildings, and furniture and equipment), less any related debt used to acquire those assets that is still outstanding. The School Board uses these capital assets to provide services to its students; consequently these assets are not available for future spending.

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.

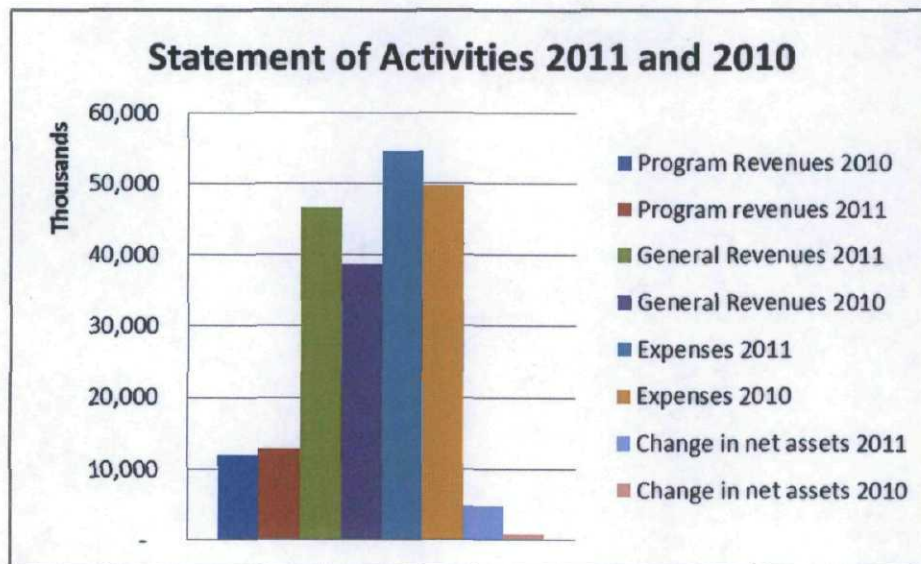
The following table presents a summary of the School Board's net assets at June 30, 2011, and 2010.

	2011	2010	% Change
Current assets	\$31,486,717	\$20,283,643	55%
Capital assets, net	23,902,171	23,935,950	0%
Total assets	<u>\$55,388,888</u>	<u>\$44,219,593</u>	25%
Current liabilities	9,962,699	8,751,961	14%
Long-term debt	27,908,069	22,849,443	22%
Total liabilities	<u>37,870,768</u>	<u>31,601,404</u>	20%
Net assets:			
Invested in capital assets, net of related debt	7,302,197	8,792,317	-17%
Restricted	3,850,430	3,846,909	0%
Unrestricted	6,365,493	(21,037)	-30359%
Total liabilities and net assets	<u>\$ 17,518,120</u>	<u>\$12,618,189</u>	39%

Changes in net assets. The School Board's total revenues for the fiscal years ended June 30, 2011 and 2010 were \$59,588,239, and \$50,680,203, respectively, while the total cost of all programs and services was \$54,688,308 and \$49,892,755 respectively. The following table presents a summary of the changes in net assets for the fiscal year ended June 30, 2011 and 2010.

	2011	2010	% Change
Revenues:			
<u>Program revenues</u>			
Charges for services	\$ 782,192	\$ 685,538	14%
Operating grants & contributions	12,076,408	11,263,411	7%
Total program revenues	<u>12,858,600</u>	<u>11,948,949</u>	8%
<u>General revenues</u>			
Property taxes	3,814,500	3,872,882	-2%
Sales and use taxes	17,636,107	9,392,917	88%
State revenue sharing	151,429	151,559	0%
Minimum foundation program	24,801,647	25,074,321	-1%
Interest & investment earnings	216,950	208,878	4%
Miscellaneous	109,006	30,697	255%
Total general revenues	<u>46,729,639</u>	<u>38,731,254</u>	21%
Total Revenues	<u>59,588,239</u>	<u>50,680,203</u>	18%
Expenses:			
Instruction	31,707,754	29,134,175	9%
Support services	19,237,772	17,227,489	12%
Food services	2,999,749	2,801,400	7%
Community service programs	75,800	76,071	0%

Interest on long-term debt	667,233	653,620	2%
Total Expenses	54,688,308	49,892,755	10%
Increase (decrease) in net assets	4,899,931	787,448	522%
Net assets, July 1, 2010	12,618,189	11,830,741	7%
Net assets, June 30, 2011	<u>\$ 17,518,120</u>	<u>\$ 12,618,189</u>	39%



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

Functional expenses			2011	2010
	2011	2010	Net (Expense)/ Revenue	Net (Expense)/ Revenue
	Expenses	Expenses		
Instruction	\$ 31,707,754	\$ 29,134,175	\$ (30,078,218)	\$ (24,542,190)
Support services	19,237,772	17,227,489	(13,330,545)	(12,851,525)
Food services	2,999,749	2,801,400	253,438	149,828
Community service programs	75,800	76,071	1,992,850	(46,300)
Interest on long-term debt	667,233	653,620	(667,233)	(653,619)
Total	\$ 54,688,308	\$ 49,892,755	\$ (41,829,708)	\$ (37,943,806)

Net cost of governmental activities, \$41,829,708, was financed by general revenues. General revenues consist of the Minimum Foundation Program funding, \$24,801,647, property taxes, \$3,814,500, sales and use taxes, \$17,636,107, investment earnings, \$216,950, state revenue sharing, \$151,429, and miscellaneous revenues, \$109,006.

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, unreserved 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 \$23,383,933, an increase of \$9,924,955.

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 \$5,966,722. As discussed above, one of the funds added to the General Fund for 2011 was included in Special Revenue Funds (OJJ Pal's After School) the prior year. The fund balance of Other Governmental Funds increased \$3,958,233.

BUDGETARY HIGHLIGHTS

Over the course of 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 District 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 is provided in this report as required supplementary information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2011, the Board's total capital assets were \$45,956,035, including land, school buildings, buses, other school vehicles, furniture and equipment. This amount represents an increase of \$1,315,390 from the previous year. A major occurrence during the fiscal year was the addition of construction in progress, consisting of two new additions to Florien HS and Zwolle Elementary. Total accumulated depreciation as of June 30, 2011 was \$22,053,862, and total depreciation expense for the year was \$1,349,167 resulting in total net capital assets of \$23,902,173.

	<u>2011</u>	<u>2010</u>	<u>% Change</u>
Land	\$ 321,743	\$ 321,743	0%
Construction in progress	790,803	-	-
Buildings & improvements	21,654,176	22,482,851	-3.69%
Automobiles & equipment	1,135,451	1,131,356	0.36%
Total	<u>\$ 23,902,173</u>	<u>\$ 23,935,950</u>	-0.14%

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

Debt Administration. At June 30, 2011, the District had \$14,883,974 in general obligation bonds outstanding, \$1,716,000 other long-term debt outstanding, and \$636,799 in compensated absences payable, of which \$1,649,058 is due within one year.

	<u>2011</u>	<u>2010</u>	<u>% Change</u>
Compensated absences	\$ 636,779	\$ 618,982	3%
Certificates of indebtedness	1,716,000	1,955,500	-12%
General obligation bonds	14,883,974	13,188,133	13%
Total long-term debt	<u>\$ 17,236,753</u>	<u>\$ 15,762,615</u>	9%

Additional information of the Board's long-term debt can be found in Note 13 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Sabine Parish School Board 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 Sabine 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 Dr. Sara Ebarb, Superintendent or Mr. Robert T. Lewis, Business Manager, at the Sabine Parish School Board, PO Box 1079, Many, LA 71449, telephone number (318) 256-9258.

BASIC FINANCIAL STATEMENTS

SABINE PARISH SCHOOL BOARD**STATEMENT OF NET ASSETS**

JUNE 30, 2011

	<u>Governmental Activities</u>
ASSETS:	
Cash and cash equivalents	\$ 26,046,044
Investments	100,000
Receivables	5,272,991
Inventory	67,397
Other current assets	285
Capital assets (net of accumulated depreciation):	
Land	321,743
Buildings & building improvements	21,654,176
Furniture & equipment	1,135,449
Construction in progress	790,803
Total Assets	<u>55,388,888</u>
LIABILITIES:	
Accounts, salaries, and other payables	8,102,783
Accrued interest payable	210,858
Long-term liabilities (due within one year)	
Capital related liabilities	1,617,219
Non-capital related liabilities	31,839
Long-term liabilities (due beyond one year)	
Capital related liabilities	14,982,755
Non-capital related liabilities	604,940
Other postemployment benefits liability	12,320,374
Total Liabilities	<u>37,870,768</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	7,302,197
Restricted For:	
Debt Service	3,341,682
Construction	492,091
Workers' Comp, Salaries & Retiree Benefits	16,657
Other Purposes	1,029,939
Unrestricted	5,335,554
Total Net Assets	<u>\$ 17,518,120</u>

The accompanying notes are an integral part of this statement.

SABINE PARISH SCHOOL BOARD

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

Functions/Programs FUNCTIONAL/PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				Governmental Activities
Instruction:				
Regular programs	\$ 19,841,263	\$ 317,596	\$ 176,469	\$ (19,347,198)
Special programs	5,225,704	--	891,139	(4,334,565)
Vocational programs	1,620,645	--	50,856	(1,569,789)
All other programs	5,020,142	10,290	183,186	(4,826,666)
Support services:				
Student services	3,186,830	--	125,736	(3,061,094)
Instructional staff support	3,646,270	--	2,657,470	(988,800)
General administration	755,757	--	--	(755,757)
School administration	2,103,345	--	214,655	(1,888,690)
Business services	405,155	--	--	(405,155)
Plant services	4,894,875	3,010	364,867	(4,526,998)
Student transportation services	3,693,886	--	2,057,199	(1,636,687)
Central services	551,654	256	484,034	(67,364)
Food services	2,999,749	451,040	2,802,147	253,438
Community service programs	75,800	--	2,068,650	1,992,850
Interest on long-term debt	667,233	--	--	(667,233)
Total Primary Government	<u>\$ 54,688,308</u>	<u>\$ 782,192</u>	<u>\$ 12,076,408</u>	<u>(41,829,708)</u>
Taxes:				
Property taxes, levied for general purposes				2,259,271
Property taxes, levied for debt services				1,543,089
Property taxes				12,140
Sales and use taxes, levied for general purposes				17,636,107
State revenue sharing				151,429
Grants and contributions not restricted to specific purposes:				
Minimum Foundation Program				24,801,647
Interest and investment earnings				216,950
Miscellaneous				109,006
Total general revenues and special items				<u>46,729,639</u>
Change in net assets				4,899,931
Net assets, July 1, 2010				<u>12,618,189</u>
Net assets, June 30, 2011				<u>\$ 17,518,120</u>

The accompanying notes are an integral part of this statement.

SABINE PARISH SCHOOL BOARD
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2011

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 18,225,636	\$ 7,820,407	\$ 26,046,043
Investments	100,000	--	100,000
Receivables (net of allowances for uncollectibles):	1,993,759	3,279,232	5,272,991
Interfund Receivables	--	141,867	141,867
Inventories	--	67,397	67,397
Other current assets	285	--	285
TOTAL ASSETS	\$ 20,319,680	\$ 11,308,903	\$ 31,628,583
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts, salaries, and other payables	\$ 5,224,594	\$ 2,877,934	\$ 8,102,528
Interfund Payables	--	141,867	141,867
Deposits due others	255	--	255
Total Liabilities	5,224,849	3,019,801	8,244,650
Fund Balances:			
Nonspendable:			
Inventory	--	67,397	67,397
Restricted:			
Debt Service	--	1,639,522	1,639,522
Capital Projects	--	2,566,952	2,566,952
Workers' Compensation	16,657	--	16,657
Other Purposes	--	1,024,578	1,024,578
Committed:			
Other Purposes	6,914	2,990,653	2,997,567
Assigned:			
Other Purposes	1,477,810	--	1,477,810
Unassigned	13,593,450	--	13,593,450
Total Fund Balances	15,094,831	8,289,102	23,383,933
Total Liabilities and Fund Balances	\$ 20,319,680	\$ 11,308,903	\$ 31,628,583

The accompanying notes are an integral part of this statement.

SABINE PARISH SCHOOL BOARD

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2011

Total fund balances - governmental funds balance sheet	\$ 23,383,933
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not reported in the funds.	23,902,171
Payables for bond principal which are not due in the current period are not reported in the funds.	(14,883,974)
Payables for notes which are not due in the current period are not reported in the funds.	(1,716,000)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(636,779)
Accrued interest payable not reported in the funds.	(210,858)
Other post-employment liability is not reported in the funds.	(12,320,374)
Rounding difference	<u>1</u>
Net assets of governmental activities - Statement of Net Assets	<u>\$ 17,518,120</u>

The accompanying notes are an integral part of this statement.

SABINE PARISH SCHOOL BOARD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenue:			
REVENUES			
Local sources:			
Taxes:			
Ad valorem	\$ 1,417,207	\$ 2,397,294	\$ 3,814,501
Sales and use	14,108,633	3,527,474	17,636,107
Interest earnings	166,814	50,135	216,949
Charges for services	--	451,040	451,040
Other	510,580	496,448	1,007,028
Total Local Sources	<u>16,203,234</u>	<u>6,922,391</u>	<u>23,125,625</u>
State sources:			
Minimum Foundation Program	24,454,011	347,636	24,801,647
Other	1,051,195	84,885	1,136,080
Total State Sources	<u>25,505,206</u>	<u>432,521</u>	<u>25,937,727</u>
Federal Sources	--	10,415,881	10,415,881
TOTAL REVENUES	<u>41,708,440</u>	<u>17,770,793</u>	<u>59,479,233</u>
EXPENDITURES			
Current:			
Instruction:			
Regular programs	16,347,792	1,214,293	17,562,085
Special programs	4,405,422	820,282	5,225,704
Vocational programs	1,569,789	50,856	1,620,645
All other programs	1,354,333	3,665,809	5,020,142
Support services:			
Student services	1,368,680	703,055	2,071,735
Instructional staff support	1,813,827	1,832,443	3,646,270
General administration	618,883	136,875	755,758
School administration	2,016,325	87,020	2,103,345
Business services	371,891	33,264	405,155
Plant services	2,454,752	1,110,886	3,565,638
Student transportation services	3,249,243	372,375	3,621,618
Central services	508,447	43,207	551,654
School food services	230,052	2,620,769	2,850,821
Community service programs	71,948	3,852	75,800
Capital outlay	529,846	851,341	1,381,187
Debt service:			
Principal retirement	133,500	1,710,159	1,843,659
Interest and bank charges	48,108	599,854	647,962
Other	701	13,404	14,105
TOTAL EXPENDITURES	<u>37,093,539</u>	<u>15,869,744</u>	<u>52,963,283</u>
Other Financing Sources (Uses):			
Transfers In	541,266	2,966,728	3,507,994
Transfers Out	(294,695)	(3,213,299)	(3,507,994)
General Obligation Bonds Issued	1,000,000	2,303,155	3,303,155
Sale of Capital Assets	25	600	625
Self-Insurance proceeds from losses	105,225	--	105,225
Total Other Financing Sources (Uses)	<u>1,351,821</u>	<u>2,057,184</u>	<u>3,409,005</u>
Net Change in Fund Balances	5,966,722	3,958,233	9,924,955
Fund Balances - Beginning	9,128,109	4,330,869	13,458,978
Fund Balances - Ending	<u>\$ 15,094,831</u>	<u>\$ 8,289,102</u>	<u>\$ 23,383,933</u>

The accompanying notes are an integral part of this statement.

SABINE 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, 2011

Net change in fund balances - total governmental funds	\$ 9,924,955
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	1,315,390
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,349,169)
Expenses not requiring the use of current financial resources are not reported as expenditures in the funds.	(3,497,836)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,604,159
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	239,500
(Increase) decrease in accrued interest from beginning of period to end of period.	(19,271)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(17,797)
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.	(3,300,000)
Change in net assets of governmental activities - Statement of Activities	<u>\$ 4,899,931</u>

The accompanying notes are an integral part of this statement.

SABINE PARISH SCHOOL BOARD
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 JUNE 30, 2011

	Agency Fund
	Activity Funds
ASSETS:	
<i>Cash and Cash Equivalents</i>	\$ 460,871
Total Assets	\$ 460,871
LIABILITIES:	
<i>Amounts Due to Others</i>	460,871
Total Liabilities	\$ 460,871

The accompanying notes are an integral part of this statement.

Sabne Parish School Board

Notes to the Financial Statements
June 30, 2011

SABINE PARISH SCHOOL BOARD

Many, Louisiana

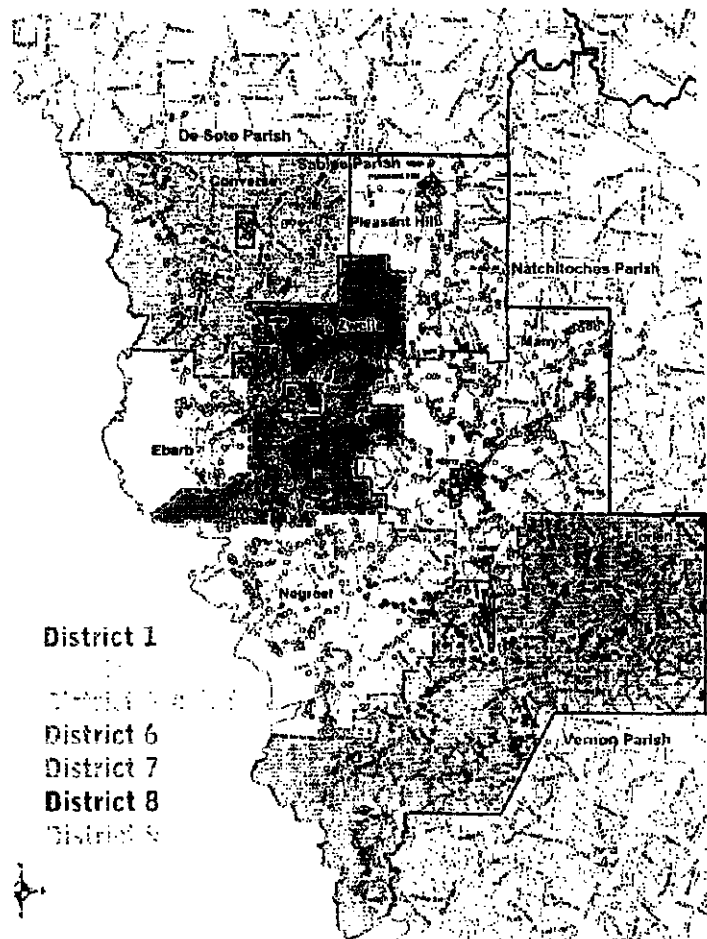
Notes to the Financial Statements

June 30, 2011

INTRODUCTION

The Sabine Parish School Board was created by Louisiana Revised Statute (R.S.) 17:51 to provide public education for the children within Sabine 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 districts for terms of four years.

The school board operates 12 schools within the parish with a total enrollment of 4,296 pupils. The school board serves an area of approximately 1,012 square miles. The school board is the 39th largest in the State of Louisiana (among 68 school boards) in terms of enrollment. 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.



SABINE PARISH SCHOOL BOARD

Many, Louisiana

Notes to the Financial Statements (Continued)

June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

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

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

B. FINANCIAL REPORTING ENTITY

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the school board is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the school board may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The school board also has no component units, defined by GASB Statement No. 14 as other legally separate organizations for which the elected school board members are financially accountable. There are no other primary governments with which the school board has a significant relationship.

C. FUNDS

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

Funds of the school board are classified into two categories: governmental and fiduciary, as follows:

Governmental Funds

Governmental funds account for all or most of the school board's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as

SABINE PARISH SCHOOL BOARD

Many, Louisiana

Notes to the Financial Statements (Continued)

June 30, 2011

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 primary 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 is 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, or designated by the school board to be accounted for separately.

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

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.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The only fund accounted for in this category by the school board is the agency fund. The agency fund accounts for assets held by the school board as an agent for schools, and school organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency fund has no measurement focus, but does use the modified accrual basis of accounting.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets (Statement A) and the Statement of Activities (Statement 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 Net Assets at the fund financial statement level.

The GWFS were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities 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 and liabilities 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 (Statement B) derive directly from parties outside the school board's taxpayers or

SABINE PARISH SCHOOL BOARD

Many, Louisiana

Notes to the Financial Statements (Continued)

June 30, 2011

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 (Statement 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. Depreciation on buildings is assigned to the "general administration" function due to the fact that school buildings serve multiple purposes. Interest on general 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 fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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 and the agency fund 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 general 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.

SABINE PARISH SCHOOL BOARD

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Notes to the Financial Statements (Continued)

June 30, 2011

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 tax collector.

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.

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 fixed assets, debt extinguishment, long-term debt proceeds, et cetera) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Deferred Revenues

The school board reports deferred revenues on its FFS balance sheet. Deferred 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

SABINE PARISH SCHOOL BOARD

Many, Louisiana

Notes to the Financial Statements (Continued)

June 30, 2011

claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized.

Like the government-wide statements, the internal service fund is accounted for flow of an economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the school board finances and meets the cash flow needs of this internal service fund. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred.

E. BUDGETS

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

The budgets are prepared on the modified accrual basis of accounting and all appropriations lapse at year end. Encumbrances are not formally recognized within the accounting system for budgetary control purposes; however, outstanding purchase orders are taken into consideration before expenditures are incurred to assure 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

SABINE PARISH SCHOOL BOARD

Many, Louisiana

Notes to the Financial Statements (Continued)

June 30, 2011

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 and the school board's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

In accordance with Louisiana Revised Statute (LSA-R.S.) 32:2955, the school board, upon determination of the availability of funds in excess of immediate cash requirements by its treasurer or chief financial officer and in the exercise of prudent judgment, may invest in direct US Treasury Obligations, bonds, debentures, notes, or other evidence of indebtedness guaranteed by federal agencies or the US government instrumentalities, provided that such obligations are backed by the full faith and credit of the US government. The school board may invest in savings accounts and certificates of deposit of state banks organized under the laws of Louisiana or national banks having their principal offices in the state of Louisiana. Additionally, the school board may invest in mutual or trust fund institutions, limited to 25% of the funds considered available for investment under this section. These mutual or trust fund institutions must be registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940 and have underlying investments consisting solely of securities of the United States government or its agencies.

Investments are stated at fair value.

H. SHORT-TERM INTERFUND RECEIVABLES/ PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

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 deferred revenue until consumed.

SABINE PARISH SCHOOL BOARD

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Notes to the Financial Statements (Continued)

June 30, 2011

J. CAPITAL ASSETS

Capital assets are capitalized at historical cost. 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 GWFS, but are not reported in the FFS. 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, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land improvements	N/A
Buildings and building improvements	10 - 40 years
Furniture and fixtures	5 - 10 years
Vehicles	5 - 10 years
Equipment	5 - 10 years

K. COMPENSATED ABSENCES

The School Board's policy relating to vacation and sick leave is that 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, when not used, shall be allowed to accumulate to the credit of the employee without limitation. 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 included in the retirement benefits calculation as earned service.

Sabbatical leave may be granted for medical leave or 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.

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

For governmental fund 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.

SABINE PARISH SCHOOL BOARD

Many, Louisiana

Notes to the Financial Statements (Continued)

June 30, 2011

L. EQUITY CLASSIFICATION

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

1. Invested in capital assets, net of related debt—consists of capital assets including restricted 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 assets—consists of net assets 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, 2011, Sabine Parish School Board reported \$3,850,430 in restricted net assets.
3. Unrestricted net assets—all other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Beginning with fiscal year 2011, the School Board implemented GASB Statement 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” This statement 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 inventory) or are required to be maintained intact;
- 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;
- 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;
- Assigned fund balance—amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- 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

SABINE PARISH SCHOOL BOARD

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Notes to the Financial Statements (Continued)

June 30, 2011

intended for a specific purpose (such as for the purchase of fixed assets, construction, debt service, or other purposes).

M. INTERFUND TRANSACTIONS

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transactions are reported as transfers.

N. SALES TAXES

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

1. A 1% parish-wide sales and use tax with the net proceeds, after deducting cost of collection, administration, and the portion dedicated to supplement salaries of school board employees and/or operations of the public schools within the parish.
2. A one-half of 1% sales and use tax within the territorial boundaries of the Many School District (Sales Tax District No. 1) with the net proceeds, after deducting costs of collection, administration, and proceeds dedicated to construction, improving, operating and maintaining the public school building and facilities of Sales Tax District No. 1. Additionally, the school board is authorized to fund the net proceeds of the tax in bonds to be issued for any capital purpose of Sales Tax District No. 1.
3. A one-half of 1% sales and use tax within the territorial boundaries of the Sabine Parish, excluding the Many School District (Sales Tax District No. 2), with the net proceeds, after deducting costs of collection, administration, and proceeds dedicated to construction, improving, operating and maintaining the public school building and facilities of Sales Tax District No. 2. The proceeds of the tax are to be allocated for expenditures within the various schools, underlying the district, on a per pupil basis. Additionally, the school board is authorized to fund the net proceeds of the tax in bonds to be issued for any capital purpose of the Sales Tax District No. 2.
4. A 1% parish-wide sales and use tax with the net proceeds, after deducting costs of collection, administration, and the portion dedicated to supplement salaries of school board employees.

O. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and

SABINE PARISH SCHOOL BOARD

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Notes to the Financial Statements (Continued)

June 30, 2011

the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2. LEVIED TAXES

The following ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. During the fiscal year ended June 30, 2011, taxes were levied by the School Board in August, 2009, and were billed to taxpayers by the Assessor in November. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year.

The taxes are based on assessed values determined by the Tax Assessor of Sabine 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, 2011, taxes were levied on property with net assessed valuations totaling \$135,154,375, and were dedicated as follows:

Parish-wide Taxes:

Constitutional 4.80 mills

Maintenance 8.10 mills

District Taxes:

School District No. 20 (South Sabine) - maintenance 7.76 mills

School District No. 62 (Negreet) - maintenance 6.63 mills, debt service 16.30 mills

School District No. 34 (Many) - maintenance 7.23 mills, debt service 14.50 mills

School District No. 17 (Ebarb) - maintenance 11.21 mills, debt service 31.70 mills

School District No. 8 (Converse) - maintenance 10.25 mills, debt service 17.30 mills

School District No. 42 (Pleasant Hill) - maintenance 7.97 mills, debt service 10.40 mills

School District No. 61 (Zwolle) - maintenance 11.24 mills, debt service 30.00 mills

Gross taxes levied for the current fiscal year totaled \$3,894,874. After deductions for various pension distributions and uncollectible taxes and collections of back taxes, net taxes remitted to the School Board amounted to \$3,814,501.

3. CASH AND CASH EQUIVALENTS

At June 30, 2011, the school board has cash and cash equivalents (book balances) totaling \$26,506,916 in interest-bearing demand deposits.

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

SABINE PARISH SCHOOL BOARD

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Notes to the Financial Statements (Continued)

June 30, 2011

At June 30, 2011, the school board has \$26,154,522 in deposits (collected bank balances). These deposits are secured from risk by \$1,248,154 of federal deposit insurance and \$24,906,368 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

4. INVESTMENTS

As of June 30, 2011, the Sabine Parish School Board had the following investments:

<u>Investment type</u>	<u>Rating</u>	<u>Maturity</u>	<u>Fair Value</u>
Certificate of deposit	n/a	1 year	\$100,000

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

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

Custodial Credit Risk - Investments. Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to the transaction, the School Board will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The School Board does not have a formal investment policy that addresses custodial credit risk. As of June 30, 2011, the School Board did not have any investments to which this would apply.

Concentration of Credit Risk. Concentration of credit risk for investments is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. GASB Statement No. 40 requires disclosure by issuer and amount of investments in any one issuer that represents five percent (5%) or more of total investments for the School Board. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of June 30, 2011, the School Board did not have any investments to which this would apply.

5. RECEIVABLES

The receivables of \$5,272,991 at June 30, 2011, are as follows:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Total</u>
Taxes:				
Sales and use	\$ 1,708,333	\$ 429,424	\$ -	\$ 2,137,757
Intergovernmental grants:				
Federal	-	2,847,506	-	2,847,506
State	184,697	-	-	184,697

SABINE PARISH SCHOOL BOARD
 Many, Louisiana
 Notes to the Financial Statements (Continued)
 June 30, 2011

Local accounts	<u>100,729</u>	<u>408</u>	<u>1,894</u>	<u>103,031</u>
	<u>\$ 1,993,759</u>	<u>\$ 3,277,338</u>	<u>\$ 1,894</u>	<u>\$ 5,272,991</u>

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

6. INTERFUND RECEIVABLES/ PAYABLES

The following are interfund receivable/ payable balances at June 30, 2011.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Debt Service Funds	Special Revenue Funds	89,257
Capital Projects Funds	Special Revenue Funds	52,610
Total		<u>\$ 141,867</u>

All balances are expected to be repaid within one year from the date of the financial statements and were routine transactions.

7. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2011, is as follows:

	<u>Balance,</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance,</u> <u>June 30, 2011</u>
Land	\$ 321,743	\$ -	\$ -	\$ 321,743
Construction in progress	-	790,803	-	790,803
Buildings and improvements	41,307,227	370,382	-	41,677,609
Furniture and equipment	3,011,675	154,205	-	3,165,880
Total capital assets	<u>44,640,645</u>	<u>1,315,390</u>	<u>-</u>	<u>45,956,035</u>
Accumulated depreciation:				
Buildings and improvements	18,824,376	1,199,057	-	20,023,433
Furniture and equipment	1,880,319	150,110	-	2,030,429
Total accumulated depreciation	<u>20,704,695</u>	<u>1,349,167</u>	<u>-</u>	<u>22,053,862</u>
Net capital assets	<u>\$ 23,935,950</u>	<u>\$(33,777)</u>	<u>\$ -</u>	<u>\$ 23,902,173</u>

Depreciation expense of \$1,349,167 for the year ended June 30, 2011, was charged to the following governmental functions:

Depreciation:	
Regular programs	\$ 2,445
Instruction	1,253,703
Support services	82,003
Food services	11,016
Total depreciation expense	<u>\$ 1,349,167</u>

SABINE PARISH SCHOOL BOARD

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Notes to the Financial Statements (Continued)

June 30, 2011

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 (TRS)

Plan Description. The TRS consists of three membership plans: Regular Plan, Plan A, and Plan B. The TRS provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is required to become vested for retirement benefits and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for the TRS. That report may be obtained by writing to the Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446.

Funding Policy. Plan members are required to contribute 8%, 9.1%, and 5% of their annual covered salary for the Regular Plan, Plan A, and Plan B, respectively. The school board is required to contribute at an actuarially determined rate. The current rate is 15.5% of annual covered payroll for all three membership plans. Member contributions and employer contributions for the TRS are established by state law and rates are established by the Public Retirement Systems' Actuarial Committee. The school board's employer contribution for the TRS, as provided by state law, is funded by the State of Louisiana through annual appropriations, by deductions from local ad valorem taxes, and by remittances from the school board.

The school board's contributions to the TRS for the years ending June 30, 2011, 2010, and 2009, were \$4,610,149, \$3,619,306, and \$3,447,603, respectively, equal to the required contributions for each year.

B. Louisiana School Employees' Retirement System (LSERS)

Plan Description. The LSERS provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is required to become vested for retirement benefits and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The LSERS issues a publicly available financial report that includes financial statements and required supplementary information for the LSERS. That report may be obtained by writing to the Louisiana School Employees' Retirement System, Post Office Box 44516, Baton Rouge, Louisiana 70804, or by calling (225) 925-6484.

Funding Policy. Plan members are required to contribute 7.5% of their annual covered salary and the school board is required to contribute at an actuarially determined rate. The current rate is 17.8% of annual covered payroll. Member contributions and employer contributions for the

SABINE PARISH SCHOOL BOARD

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Notes to the Financial Statements (Continued)

June 30, 2011

LSERS are established by state law and rates are established by the Public Retirement Systems' Actuarial Committee. The school board's employer contribution for the LSERS is funded by the State of Louisiana through annual appropriations.

The school board's contributions to the LSERS for the years ending June 30, 2011, 2010, and 2009, were \$488,531, \$308,530, and \$310,530, respectively, equal to the required contributions for each year.

9. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

Background

The State of Louisiana compensates its employees in a variety of ways in exchange for their services. In addition to a salary, many employees are provided benefits over their years of service that will not be received until their employment with the State ends. The most common of these postemployment benefits is a pension. Other postemployment benefits (OPEB) provided are healthcare and life insurance benefits. For fiscal years prior to 2009, the costs of providing the State's portion of retiree medical and life insurance benefit premiums were recognized as an expense when the benefit premiums were due and were financed on a pay-as-you-go basis. Effective July 1, 2008, the Sabine Parish School Board implemented GASB 45 prospectively which requires reporting on an accrual basis the liability associated with other postemployment benefits. The premiums will still be financed on a pay-as-you-go basis.

Plan Description

The Sabine Parish School Board's (SPSB) employees participate in the State of Louisiana's OPEB plan, Office of Group Benefits (OGB), is the administrator for the agent multiple-employer defined benefit OPEB plan. It provides healthcare coverage and life insurance to eligible participants who are employees of SBSB. The SPSB had 390 active participants and 318 retired participants in the plan for the fiscal year ending June 30, 2011. Benefit provisions are established or may be amended under the authority of LRS 42:802. All benefits and premium structures are reviewed by the OGB Policy and Planning Board. OGB does not issue stand alone financial report of the Plan; however, the financial information is included in the State's Comprehensive Annual Financial Report (CAFR). A copy of the CAFR can be obtained on the website at <http://www.doa.louisiana.gov/OSRAP/library/Publications/CAFR2010.pdf>.

Funding Policy

Substantially all employees become eligible for postretirement benefits if they reach normal retirement age while working for the State and area member of OGB. Life insurance for the individual employee is financed by equal contributions from the State and the employee; insurance for eligible dependents and voluntary optional life products are funded totally through employee contributions. To be eligible for retiree health insurance coverage, the coverage must be in effect prior to the retirement date. For those beginning participation or rejoining on or after January 1, 2002, the state subsidy of the premium is based on the number of years in a Group Benefits Health Plan. This also applies to dependents that begin coverage after July 1, 2002. OGB offers three standard healthcare plans for both active and retired employees: the Preferred Provider Organization (PPO) Plan, the Exclusive Provider Organization (EPO) plan and the

SABINE PARISH SCHOOL BOARD

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Notes to the Financial Statements (Continued)

June 30, 2011

Health Maintenance Organization (HMO) plan. Retired employees who have Medicare Part A and Part B coverage also have access to two OGB Medicare Advantage plans which includes one HMO plan and one private fee-for-service (FFS) plan. Administrative costs of the OGB plan are financed through the premiums collected for all classes of active and retired plan members. Contribution amounts vary depending on which healthcare provider is selected from the plan, years of participation, and if the member has Medicare coverage. Following is a summary of plan provisions.

Health Insurance Monthly Premiums

Employees hired before January 1, 2002, pay approximately 25% of the cost of coverage (except single retirees under age 65 pay approximately 25% of the active employee cost). Employees hired on or after January 1, 2002, pay a percentage of the total contribution rate upon retirement based on the following schedule:

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

Life insurance premiums are as follows, retiree pays 50 cents for each \$1,000 of life insurance and 88 cents for each \$1,000 of spouse life insurance.

Annual OPEB Cost and Net OPEB Obligation

The Annual Required Contribution (ARC) represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years. Effective July 1, 2008, the Sabine Parish School Board implemented GASB 45 prospectively which requires reporting on an accrual basis the liability associated with other postemployment benefits and the OPEB liability at transition was zero. The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation at the end of the year were as follows:

Annual Required Contribution	\$ 5,572,900
Annual OPEB cost	\$ 5,572,900
Premium payments made on behalf of retirees	<u>2,075,062</u>
Increase in net OPEB obligation	\$ 3,497,838
Net OPEB obligation, beginning	<u>\$ 8,822,536</u>
Net OPEB obligation, ending	\$12,320,374
Percentage of Annual OPEB Cost Contributed	37.23%

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$76,096,000 for Sabine Parish School Board, all of which was unfunded. The

SABINE PARISH SCHOOL BOARD

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Notes to the Financial Statements (Continued)

June 30, 2011

covered payroll (annual payroll of active employees covered by the plan) was \$14,709,000, and the ratio of unfunded actuarial accrued liability to the covered payroll was 517%.

Actuarial valuation of the plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress shows whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the July 1, 2010 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses), which is based on the expected long-term investment returns on the employer's own investments, and on initial annual healthcare cost trend rates of 9.0% and 10.1% for those pre-Medicare and Medicare eligible, respectively, scaling down to ultimate rates of 5% per year. The unfunded actuarial accrued liability is being amortized using the level percentage of projected payroll amortization method on an open basis. The remaining amortization period at June 30, 2011, was 29 years. The actuarially determined funding progress and required contributions for OGB OPEB Plan using the projected unit credit method is as follows:

Schedule of Funding Progress

Actuarial valuation date	7/01/2010
Actuarial accrued liability (AAL)	\$76,096,000
Unfunded AAL (UAAL)	\$76,096,000
Funded ratio	0%
Covered payroll	\$14,709,000
UAAL as a Percentage of Covered Payroll	517%

Schedule of Employer Contributions

Annual Required Contribution (ARC)	\$5,573,000
Premium payments made on behalf of retirees	\$2,075,062
Percentage Contributed	37.23%

SABINE PARISH SCHOOL BOARD
 Many, Louisiana
 Notes to the Financial Statements (Continued)
 June 30, 2011

10. ACCOUNTS, SALARIES, AND OTHER PAYABLES

Payables of \$8,102,529 at June 30, 2011, are as follows:

	General Fund	Other Governmental Funds	Total
Salaries and withholdings	\$ 5,144,702	\$ 936,489	\$ 6,081,191
Accounts payable	4,654	28,525	33,179
Other	75,239	1,912,920	1,988,159
Total	<u>\$ 5,149,356</u>	<u>\$ 2,877,934</u>	<u>\$ 8,102,529</u>

11. COMPENSATED ABSENCES

At June 30, 2011, employees of the School Board have accumulated and vested \$636,779 of employee leave benefits. These employee leave benefits were computed in accordance with GASB Codification Section C60.

12. AGENCY FUND DEPOSITS DUE OTHERS

A summary of changes in school activities agency fund deposits due others for the year ended June 30, 2011 is as follows:

School	Beginning Balance	Additions	Reductions	Ending Balance
Converse	\$ 94,133	\$ 229,692	\$ 259,898	\$ 63,927
Ebarb	54,335	254,228	271,324	37,239
Florien	42,369	249,253	238,155	53,467
Headstart	924	12,148	12,558	514
Many	137,394	647,445	637,891	146,948
Negreet	45,635	277,258	274,984	47,909
Pleasant Hill	43,823	225,521	217,102	52,242
Spark	14,125	10,086	17,982	6,229
Zwolle	51,947	386,646	386,197	52,396
Total School Activity Funds	<u>\$ 484,685</u>	<u>\$ 2,292,277</u>	<u>\$ 2,316,091</u>	<u>\$ 460,871</u>

13. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended June 30, 2011:

	Balance, July 1, 2010	Additions	Principal Payments	Balance, June 30, 2011	Due within one year
Bonds payable	\$ 13,188,133	\$ 3,300,000	\$ 1,604,159	\$ 14,883,974	\$ 1,437,219

SABINE PARISH SCHOOL BOARD
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 Notes to the Financial Statements (Continued)
 June 30, 2011

Certificates of Indebtedness	1,955,500	-	239,500	1,716,000	180,000
Compensated Absences	<u>618,982</u>	<u>17,797</u>	<u>-</u>	<u>636,779</u>	<u>31,839</u>
Total	<u>\$ 15,762,615</u>	<u>\$ 3,317,797</u>	<u>\$ 1,843,659</u>	<u>\$ 17,236,753</u>	<u>\$ 1,649,058</u>

All school board bonds outstanding at June 30, 2011, for \$14,883,974, are general obligation or sales tax bonds. The individual issues are as follows:

Bond Issue	Original Issue Amount	Interest Rates	Final Due	Interest to Maturity	Principal Outstanding	Funding Source
General Obligation:						
Zwolle #61 Refunding, 5/25/2006	\$1,520,000	.1% to 4.75%	3/1/2020	\$ 328,400	\$ 1,360,000	Sabine State Bank
Zwolle #61, Refunding, 11/1/2001	1,385,000	.1% to, 6% .1% to	5/1/2012	10,200	170,000	Sabine State Bank
Zwolle, 10/20/2010	1,000,000	4.95%	3/1/2030	484,752	1,000,000	Sabine State Bank
Converse #8A Refunding, 7/18/2003	519,000	.1% to 4.95%	3/1/2021	86,235	320,000	Sabine State Bank
Converse #8A Refunding, 12/20/2007	1,465,000	.1% to 4.5%	3/1/2019	245,273	1,200,000	Argent Trust
Ebarb #17 Refunding, 12/05/2002	350,000	4.55%	2/1/2016	24,343	170,000	City Bank & Trust
Ebarb #17, 3/28/2007	1,159,000	4.125%	3/28/2037	747,196	1,083,874	USDA
Many #34 Refunding, 4/3/2006	3,240,000	3.95% to 4.15%	3/1/2020	641,178	2,925,000	Hancock Bank
Pleasant Hill #42 Refunding, 8/11/2003	712,000	.1% to 4.95%	2/1/2020	105,493	434,000	Sabine State Bank
Negrect #62A Refunding, 05/25/2006	3,325,000	1% to 4.75%	3/1/2018	482,500	2,495,000	JP Morgan Chase
South Sabine #20, 03/01/2011	2,300,000	2.25% to 4%	3/1/2026	740,895	2,300,000	Hancock Bank
Sales Tax:						
Many #1 Refunding, 4/3/2006	1,390,000	3.99%	2/1/2014	69,426	855,000	Hancock Bank
Zwolle #2 Refunding, 5/1/2001	1,100,000	5.1%	8/1/2020	<u>196,760</u>	<u>571,100</u>	Bank of NY Trust Co.
Total Bonds				<u>\$ 4,162,651</u>	<u>\$ 14,883,974</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, 2011, the school board has accumulated \$1,639,522 in the debt service funds for future debt requirements. The bonds are due as follows:

SABINE PARISH SCHOOL BOARD

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Notes to the Financial Statements (Continued)

June 30, 2011

Year Ending June 30,	Principal Payments	Interest Payments	Total
2012	1,437,219	615,442	2,052,661
2013	1,473,218	557,913	2,031,131
2014	1,554,258	503,310	2,057,568
2015	1,338,341	442,172	1,780,513
2016	1,406,469	385,783	1,792,252
2017-2021	5,287,061	1,046,932	6,333,993
2022-2026	1,486,013	376,303	1,862,316
2027-2037	901,395	234,794	1,136,189
Total	<u>\$ 14,883,974</u>	<u>\$ 4,162,649</u>	<u>\$ 19,046,623</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, 2011, the statutory limit is \$47,304,031, and outstanding bonded debt totals \$14,883,974.

In addition, the school board is legally restricted from incurring long-term bonded debt secured by sales and use taxes in excess of 75% of the avails of the tax. The school board was within this 75% limitation in 2001 and 2006, when the sales tax bonds were issued.

The individual Certificates of Indebtedness are as follows:

Certificate of Indebtedness	Original Issue Amount	Interest Rates	Final Due	Interest to Maturity	Principal Out- standing	Funding Source
Sabine Parish SB, 6/5/2003	\$ 1,185,000	2.35% to 5%	1/1/2019	\$159,288	\$915,000	Hancock Bank, Argent Trust
GF Excess Revenue, 7/31/2008	500,000	3.77%	7/1/2018	55,607	366,000	Hancock Bank, LPFA
Ebarb School Improvement, 7/2008	500,000	4.09%	8/1/2021	101,882	435,000	Hancock Bank, LPFA
				<u>\$ 316,777</u>	<u>\$1,716,000</u>	

The certificates are due as follows:

Year Ending June 30,	Principal Payments	Interest Payments	Total
2012	\$ 180,000	\$ 63,105	\$ 243,105
2013	182,000	57,360	239,360
2014	190,000	51,380	241,380
2015	198,000	44,140	242,140
2016	206,000	36,152	242,152
2017-2021	712,000	63,658	775,658

SABINE PARISH SCHOOL BOARD

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Notes to the Financial Statements (Continued)

June 30, 2011

2022-2026	<u>48,000</u>	<u>982</u>	<u>48,982</u>
Total	<u>\$ 1,716,000</u>	<u>\$ 316,777</u>	<u>\$ 2,032,777</u>

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, 2011, a total of \$11,035,000 of bonds outstanding is considered defeased.

14. INTER-FUND TRANSFERS

The following is a summary of inter-fund transfers:

<u>Receiving Fund</u>	<u>Paying Fund</u>	<u>Amount</u>
General	Other Governmental	\$ 541,266
Other Governmental	Other Governmental	<u>2,966,728</u>
Total		<u>\$ 3,507,994</u>

15. RESERVED AND DESIGNATED NET ASSETS/ FUND BALANCES

Statement of Net Assets:

Investment in Capital Assets, Net of Related Debt: This amount represents the portion of net assets relating to the school board's investment in its capital assets, net accumulated depreciation and outstanding principal balances of debt attributed to the acquisition, construction or improvement of those assets.

Statement of Net Assets and Governmental Funds Balance Sheet:

Restricted for Debt Service: This amount represents the portion of net assets/fund balance restricted in the debt service funds for future payment of principal and interest.

Restricted for Workers' Compensation: This amount represents the portion of net assets/fund balance relating to the security interest established with the State of Louisiana Office of Workers' Compensation and is unavailable to be expended for other purposes.

Restricted for Capital Projects: This amount represents the portion of net assets/fund balance restricted to the acquisition or improvement of capital assets.

Governmental Funds Balance Sheet:

Nonspendable: Inventory: This amount represents the portion of fund balance relating to inventory on hand which is unavailable to be expended for other purposes.

SABINE PARISH SCHOOL BOARD

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Notes to the Financial Statements (Continued)

June 30, 2011

16. RISK MANAGEMENT

The school district 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 \$200,000 with an aggregate limit of \$1,000,000. Interfund premiums are based primarily on the individual funds' payroll and are reported as expenditures in the individual funds.

17. LITIGATION AND CLAIMS

The School Board is a defendant in several lawsuits. Management and legal counsel for the School Board believe that the potential claims against the School Board not covered by insurance would not materially affect the School Board's financial position.

18. 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 \$24,801,647 to the School Board, which represents approximately 42% of the School Board's total revenue for the year.

19. PERFORMANCE-BASED ENERGY EFFICIENCY CONTRACT

In prior years, the School Board entered into an energy performance contract with Siemens Building Technologies, Inc. (Energy Service Company or ESCO) for the purpose of the purchase and installation of an energy saving scope of work. ESCO installed equipment designed to save energy and reduce related costs for certain property and buildings owned by the School Board.

The Louisiana Attorney General issued an opinion (A.G. Opinion Number 07-0002) regarding a similar contract with another school board and concluded that because the operational stipulated savings are not guaranteed by the contractor, the contract does not meet the statutory definition of a performance-based energy efficiency contract.

The contractor sued the other school board in the 18th Judicial District Court for payment relating to the contract. The court found for the School Board and determined that the contract was not

SABINE PARISH SCHOOL BOARD

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Notes to the Financial Statements (Continued)

June 30, 2011

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

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

Budgetary Comparison Schedules

GENERAL FUND: The general fund accounts for all activities of the School Board except those activities that are accounted for in other funds.

SABINE PARISH SCHOOL BOARD
Many, Louisiana
GENERAL FUND
Budgetary Comparison Schedule
For the Year Ended June 30, 2011

	BUDGETED AMOUNTS		ACTUAL AMOUNTS (Budgetary Basis)	VARIANCE WITH FINAL BUDGET Positive (Negative)
	ORIGINAL	FINAL		
BUDGETARY FUND BALANCES, BEGINNING	\$ 6,511,262	\$ 9,159,444	\$ 8,659,451	\$ (499,993)
RESOURCES (Inflows)				
Local sources:				
Taxes:				
Ad valorem	1,345,206	1,305,653	1,417,207	111,554
Sales and use	13,391,844	12,160,767	14,108,633	1,947,866
Interest earnings	150,984	182,496	166,814	(15,682)
Other	591,899	434,123	615,830	181,707
General obligation bonds issued	0	1,000,000	1,000,000	0
Transfers from other funds	513,766	440,401	541,266	100,865
Total local sources	<u>15,993,699</u>	<u>15,523,440</u>	<u>17,849,750</u>	<u>2,326,310</u>
State sources:				
Minimum Foundation Program	24,768,685	25,445,298	24,454,011	(991,287)
Other	2,380,266	1,138,251	1,051,195	(87,056)
Total state sources	<u>27,148,951</u>	<u>26,583,549</u>	<u>25,505,206</u>	<u>(1,078,343)</u>
Federal sources	12,577	153,500	0	(153,500)
Amounts available for appropriations	<u>49,666,489</u>	<u>51,419,933</u>	<u>52,014,407</u>	<u>594,474</u>
CHARGES TO APPROPRIATIONS (Outflows)				
Instruction:				
Regular programs	15,206,172	15,752,350	16,347,792	(595,442)
Special programs	4,209,945	4,241,064	4,405,422	(164,358)
Vocational programs	1,404,560	1,530,509	1,569,789	(39,280)
All other programs	1,522,085	906,708	1,354,333	(447,625)
Support services:				
Student services	1,424,738	1,541,863	1,368,680	173,183
Instructional staff support	1,518,893	1,678,852	1,813,827	(134,975)
General administration	526,694	568,162	618,883	(50,721)
School administration	1,975,537	1,969,992	2,016,325	(46,333)
Business services	354,793	378,110	371,891	6,219
Plant services	2,279,890	2,354,887	2,454,752	(99,865)
Student transportation services	2,848,924	3,017,107	3,249,243	(232,136)
Central services	450,453	575,427	508,447	66,980
School food services	68,131	66,048	230,052	(164,004)
Community service programs	43,231	68,100	71,948	(3,848)
Capital outlay	94,681	40,000	529,846	(489,846)
Debt service payments	180,641	187,200	182,309	4,891
Transfers to other funds	5,927,418	5,887,149	294,695	5,592,454
Total charges to appropriations	<u>40,036,786</u>	<u>40,763,528</u>	<u>37,388,234</u>	<u>3,375,294</u>
BUDGETARY FUND BALANCES, ENDING	<u>\$ 9,629,703</u>	<u>\$ 10,656,405</u>	<u>\$ 14,626,173</u>	<u>\$ 3,969,768</u>

The accompanying notes are an integral part of this statement

SABINE PARISH SCHOOL BOARD
Many, Louisiana
GENERAL FUND
Budget to GAAP Reconciliation
For the Year Ended June 30, 2011

Sources/inflows of resources:

Actual amounts (budgetary basis) available for appropriation: \$ 52,014,407

Fund Balance at the beginning of the year is a budgetary resource, but is not a current year revenue for financial reporting purposes: (8,659,451)

Miscellaneous other income is a budgetary resource, but is recorded as "Other Financing Source" on the Statement of Revenues, Expenditures & Changes in Fund Balance: (105,250)

General obligation bonds issued is a budgetary resource, but is recorded as "Other Financing Source" on the Statement of Revenues, Expenditures & Changes in Fund Balance: (1,000,000)

Transfers from other funds are a budgetary resource, but is not a current year revenue for financial reporting purposes: (541,266)

Total Revenues as reported on the Statement of Revenues, Expenditures & Changes in Fund Balances (Exhibit E) 41,708,440

Uses/outflows of resources:

Actual amounts (budgetary basis) charges to appropriations: 37,388,234

Transfers to other funds are outflows of budgetary resources, but are not expenditures for financial reporting purposes: (294,695)

Total expenditures as reported on the Statement of Revenues, Expenditures & Changes in Fund Balances (Exhibit E) \$ 37,093,539

**Sabine Parish School Board
Notes to the Budgetary Comparison Schedule
For the Year Ended June 30, 2011**

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.

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 SABINE PARISH SCHOOL BOARD**

Superintendent and School Board
Sabine Parish School Board

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

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

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

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

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

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

Education Levels of Public School Staff (Schedule 2)

1. We reconciled the total number of full-time classroom teachers per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (Schedule 2) to the combined total number of full-time classroom teachers per this schedule and to school board supporting payroll records as of October 1.

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

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

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

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

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

Number and Type of Public Schools (Schedule 3)

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

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

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

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

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

Public School Staff Data: Average Salaries (Schedule 5)

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

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

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

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

Class Size Characteristics (Schedule 6)

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

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

Louisiana Educational Assessment Program (LEAP) (Schedule 7)

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

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

Graduation Exit Examination (GEE) (Schedule 8)

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

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

iLEAP Tests (Schedule 9)

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

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

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

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

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
October 11, 2011

General Fund Instructional and Support Expenditures
 and Certain Local Revenue Sources
 For the Year Ended June 30, 2011

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$ 15,785,750	
Other Instructional Staff Activities	748,770	
Instructional Staff Employee Benefits	6,324,822	
Purchased Professional and Technical Services	4,443	
Instructional Materials and Supplies	706,347	
Instructional Equipment	6,790	
Total Teacher and Student Interaction Activities		\$ 23,576,922

Other Instructional Activities 60,427

Pupil Support Activities	39,987	
Less: Equipment for Pupil Support Services	-	
Net Pupil Support Activities		39,987

Instructional Staff Services		
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		-

School Administration		
Less: Equipment for School Administration	-	
Net School Administration		-

Total General Fund Instructional Expenditures 23,677,336

Total General Fund Equipment Expenditures -

Certain Local Revenue Sources

Local Taxation Revenues:

Constitutional Ad Valorem Taxes	\$490,875	
Renewable Ad Valorem Taxes	828,344	
Debt Service Ad Valorem Taxes	0	
Up to 1% of Collections by the Sheriff on Taxes	94,056	
Other than School Taxes		
Sales and Use Taxes	14,108,633	
Total Local Taxation Revenues		\$15,521,908

Local Earnings on Investment in Real Property:

Earnings from 16th Section Property	-	
Earnings from Other Real Property	-	
Total Local Earnings on Investment in Real Property		\$ -

State Revenue in Lieu of Taxes:

Revenue Sharing - Constitutional Tax	34,063	
Revenue Sharing - Other Taxes	57481	
Revenue Sharing - Excess Portion	-	
Other Revenue in Lieu of Taxes	-	
Total State Revenue in Lieu of Taxes		91,544

Nonpublic Textbook Revenue \$0

Nonpublic Transportation Revenue \$0

Sabine Parish School Board
 Many, Louisiana

Schedule 2

Education Levels of Public School Staff
 As of October 1, 2010

Category	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certified Number	Percent	Uncertificated Number	Percent	Certified Number	Percent	Uncertificated Number	Percent
Less than a Bachelor's Degree	-	0%	1	0%	-	0%	-	-
Bachelor's Degree	258	78%	-	-	0	0%	-	-
Master's Degree	49	15%	-	-	9	53%	-	-
Master's Degree + 30	21	6%	-	-	7	41%	-	-
Specialist in Education	1	0%	-	-	-	0%	-	-
Ph. D. or Ed. D	-	0%	-	-	1	6%	-	-
	329	100%	1	0%	17	100%	0	0%

Sabine Parish School Board
Many, Louisiana

Schedule 3

Number and Type of Public Schools
For the Year Ended June 30, 2011

Type	Number
Elementary	0
Middle / Jr. High	1
Secondary	3
Combination	8
	<hr/>
	12

Experience of Public School Principals, Assistant Principals and Full-time Classroom Teachers
 As of October 1, 2010

Type	Years of Experience							Total
	0-1 Year	2-3 Years	4-10 Years	11-14 Years	15-19 Years	20-24 Years	25 + Years	
Assistant Principals	0	0	1	0	1	1	3	6
Principals	0	0	1	1	1	2	6	11
Classroom Teachers	45	42	74	52	43	26	54	336
	45	42	76	53	45	29	63	353

Sabine Parish School Board
Many, Louisiana

Schedule 5

Public School Staff Data
For the Year Ended June 30, 2011

	All Classroom Teachers	Classroom Teachers Excluding ROTC, Rehired Retiree and Flagged Salary Reductions
Average Classroom Teachers' Salary Including Extra Compensation	\$ 48,183	\$ 47,863
Average Classroom Teachers' Salary Excluding Extra Compensation	\$ 47,579	\$ 47,254
Number of Teacher Full-time Equivalents (FTEs) used in computation of Average Salaries	329	313

See Accountant's Report

Sabine Parish School Board
 Many, Louisiana

Schedule 6

Class Size Characteristics
 As of October 1, 2010

School Type	Class Size Range							
	1-20		21-26		27-33		34 +	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	17%	311	18%	35	5%	1	9%	2
Middle / Jr. High	9%	160	15%	30	38%	8	9%	2
High	17%	318	14%	27	5%	1	0%	-
Combination	57%	1049	53%	103	52%	11	82%	18
	100%	1,838	100%	195	100%	21	100%	22

Louisiana Educational Assessment Program (LEAP) For the 21st Century
 For the Years Ended June 30, 2011, 2010 and 2009

District Achievement Level Results Students:	English Language Arts					
	2011		2010		2009	
	Number	Percent	Number	Percent	Number	Percent
Grade 4						
Advanced	22	8%	15	3%	8	1%
Mastery	56	20%	62	21%	64	16%
Basic	128	46%	166	43%	137	38%
Approaching Basic	49	18%	50	21%	46	20%
Unsatisfactory	21	8%	31	13%	26	15%
Total	276	100%	324	100%	281	100%

District Achievement Level Results Students:	Mathematics					
	2011		2010		2009	
	Number	Percent	Number	Percent	Number	Percent
Advanced	16	6%	15	5%	7	1%
Mastery	69	25%	73	17%	49	7%
Basic	129	47%	150	44%	143	53%
Approaching Basic	37	13%	57	17%	55	22%
Unsatisfactory	24	9%	29	17%	27	17%
Total	276	100%	324	100%	281	100%

District Achievement Level Results Students:	Science					
	2011		2010		2009	
	Number	Percent	Number	Percent	Number	Percent
Grade 4						
Advanced	3	1%	8	2%	5	2%
Mastery	48	15%	23	10%	24	12%
Basic	158	50%	150	46%	155	55%
Approaching Basic	87	28%	115	35%	61	22%
Unsatisfactory	18	6%	19	6%	27	10%
Total	314	100%	325	100%	282	100%

District Achievement Level Results Students:	Social Studies					
	2011		2010		2009	
	Number	Percent	Number	Percent	Number	Percent
Advanced	7	2%	4	1%	2	1%
Mastery	48	15%	45	14%	39	12%
Basic	180	57%	178	55%	144	44%
Approaching Basic	47	15%	70	22%	84	26%
Unsatisfactory	32	10%	28	9%	58	18%
Total	314	100%	325	100%	327	100%

District Achievement Level Results Students:	English Language Arts					
	2011		2010		2009	
	Number	Percent	Number	Percent	Number	Percent
Grade 8						
Advanced	7	2%	11	4%	2	1%
Mastery	66	23%	59	23%	49	19%
Basic	126	44%	119	45%	138	53%
Approaching Basic	76	26%	62	24%	54	21%
Unsatisfactory	14	5%	11	4%	17	7%
Total	289	100%	262	100%	260	100%

District Achievement Level Results Students:	Mathematics					
	2011		2010		2009	
	Number	Percent	Number	Percent	Number	Percent
Advanced	8	3%	10	4%	10	4%
Mastery	14	5%	21	8%	23	9%
Basic	163	56%	145	55%	148	57%
Approaching Basic	66	23%	59	23%	54	21%
Unsatisfactory	38	13%	27	10%	25	10%
Total	289	100%	262	100%	260	100%

District Achievement Level Results Students:	Science					
	2011		2010		2009	
	Number	Percent	Number	Percent	Number	Percent
Grade 8						
Advanced	0	0%	5	2%	11	4%
Mastery	54	19%	32	12%	55	21%
Basic	128	44%	117	44%	102	39%
Approaching Basic	75	25%	88	33%	68	26%
Unsatisfactory	34	12%	22	8%	24	9%
Total	289	100%	264	100%	260	100%

District Achievement Level Results Students:	Social Studies					
	2011		2010		2009	
	Number	Percent	Number	Percent	Number	Percent
Advanced	1	0%	2	1%	2	1%
Mastery	19	7%	41	16%	27	10%
Basic	148	51%	136	52%	136	52%
Approaching Basic	82	28%	58	22%	65	25%
Unsatisfactory	39	13%	27	10%	30	12%
Total	289	100%	264	100%	260	100%

Graduation Exit Exam (GEE)
 For the Years Ended June 30, 2011, 2010 and 2009

District Achievements Level Results Students:	English Language Arts					
	2011		2010		2009	
	Number	Percent	Number	Percent	Number	Percent
GRADE 10						
Advanced	0	0%	2	1%	2	1%
Mastery	23	10%	20	7%	22	8%
Basic	111	48%	133	49%	133	46%
Approaching Basic	74	32%	82	30%	99	34%
Unsatisfactory	23	10%	75	13%	31	11%
Total	231	100%	272	100%	287	100%

District Achievements Level Results Students:	Mathematics					
	2011		2010		2009	
	Number	Percent	Number	Percent	Number	Percent
GRADE 10						
Advanced	25	11%	20	7%	8	3%
Mastery	52	23%	36	13%	42	14%
Basic	110	48%	127	47%	148	51%
Approaching Basic	28	12%	58	21%	45	15%
Unsatisfactory	14	6%	31	11%	48	16%
Total	229	100%	272	100%	291	100%

District Achievements Level Results Students:	Science					
	2011		2010		2009	
	Number	Percent	Number	Percent	Number	Percent
GRADE 11						
Advanced	7	3%	1	0%	7	3%
Mastery	46	19%	39	15%	34	14%
Basic	126	53%	114	44%	102	43%
Approaching Basic	35	15%	72	28%	58	24%
Unsatisfactory	26	11%	32	12%	38	16%
Total	240	100%	258	100%	239	100%

District Achievements Level Results Students:	Social Studies					
	2011		2010		2009	
	Number	Percent	Number	Percent	Number	Percent
GRADE 11						
Advanced	1	0%	0	0%	2	1%
Mastery	16	7%	16	6%	15	6%
Basic	156	65%	144	56%	129	54%
Approaching Basic	42	18%	69	27%	53	22%
Unsatisfactory	25	10%	28	11%	40	17%
Total	240	100%	257	100%	239	100%

iLEAP Test Results
For the Year Ended June 30, 2009

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2009		2009		2009		2009	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	14	4%	41	13%	9	3%	3	1%
Mastery	78	24%	56	17%	60	18%	71	22%
Basic	145	44%	133	41%	130	40%	130	40%
Approaching Basic	49	15%	57	17%	89	27%	77	23%
Unsatisfactory	42	13%	41	13%	40	12%	47	14%
Total	328	100%	328	100%	328	100%	328	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2009		2009		2009		2009	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	7	3%	17	6%	6	2%	7	3%
Mastery	55	20%	34	12%	32	12%	26	9%
Basic	129	46%	146	53%	132	47%	160	58%
Approaching Basic	68	24%	45	16%	81	29%	55	20%
Unsatisfactory	19	7%	36	13%	27	10%	30	11%
Total	278	100%	278	100%	278	100%	278	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2009		2009		2009		2009	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	1	0%	8	3%	1	0%	6	2%
Mastery	39	13%	27	9%	25	9%	20	7%
Basic	173	60%	175	60%	150	52%	158	54%
Approaching Basic	52	18%	42	14%	84	29%	73	25%
Unsatisfactory	25	9%	38	13%	30	10%	33	11%
Total	290	100%	290	100%	290	100%	290	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2009		2009		2009		2009	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	14	5%	15	6%	8	3%	6	2%
Mastery	59	22%	34	13%	51	19%	44	16%
Basic	117	43%	125	46%	123	45%	151	56%
Approaching Basic	64	24%	62	23%	75	28%	50	18%
Unsatisfactory	17	6%	35	13%	14	5%	20	7%
Total	271	100%	271	100%	271	100%	271	100%

District Achievement Level Results	English Language Arts		Mathematics	
	2009		2009	
	Number	Percent	Number	Percent
Grade 9				
Advanced	3	1%	13	5%
Mastery	33	12%	38	14%
Basic	148	56%	139	52%
Approaching Basic	75	28%	47	18%
Unsatisfactory	6	2%	28	11%
Total	265	100%	265	100%

iLEAP Test Results
For the Year Ended June 30, 2010

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	20	6%	29	9%	12	4%	14	4%
Mastery	76	24%	76	24%	58	18%	67	21%
Basic	150	48%	133	42%	147	47%	149	47%
Approaching Basic	43	14%	48	15%	82	26%	58	18%
Unsatisfactory	25	8%	28	9%	15	5%	26	8%
Total	314	100%	314	100%	314	100%	314	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	8	3%	30	10%	1	0%	4	1%
Mastery	66	22%	47	16%	39	13%	22	7%
Basic	141	47%	143	48%	147	49%	158	53%
Approaching Basic	56	19%	50	17%	87	29%	69	23%
Unsatisfactory	28	9%	29	10%	25	8%	46	15%
Total	299	100%	299	100%	299	100%	299	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	13	5%	18	6%	5	2%	19	7%
Mastery	65	23%	37	13%	54	19%	30	10%
Basic	150	52%	166	58%	138	48%	149	52%
Approaching Basic	50	17%	42	15%	71	25%	55	19%
Unsatisfactory	9	3%	24	8%	19	7%	34	12%
Total	287	100%	287	100%	287	100%	287	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	11	4%	10	3%	3	1%	1	0%
Mastery	47	16%	23	8%	57	20%	25	9%
Basic	159	54%	157	54%	134	46%	167	57%
Approaching Basic	62	21%	71	24%	79	27%	69	24%
Unsatisfactory	13	4%	31	11%	19	7%	29	10%
Total	292	100%	292	100%	292	100%	291	100%

District Achievement Level Results	English Language Arts		Mathematics	
	2010		2010	
	Number	Percent	Number	Percent
Grade 9				
Advanced	6	3%	9	4%
Mastery	33	14%	30	12%
Basic	132	56%	136	53%
Approaching Basic	62	26%	55	21%
Unsatisfactory	2	1%	27	11%
Total	235	100%	257	100%

iLEAP Test Results
 For the Year Ended June 30, 2011

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	14	5%	37	13%	13	4%	11	4%
Mastery	54	19%	60	21%	46	16%	52	18%
Basic	154	53%	126	43%	140	48%	144	49%
Approaching Basic	43	15%	43	15%	68	23%	56	19%
Unsatisfactory	26	9%	25	9%	24	8%	28	10%
Total	291	100%	291	100%	291	100%	291	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	6	2%	35	11%	15	5%	8	3%
Mastery	69	22%	41	13%	45	15%	42	14%
Basic	141	46%	145	47%	123	40%	164	53%
Approaching Basic	60	19%	52	17%	101	33%	57	19%
Unsatisfactory	32	10%	35	11%	24	8%	37	12%
Total	308	100%	308	100%	308	100%	308	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	7	2%	25	9%	7	2%	18	6%
Mastery	56	19%	39	13%	45	15%	46	16%
Basic	171	58%	156	53%	163	56%	144	49%
Approaching Basic	48	16%	47	16%	67	23%	60	20%
Unsatisfactory	11	4%	26	9%	11	4%	25	9%
Total	293	100%	293	100%	293	100%	293	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	31	11%	17	6%	5	2%	7	3%
Mastery	46	17%	34	12%	56	20%	30	11%
Basic	139	50%	148	53%	126	45%	141	51%
Approaching Basic	51	18%	50	18%	68	25%	63	23%
Unsatisfactory	10	4%	28	10%	22	8%	36	13%
Total	277	100%	277	100%	277	100%	277	100%

SUPPLEMENTAL INFORMATION

SABINE PARISH SCHOOL BOARD
Many, Louisiana
NONMAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2011

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS				
Cash and cash equivalents	\$ 3,782,692	\$ 1,523,373	\$ 2,514,342	\$ 7,820,407
Receivables	3,277,337	1,895	-	3,279,232
Interfund receivables	-	89,257	52,610	141,867
Inventory	67,397	-	-	67,397
TOTAL ASSETS	<u>7,127,426</u>	<u>1,614,525</u>	<u>2,566,952</u>	<u>11,308,903</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts, salaries, and other payables	2,877,934	-	-	2,877,934
Interfund payables	141,867	-	-	141,867
Total Liabilities	<u>3,019,801</u>	<u>-</u>	<u>-</u>	<u>3,019,801</u>
Fund balances:				
Nonspendable:				
Inventory	67,397	-	-	67,397
Restricted:				
Debt Service	-	1,614,525	-	1,614,525
Capital Projects	-	-	2,566,952	2,566,952
Unassigned	4,040,228	-	-	4,040,228
Total Fund Balances	<u>4,107,625</u>	<u>1,614,525</u>	<u>2,566,952</u>	<u>8,289,102</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,127,426</u>	<u>\$ 1,614,525</u>	<u>\$ 2,566,952</u>	<u>\$ 11,308,903</u>

The notes to the financial statements are an integral part of this schedule.

SABINE PARISH SCHOOL BOARD
Many, Louisiana
NONMAJOR GOVERNMENTAL FUNDS
Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 2011

	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	NONMAJOR GOVERNMENTAL FUNDS
REVENUES				
Local sources:				
Taxes:				
Ad valorem	\$ 848,573	\$ 1,548,721	\$ -	\$ 2,397,294
Sales and use	3,527,474	-	-	3,527,474
Interest earnings	28,344	15,347	6,444	50,135
Charges for services	451,040	-	-	451,040
Other	496,448	-	-	496,448
Total Local Sources	<u>5,351,879</u>	<u>1,564,068</u>	<u>6,444</u>	<u>6,922,391</u>
State sources:				
Minimum Foundation Program	347,636	-	-	347,636
Other	84,885	-	-	84,885
Total State Sources	<u>432,521</u>	<u>-</u>	<u>-</u>	<u>432,521</u>
Federal Sources	<u>10,415,881</u>	<u>-</u>	<u>-</u>	<u>10,415,881</u>
TOTAL REVENUES	<u>16,200,281</u>	<u>1,564,068</u>	<u>6,444</u>	<u>17,770,793</u>
EXPENDITURES				
Current:				
Instruction:				
Regular programs	1,214,293	-	-	1,214,293
Special programs	820,282	-	-	820,282
Vocational programs	50,856	-	-	50,856
All other programs	3,665,809	-	-	3,665,809
Support services:				
Student services	703,055	-	-	703,055
Instructional staff support	1,832,443	-	-	1,832,443
General administration	55,660	56,157	25,058	136,875
School administration	87,020	-	-	87,020
Business services	33,264	-	-	33,264
Plant services	956,558	-	154,328	1,110,886
Student transportation services	372,375	-	-	372,375
Central services	43,207	-	-	43,207
School food services	2,620,769	-	-	2,620,769
Community service programs	3,852	-	-	3,852
Capital outlay	616,360	-	234,981	851,341
Debt service:				
Principal retirement	8,000	1,702,159	-	1,710,159
Interest and bank charges	3,694	596,160	-	599,854
Other	-	13,404	-	13,404
Total expenditures	<u>13,087,497</u>	<u>2,307,880</u>	<u>414,367</u>	<u>15,869,744</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	3,112,784	(803,812)	(407,923)	1,901,049
OTHER FINANCING SOURCES (Uses)				
Operating transfers in	1,533,438	1,019,257	414,033	2,966,728
Operating transfers out	(3,213,299)	-	-	(3,213,299)
General obligation bonds issued	-	-	2,303,155	2,303,155
Other	600	-	-	600
Total other financing sources (uses)	<u>(1,679,261)</u>	<u>1,019,257</u>	<u>2,717,188</u>	<u>2,057,184</u>
NET CHANGES IN FUND BALANCES	<u>1,433,523</u>	<u>215,445</u>	<u>2,309,265</u>	<u>3,958,233</u>
FUND BALANCES - JULY 1, 2010	<u>2,649,118</u>	<u>1,424,075</u>	<u>257,676</u>	<u>4,330,869</u>
FUND BALANCES - JUNE 30, 2011	<u>\$ 4,082,641</u>	<u>\$ 1,639,520</u>	<u>\$ 2,566,941</u>	<u>\$ 8,289,102</u>

The notes to the financial statements are an integral part of this schedule.

SABINE PARISH SCHOOL BOARD
Many, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULES
As of and for the Year Ended June 30, 2011

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue:

Food Service Fund: To assist, through cash grants and food donations, in providing a nutritious breakfast and lunch service for school students and to encourage the domestic consumption of nutritious agricultural commodities.

Preschool Grants: To provide grants to states to assist them in providing a free appropriate public education to preschool disabled children aged three through five years.

Improving Literacy through Libraries: This program helps schools improve reading achievement by providing students with increased access to up-to-date school library materials; well-equipped, technologically advanced school library media centers; and professionally certified school library media specialists.

Title II: The purpose of the program is to increase academic achievement by improving teacher and principal quality. This program is carried out by: increasing the number of highly qualified teachers in classrooms; increasing the number of highly qualified principals and assistant principals in schools; and increasing the effectiveness of teachers and principals by holding schools accountable for improvements in student academic achievement.

Title IV (Drug-Free Schools): To establish state and local programs of alcohol and drug abuse education and prevention coordinated with related community efforts and resources.

Head Start: To provide comprehensive health, educational, nutritional, social and other services primarily to economically disadvantaged preschool children, including Indian children on federally-recognized reservations, and children of migratory workers and their families; and to involve parents in activities with their children so that the children will attain overall social competence.

School-Based Mental Health: This program provides grants to SEAs, LEAs, and Indian tribes for the purpose of increasing student access to quality mental health care by developing innovative programs that link school systems with local mental health systems.

Indian Education: This program is designed to address the unique education and culturally related academic needs of American Indian and Alaska Native students, including preschool children, so that these students can achieve to the same challenging state performance standards expected of all students. The program is the Department's principal vehicle for addressing the particular needs of Indian children.

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.

Adult Education: To fund local programs of adult education and literacy services, including workplace literacy services, family literacy services, and English literacy and civics education programs. Participation in these programs is limited to adults and out-of-school youths aged 16 and older who do not have a high school diploma or equivalent.

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.

Learn & Serve America: To encourage elementary and secondary schools and community-based agencies to create, develop, and offer service-learning opportunities for school-age youth; educate teachers about service-learning and incorporate service-learning opportunities into classrooms to enhance academic learning; coordinate adult volunteers in schools; and introduce young people to a broad range of careers and encourage them to pursue further education and training.

English Language Acquisition: To ensure that limited English proficient children (LEP) and youth, including immigrant children and youth, attain English proficiency and meet the same challenging State academic content and student academic achievement standards as all children and youth are expected to meet; to provide assistance to Native American, Native Hawaiian, Native American Pacific Islander, and Alaska Native children with certain modifications relative to the unique status of native American language under Federal Law; to award competitive grants in order to provide professional development activities to improve classroom instruction for LEP children.

Improving Teacher Quality: To provide grants to State Educational Agencies (SEAs) on a formula basis to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools and hold local educational agencies and schools accountable for improvements in student academic achievement.

Title I: To help local educational agencies (LEAs) and schools improve the teaching and learning of children failing, or most at-risk of failing, to meet challenging State academic achievement standards.

Evenstart: To help break the cycle of poverty and illiteracy and improve the educational opportunities of low-income families, by integrating early childhood education, adult literacy or adult basic education, and parenting education into a unified family literacy program.

Gaining Early Awareness and Readiness for Undergraduate Programs: Provides 6-year grants to States and partnerships to provide support and maintain a commitment to eligible low-income students, including students with disabilities, to help the students obtain a secondary school diploma (or its recognized equivalent) and to prepare for and succeed in post-secondary education. GEAR UP has two major service components. All projects provide a comprehensive set of early intervention services including mentoring, tutoring, academic and career counseling, parental involvement, and other college preparation activities like exposure to college campuses and financial aid information and assistance. Some projects provide college scholarships to participating students.

Debt Service:

Florien (District 1)
Negreet (District 2)
Many (District 3-5)
Pleasant Hills (District 6)
Converse (District 7)
Zwolle (District 8)
Ebarb (District 9)

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

Capital Projects Funds:

Negreet (District 1)
Many (Districts 3-5)
Converse (District 7)
Zwolle (District 8)
Ebarb (District 9)

The capital projects funds for these districts 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.

SABINE PARISH SCHOOL BOARD

Many, Louisiana

AGENCY FUND

**Schedule of Changes in Deposit Balances of Individual School Activity Funds
For the Year Ended June 30, 2011**

<u>School</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Converse	\$ 94,133	\$ 229,692	\$ 259,898	\$ 63,927
Ebarb	54,335	254,228	271,324	37,239
Florien	42,369	249,253	238,155	53,467
Headstart	924	12,148	12,558	514
Many	137,394	647,445	637,891	146,948
Negreet	45,635	277,258	274,984	47,909
Pleasant Hill	43,823	225,521	217,102	52,242
Spark	14,125	10,086	17,982	6,229
Zwolle	51,947	386,646	386,197	52,396
Total School Activity Funds	\$ 484,685	\$ 2,292,277	\$ 2,316,091	\$ 460,871

SABINE PARISH SCHOOL BOARD
 Many, Louisiana
CAPITAL ASSETS

Schedule of Capital Assets by Function
 June 30, 2011

<u>Function</u>	<u>Land</u>	<u>Construction in Progress</u>	<u>Buildings and Improvements</u>	<u>Furniture and Equipment</u>	<u>Total</u>
Instructional services	\$ 294,984	\$ 790,803	\$ 37,991,260	\$ 2,756,842	\$ 41,833,889
Support services	24,206	-	3,363,742	304,788	3,692,736
School food services	2,553	-	322,607	104,250	429,410
Total	\$ 321,743	\$ 790,803	\$ 41,677,609	\$ 3,165,880	\$ 45,956,035

Schedule of Changes in Capital Assets by Function
 For the Year Ended June 30, 2011

<u>Function</u>	<u>Balance, July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, June 30, 2011</u>
Instructional services	\$ 40,933,158	\$ 900,731	\$ -	\$ 41,833,889
Support services	3,347,282	345,454	-	3,692,736
School food services	360,205	69,205	-	429,410
Total	\$ 44,640,645	\$ 1,315,390	\$ -	\$ 45,956,035

SABINE PARISH SCHOOL BOARD
Many, Louisiana

Schedule of Compensation Paid Board Members
For the Year Ended June 30, 2011

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 \$600 per month. In addition, the president receives \$100 per month for exercising the duties of the office.

Imon Jones	\$7,800
James House	7,200
Roderick Davis	7,200
Jack Sanders	7,200
Donnie Sistrunk	7,800
Harold Stewart	7,200
Buddy Veuleman	7,200
Denyse Williams	7,200
James R. Veuleman	<u>7,200</u>
Total	<u>\$66,000</u>

SABINE PARISH SCHOOL BOARD
Many, Louisiana
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2011

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	FEDERAL CFDA NUMBER	FEDERAL EXPENDITURES
UNITED STATES DEPARTMENT OF AGRICULTURE		
Passed through Louisiana Department of Agriculture & Forestry		
Child Nutrition Cluster:		
Noncash assistance:		
Food Distribution Program	10 550	\$ 122,765
Passed through Louisiana Department of Education:		
National School Lunch Program	10 555	1,650,348
Total United States Department of Agriculture		<u>1,773,113</u>
UNITED STATES DEPARTMENT OF EDUCATION		
Direct programs:		
Indian Education _Grants to Local Educational Agencies	84 060	214,655
Passed through Louisiana Department of Education:		
Adult Education - State Grant Program	84 002	42,401
Title I Cluster:		
Title I Grants to Local Educational Agencies	84 010	1,237,778
Title I Grants to Local Educational Agencies, Recovery Act	84 389	367,759
		<u>1,605,537</u>
Special Education Cluster:		
Special Education-- Grants to States	84 027	881,257
Special Education-- Preschool Grants	84 173	42,047
Special Education-- Grants to States, Recovery Act	84 391	834,671
Special Education-- Preschool Grants, Recovery Act	84 392	21,936
		<u>1,779,911</u>
Vocational Education - Basic Grants to States	84 048	50,856
Safe and Drug-Free Schools and Communities, State Grants	84 186	8,667
Even Start-- State Educational Agencies	84 213	125,644
Twenty-First Century Community Learning Centers	84 287	1,103,199
Educational Technology Cluster:		
Educational Technology State Grants	84 318	3,885
Educational Technology State Grants, Recovery Act	84 386	6,876
		<u>10,761</u>
Gaining Early Awareness and Readiness for Undergraduate Programs	84 334	69,334
Title VI, Part B - Rural Education Initiative	84 358	293,770
English Language Acquisition Grants	84 365	21,235
Improving Teacher Quality State Grants	84 367	358,589
Education Jobs Fund	84 410	830,872
		<u>6,515,431</u>
Total United States Department of Education		<u>6,515,431</u>
UNITED STATES DEPARTMENT OF HEALTH & HUMAN SERVICES		
Direct Programs:		
Head Start Cluster:		
Head Start	93 600	1,062,897
ARRA - Head Start	93 708	505,601
		<u>1,568,498</u>
Passed through the Louisiana Department of Education		
Temporary Assistance for Needy Families	93 558	938,299
Preventive Health and Health Services Block Grant	93 991	
Total United States Department of Health & Human Services		<u>2,506,797</u>
Total Expenditures of Federal Awards		<u>\$ 10,795,341</u>

The accompanying notes are an integral part of this schedule.

SABINE PARISH SCHOOL BOARD
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Sabine Parish School Board and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

Note 2. Noncash Programs

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

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 THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Superintendent and School Board
Sabine Parish School Board

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Sabine Parish School Board as of and for the year ended June 30, 2011, which collectively comprise the Sabine Parish School Board's basic financial statements and have issued our report thereon dated October 11, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the school district's internal control over financial reporting as a basis for designing our auditing procedures 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 district's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the school board's internal control over financial reporting.

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 material misstatements on a timely basis. A material weakness is a deficiency, or 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be a significant deficiency in internal control over financial reporting, Finding 2011-1. A significant deficiency is a deficiency, or 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the school board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 did not disclose any instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Sabine Parish School Board's response to the finding identified in our audit is described in the accompanying Auditee's Corrective Action Plan. We did not audit Sabine Parish School Board's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the school board and management, entities with accreditation overview, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
October 11, 2011

Certified Public Accountants

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE WITH *OMB CIRCULAR A-133*

Superintendent and School Board
Sabine Parish School Board

Compliance

We have audited the compliance of the Sabine Parish School Board with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The 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. Compliance with the requirements of laws, regulations, contract and grants applicable to each of its major federal programs is the responsibility of the school district's management. Our responsibility is to express an opinion on the school board's compliance based on our audit.

We conducted our audit of compliance 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, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the school board's compliance with those requirements.

In our opinion, the Sabine Parish School Board complied, in all material respects, with the requirements referred to above could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of the Sabine Parish School Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the school board's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 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.

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

This report is intended solely for the information and use of the school board and management, others within the entity, entities with accreditation overview, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
October 11, 2011

Certified Public Accountants

SABINE PARISH SCHOOL BOARD
Many, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

Section I: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued on the financial statements: Unqualified.
2. Material noncompliance relating to the financial statements? No.
3. Internal control over financial reporting:
 - a. Material weakness(es) identified? No.
 - b. Significant deficiency(ies) identified that is not considered to be material weaknesses? Yes.

Federal Awards:

4. Type of auditor's report issued on compliance for major federal programs: Unqualified.
5. Internal control over major programs:
 - a. Material weakness(es) identified? No.
 - b. Significant deficiency(ies) identified that are not considered to be material weaknesses? No.
6. Any audit findings reported as required by Section __.510(a) of OMB Circular A-133?
No.
7. Federal programs identified as major programs:
 - a. Twenty-First Century Community Learning Centers
CFDA# 84.287
 - b. Title I Grants to Local Educational Agencies.
CFDA# 84.010, CFDA# 84.389
 - c. Special Education Cluster:
CFDA# 84.027, CFDA# 84.173, CFDA# 84.391, CFDA# 84.392
 - d. Education Jobs Fund
CFDA# 84.410
 - e. Temporary Assistance for Needy Families
CFDA# 93.558
 - f. Head Start Cluster:
CFDA# 93.600, CFDA# 93.708

g. Title II, Improving Teacher Quality State Grants
CFDA # 84.367

8. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
9. Auditee qualified as a low-risk auditee? No.
10. Prior fiscal year audit findings and questioned cost relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section __.315(b) of OMB Circular A-133? No.

Section 2: Findings Relating to the Financial Statements

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

Significant Deficiency: Finding 2011-1

During our observation and testing of School Activity Funds, we noted the following internal control deficiencies:

1. Converse High School: Two gift cards valued at \$300 apiece were purchased with no support provided.
2. Ebarb High School: Multiple deficiencies noted.
 - Itinerary information not provided on tested items involving out-of-town travel.
 - Signatures for receipt of goods not noted on 40% of expenditures tested.
 - Invoices not stamped "Paid" increasing the possibility of duplicate payments being made on individual transactions.
 - Sponsor not noted on 50% of purchase requisition supporting documentation.
3. Florien High School: Concession receipts/disbursements are comingled with individual activities. Concessions profitability is indeterminable.
4. Many Junior High: Multiple deficiencies noted.
 - Sponsor not noted on most supporting documentation tested.
 - School secretary signed as receiver of all goods disbursements tested. Most of these received items were taken into possession by other individuals.
 - Ticket reconciliations tested do not state who collected/deposited cash received.
5. Negreet High School: Sponsor not noted on most supporting documentation tested.
6. Pleasant Hill High School: Multiple deficiencies noted
 - Itinerary information not provided on tested items involving out-of-town travel.
 - Fuel purchases tested contained no information written on the fuel receipt regarding stated purpose or vehicle which was fueled.
7. Zwolle Elementary School: Multiple deviations noted.

- No function appears present for requisitioning goods and services. Almost all expenditures tested contained only the signatures of the principal and the bookkeeper. No sponsor signatures were noted. Payments lacking sufficient supporting documentation make it indeterminable as to whether the expenditure(s) is/are being charged to the correct activity fund(s).
8. Sabine Career Academy: Notations not present on supporting documentation as to whether goods have been received. A signature stamp provided by the Central Office was not used in multiple instances.

Recommendation

Continued oversight from the Central Office is needed. Training sessions with the principals and bookkeepers must continue with communication being constant throughout the school year. Central Office personnel need to continue with unannounced, onsite inspections. Corrective action will vary in each instance listed above but needs to be consistent and implemented upon identification.

Section 3: Findings and Questioned Costs for Federal Awards

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

SABINE PARISH SCHOOL BOARD
Many, Louisiana

Dorman Jackson—Superintendent

AUDITEE'S CORRECTIVE ACTION PLAN

As required by Section __.315(b) of OMB Circular A-133, the Sabine 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, 2011:

Finding
2011-1

Corrective Action Plan Details

a. Name of Contact Person Responsible for Corrective Action:

Name: Bobby Lewis
Title: Business Manager
Phone Number: 318-256-9228

b. Corrective Action Planned:

To provide more oversight for expenditures of School Activity funds.

c. School Board's Response:

The School Board will ensure these recommendations are enacted.

c. Anticipated Completion Date:

June 30, 2012

SABINE PARISH SCHOOL BOARD
Many, Louisiana

Dorman Jackson–Superintendent

SUMMARY OF PRIOR AUDIT FINDINGS

As required by Section __.315(b) of OMB Circular A-133, the Sabine Parish School Board has prepared and hereby submits the following summary schedule of prior audit findings for the year ended June 30, 2011:

<u>Finding</u>	<u>Initial Occurrence</u>	<u>Description</u>	<u>Status</u>
2010-1	FY 2009	Multiple internal control deficiencies at school levels	Partially resolved.