

OUACHITA PARISH SCHOOL BOARD

**SINGLE AUDIT REPORTING PACKAGE
YEAR ENDED JUNE 30, 2013**

OUACHITA PARISH SCHOOL BOARD
MONROE, LOUISIANA
SINGLE AUDIT REPORTING PACKAGE
JUNE 30, 2013

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LUFFEY, HUFFMAN, RAGSDALE & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
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INDEPENDENT AUDITOR'S REPORT

Ouachita Parish School Board Monroe, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Ouachita Parish School Board** (the School Board) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 7 – 27), the budgetary comparison information (pages 101 – 105), the schedule of employer contributions-other post-employment benefits (page 107) and the schedule of funding progress-other post-employment benefits (page 107) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Prior-Year Comparative Information

We have previously audited the School Board's 2012 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated December 20, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Board's basic financial statements. The accompanying information listed as other supplemental information in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The 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 also not a required part of the basic financial statements.

The other supplemental information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying

Ouachita Parish School Board
Independent Auditors' Report

statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information and the schedule of expenditures of federal awards described above are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2013, on our consideration of the School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Board's internal control over financial reporting and compliance.



(A Professional Accounting Corporation)

December 19, 2013

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**Ouachita Parish School Board
Monroe, Louisiana**

Fiscal Year Ended June 30, 2013

**REQUIRED SUPPLEMENTAL INFORMATION
(PART A)**

**Ouachita Parish School Board
Monroe, Louisiana**

Fiscal Year Ended June 30, 2013



Ouachita Parish School Board
Monroe, Louisiana

Management's Discussion and Analysis

June 30, 2013

Management's discussion and analysis of the Ouachita Parish School Board's financial performance provides an overall review of the School Board's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the School Board's financial performance as a whole. The reader should consider the information presented here in conjunction with the additional information provided in the letter of transmittal which precedes this section for a better understanding of the financial condition of the Ouachita Parish School Board.

Financial Highlights

Key financial highlights during the 2012-13 fiscal year are as follows:

- The assets and deferred outflows of resources of the Ouachita Parish School Board exceeded its liabilities at the close of the most recent fiscal year by \$96,463,126 (*net position*). Of this amount, \$26,155,506 represents a deficit in unrestricted *net position*, which means unrestricted resources are not available to meet the School Board's obligations to its students, citizens and creditors if all obligations matured and became due and payable on June 30, 2013.
- The total net position of the Ouachita Parish School Board increased by \$6,793,259 for the year ended June 30, 2013. This is a 7.58% increase in net position over the prior year
- As of the close of the current fiscal year, the Ouachita Parish School Board's governmental funds reported a total combined ending fund balance of \$72,408,165, an increase of \$2,546,824 in comparison with the prior fiscal year. This fund balance is comprised of (1) \$17.9 million for spending within the General Fund (major fund); (2) \$17.1 million committed for specific maintenance and operations purposes in the District No.1 Sales Tax Fund (major fund); (3) \$19.5 million for spending in Special Revenue Funds which includes the 1968 and 1995 sales tax salary supplement funds, the West Ouachita Sales Tax fund, school food service, and federal, state, and local grant programs; (4) \$12.6 million is restricted for the payment of outstanding bond issues within the Debt Service Funds; and (5) \$5.3 million is restricted for construction projects within the Capital Projects Funds.
- At the end of the fiscal year, unrestricted fund balance (the total of *committed*, *assigned* and *unassigned* components of *fund balance*) for the General Fund was \$17,262,451, or approximately 12.8% of total General Fund expenditures.
- Total revenue for the fiscal year in the governmental funds was \$213,747,822, which is a decrease of \$398,329 from the prior fiscal year. Approximately 97.4% of this amount is received from four major revenue sources: (1) \$119.8 million from the state Minimum Foundation Program (MFP) formula (2) \$41.3 million from local sales taxes, (3) \$24.0 million from local ad valorem taxes, and (4) \$23.0 million from federal, state, and local grants and contributions.
- Total capital assets (net of depreciation and amortization) were \$232,067,784, or 69.4%, of the total assets of the School Board at June 30, 2013. The School Board uses these assets to provide educational and support services to students; consequently, these assets are not available for future spending.
- The School Board's outstanding debt at June 30, 2013 includes General Obligation Bonds of \$80.5 million and Sales Tax Revenue Bonds of \$65.9 million. Total outstanding bonded debt was reduced by \$7,030,000 during the current period, with one revenue bond issue being paid in full.

**Ouachita Parish School Board
Monroe, Louisiana**

Management's Discussion and Analysis

June 30, 2013

- Collections from local property taxes in the General Fund increased by 8.2% due to the "roll-forward" of 2012 millages to the prior year's maximum levied rate after being applied to an overall increase in assessed property values.
- Collections of local sales tax revenue continue its increasing trend. Total collections for the current period were \$41,309,080, which is up 4.84% over the previous fiscal year.

Using this Comprehensive Annual Financial Report (CAFR)

The management's discussion and analysis is intended to serve as an introduction to the Ouachita Parish 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 Ouachita Parish School Board's finances, in a manner similar to a private-sector business. There are two government-wide financial statements presented to report on the overall governmental activities of the School Board.

- The *Statement of Net Position* presents information on all of the Ouachita Parish School Board's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Ouachita Parish School Board is improving or deteriorating.
- The *Statement of Activities* presents information showing how the School Board's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The change in net position reported in the *Statement of Activities* is an important indicator because it tells the reader whether, for the School Board as a whole, the financial position of the School Board improved or declined. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors affecting the School Board include the parish's sales and property tax bases and the state and federal government's continued funding.

The government-wide financial statements can be found on pages 32 and 33 of this report.

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 Ouachita Parish School Board, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements report on the specific governmental activities of the School Board. These statements provide more detail than the government-wide financial statements about the services financed in the short-term as well as what remains for future spending in the School Board's more significant funds as well as all other nonmajor funds. The General Fund is the Ouachita Parish School Board's most significant fund.

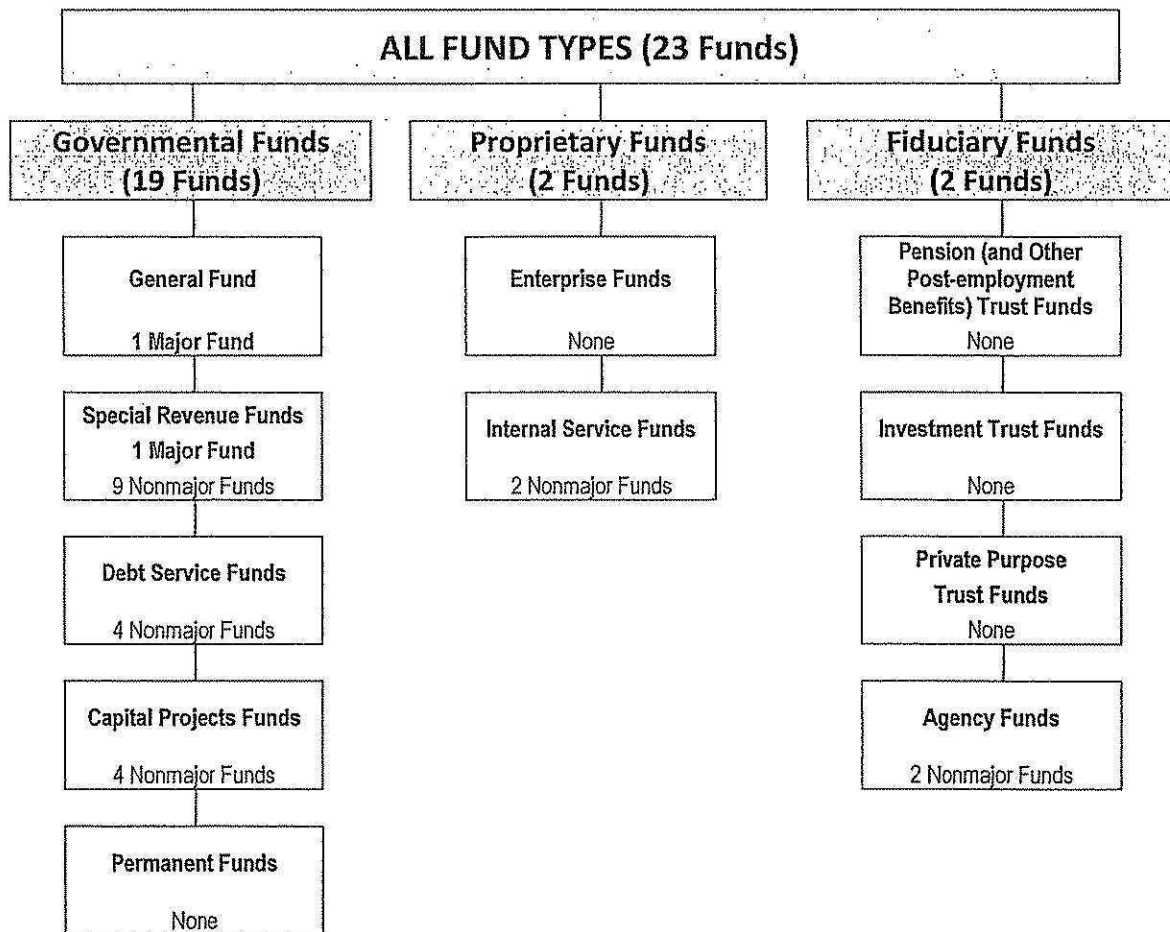
All of the funds of the Ouachita Parish School Board can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Then each fund is assigned a fund-type within each category. There are eleven

Ouachita Parish School Board
Monroe, Louisiana

Management's Discussion and Analysis

June 30, 2013

different fund-types in which a fund can be classified. Each fund type and the number of individual funds operated by the Ouachita Parish School Board for fiscal year 2012-13 are listed in the chart below. Only the fund types under which the School Board's funds are operating are further discussed.



- **Governmental funds.** Most of the School Board's activities are reported as *governmental funds*, which focus on how money flows into and out of each fund and the balances remaining at year-end available for spending in future periods. These funds are reported using the modified-accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. *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 *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* at the end of the fiscal year. Such information may be useful in evaluating the Ouachita Parish School Board near-term financing requirements.

Ouachita Parish School Board
Monroe, Louisiana

Management's Discussion and Analysis

June 30, 2013

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 near-term financing decisions. Both the governmental funds *Balance Sheet* and the governmental funds *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 uses many funds to account for a multitude of financial transactions. However, these *governmental fund financial statements* focus on the School Board's most significant funds. Information is presented separately in the governmental funds *Balance Sheet* and in the governmental funds *Statement of Revenues, Expenditures, and Changes in Fund Balances* for the General Fund and the District No.1 Sales Tax Special Revenue Fund which are considered to be the only major funds of the School Board. Data for the other 21 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Changes in major funds. In the previous fiscal year, the East Ouachita 2011/2012 Construction Capital Projects Fund was reported as a major fund in the governmental funds financial statements. Due to the use of bond proceeds for capital outlays during the current period which has reduced the resources available in this fund at year end, this fund no longer meets the requirements of a major fund. It is now being reported as a non-major Capital Projects Fund.

The School Board adopts an annual operating budget for its General Fund and for each Special Revenue Fund. Annual adopted budgets are not required for Debt Service Funds and Capital Projects Funds under the Louisiana Local Government Budget Act. Budgetary comparison statements have been provided to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 37-41 of this report.

- ***Proprietary fund.*** The Ouachita Parish School Board maintains one fund-type within the Proprietary Fund. *Internal Service Funds* are an accounting fund-type used to accumulate and allocate costs internally among the School Board's various functions. The School Board uses internal service funds to account for *Self-Insurance* payments of claims and deductibles for workers' compensation, general liability, property and fleet insurance policies and for *Centralized Printing* services. (A summary of the School Board's insurance coverage at June 30, 2013, has been included in the Statistical Section in the schedule titled "Insurance Coverage Data".) Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Internal Service Funds are reported in a separate section consisting of a *Comparative Statement of Net Position*; a *Comparative Statement of Revenues, Expenses, and Changes in Net Position*; and a *Comparative Statement of Cash Flows*. Both internal service funds are presented in a single, combined aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The basic proprietary fund financial statements can be found on pages 47-49 of this report.

**Ouachita Parish School Board
Monroe, Louisiana**

Management's Discussion and Analysis

June 30, 2013

- ***Fiduciary funds.*** Fiduciary funds are used to account for resources held for the benefit of parties outside the Ouachita Parish School Board. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Ouachita Parish School Board's own programs. The School Board maintains one fund-type within its Fiduciary Funds. *Agency Funds* report resources held by the School Board in a custodial capacity for individuals, private organizations or other governments. The School Board is the trustee, or fiduciary, for two Agency Funds – student activity funds and state equalization funds that pass through the School Board to other local education providers.

The MFP formula adopted by the State Board of Elementary and Secondary Education and approved by the state legislature now requires a portion of the School Board's state MFP funding representing a per pupil allotment of the School Board's local tax revenue be deducted and transferred to other local education agencies (LEA). This occurs when a qualifying student who resides within the jurisdictional boundaries of the Ouachita Parish School Board attends another state approved educational provider outside of the jurisdictional boundaries of the School Board. These funding transfers are accounted for in the Agency Fund for State Equalization Local Funding Transfers to Other Educational Providers.

All activities of these Agency Funds are reported in a separate *Comparative Statement of Fiduciary Assets and Liabilities*. The School Board is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The fiduciary fund financial statements can be found on page 53 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are presented in separate section immediately following the basic financial statements and can be found on pages 55-96 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* to show budgetary compliance for the School Board's major funds, and to disclose the School Board's progress in funding its obligation to provide OPEB benefits to its employees. These schedules can be found on pages 99-108. The combining statements for nonmajor governmental funds along with related budget comparison schedules are presented immediately following the required supplementary information on pages 112-151 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Ouachita Parish School Board, assets and deferred outflows exceed liabilities by \$96,463,126 at the close of the 2012-13 fiscal year.

**Ouachita Parish School Board
Monroe, Louisiana**

Management's Discussion and Analysis

June 30, 2013

The following analysis focuses on the net position and change in net position of the School Board's governmental activities.

Ouachita Parish School Board's Net Position for Governmental Activities

	June 30, 2013	June 30, 2012
Current and other assets	\$ 102,507,072	\$ 100,695,512
Capital assets, net of depreciation/amortization	232,067,784	232,108,887
Total assets	334,574,856	332,804,389
Deferred outflows of resources	506,912	556,444
Current and other liabilities	25,998,183	27,588,275
Long-term liabilities	212,620,459	216,102,691
Total liabilities	238,618,642	243,690,966
Net position (prior year restated):		
Net investment in capital assets	97,150,276	98,549,523
Restricted	25,468,356	32,829,304
Unrestricted	(26,155,506)	(41,708,960)
Total net position	\$ 96,463,126	\$ 89,669,867

By far, the largest portion of the School Board's total net position, \$97,150,276, reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related outstanding debt used to acquire those assets. As you can see, *net investment in capital assets* exceeds the total of all net position held by the School Board at year end. The School Board uses these capital assets to provide educational services to children; consequently, these assets are not available for future spending or payment of obligations. Although the School Board's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the School Board's net position (26.4%) represents \$25,468,356 in resources that are subject to external restrictions on how they may be used. *Restricted* net position is reported separately to show legal constraints from debt covenants, tax propositions, and enabling legislation that limit the School Board's ability to use those resources for day-to-day operations.

The negative unrestricted net position of \$26,155,506 represents the accumulated results of all past years' operations. In theory, this means if we had to pay off all of our bills today including all noncapital liabilities, such as compensated absences and unfunded other post-employment benefits, and sold all of our assets at their current value, we would not have enough funds to pay off all of our debt. However, this negative *unrestricted* net position did improve by \$15,653,454 over the past year due to the reduction of long-term debt and funds restricted for capital projects, while revenue increased and operational spending decreased.

The School Board's overall net position increased over the prior fiscal year by \$6,793,259. The reasons for this overall increase are discussed in the following section for governmental activities. [Prior year classifications of net position are restated to include \$6,088,703 in bond proceeds held in reserve but omitted from the calculation of *net investment in capital assets* and \$13,697,863 of capital project funds that were not classified as *restricted* net position. These changes, in addition to the restatement for the change in accounting for bond issuance costs (\$814,934) per GASB Statement 65, reduces the previous year's *unrestricted* net position by \$19,786,566 from originally reported.]

Ouachita Parish School Board
Monroe, Louisiana

Management's Discussion and Analysis

June 30, 2013

The results of this year's operations for the School Board as a whole are reported in the *Statement of Activities*. The following table summarizes the *Statement of Activities* in a different format so that total revenue for the year can be more easily identifiable.

Ouachita Parish School Board's Governmental Activities
Schedule of Changes in Net Position

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>Increase (Decrease)</u>
Revenue:			
Program revenue:			
Charges for services	\$ 2,411,978	\$ 2,377,939	\$ 34,039
Operating grants and contributions	25,429,452	30,576,016	(5,146,564)
Capital grants and contributions	-	27,738	(27,738)
General revenue:			
Ad valorem taxes	24,028,991	22,375,690	1,653,301
Sales taxes	41,309,080	39,402,765	1,906,315
State Minimum Foundation Program	119,870,318	117,404,761	2,465,557
Interest on investments	179,093	436,428	(257,335)
Other general revenues	985,805	1,760,196	(774,391)
Total revenues	<u>214,214,717</u>	<u>214,361,533</u>	<u>(146,816)</u>
Expenses:			
Instruction:			
Regular programs	78,130,383	85,247,327	(7,116,944)
Special education programs	18,204,343	19,081,018	(876,675)
Vocational programs	1,901,444	2,060,638	(159,194)
Other instructional programs	8,399,010	8,433,690	(34,680)
Special programs	4,676,673	4,748,497	(71,824)
Adult/continuing education	64,046	1,307,125	(1,243,079)
Support services:			
Pupil support services	11,868,192	12,064,420	(196,228)
Instructional staff support services	13,818,477	15,249,486	(1,431,009)
General administration	2,035,234	2,117,165	(81,931)
School administration	13,626,722	12,936,711	690,011
Business services	3,125,193	3,096,381	28,812
Plant services	19,455,702	20,558,751	(1,103,049)
Student transportation services	11,267,218	11,091,742	175,476
Central services	3,145,826	3,319,011	(173,185)
Non-instructional services:			
Food services operations	12,141,427	12,247,610	(106,183)
Community services programs	42,806	77,809	(35,003)
Long-term obligations:			
Interest and other charges	5,518,762	5,713,837	(195,075)
Total expenses	<u>207,421,458</u>	<u>219,351,218</u>	<u>(11,929,760)</u>
Increase (decrease) in net position	6,793,259	(4,989,685)	11,782,944
Net position at beginning of year (restated)	89,669,867	94,659,552	(4,989,685)
Net position at end of year	<u>\$ 96,463,126</u>	<u>\$ 89,669,867</u>	<u>\$ 6,793,259</u>

**Ouachita Parish School Board
Monroe, Louisiana**

Management's Discussion and Analysis

June 30, 2013

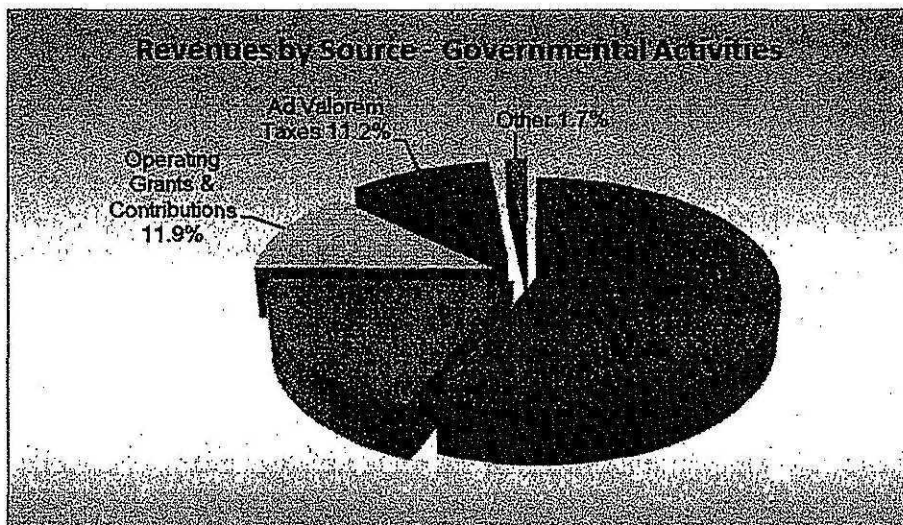
As stated earlier, the overall net position of the School Board at June 30, 2013 improved by \$6,793,259 from the prior year. This is the result of management taking various actions (e.g., reduced personnel expenses through attrition and non-essential program costs) to reduce expenses to offset the increases in regulatory rates that went into effect at the start of the fiscal year and decreases in awards from state and federal grant programs. These actions lessened the effect on governmental activities of the School Board.

Overall revenue decreased by a net of \$146,816. The decrease in program revenue from operating grants and contributions is due to reductions in allocations and discontinued state and federal grant programs, primarily from federal stimulus funds ending, and transferring fiscal agent oversight for adult education programs to another local government. Likewise, the reductions in grants and contributions also parallel a reduction in related expenses. The School Board did not receive any program revenue for capital grants and contributions during the current period; therefore, this column is not shown in the Statement of Activities. The decrease in program revenue is offset by increases in general revenue. General revenue shows increases in state Minimum Foundation Program funding (for increased student enrollment on the October 1st student count and for corrections made to the state MFP formula allocation late in the fiscal year) and local sales and property tax collections throughout the fiscal year.

Overall, expenses decreased by \$11.9 million due to management implementing cost reduction plan that reduced personnel costs by \$4.8, reduced \$1.2 million in textbook purchases, and other non-essential program expenses during the current year, in addition to the reduction of about \$5.0 million in expenses from the loss of operating grants and contributions from expenditure-driven grant awards. These measures were necessary in order to offset known increases in fixed costs (such as retirement with a 4% increase), reductions in grants and contributions, and funding the prior year's reduction in net position.

Revenue by Source – Governmental Activities

Total revenue of the Ouachita Parish School Board has increased only by \$119,078 over the prior year. This mostly due to the increase in state MFP funding for student growth, in sales tax and ad valorem tax collections continuing its upward trend.



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- **Minimum Foundation Program (MFP) Funding:** The largest revenue source for the School Board is state equalization funding awarded through the MFP at 55.9% of total revenue for the School Board. This is the funding formula adopted by the Louisiana Board of Elementary and Secondary Education and approved by the Louisiana Legislature to equitably distribute state appropriated funds to public school systems throughout the state. These funds help to pay for employee salaries and benefits and general operations. The State does not appropriate funds to public school systems for building schools or retiring debt. The distributions made through the MFP formula are driven by student enrollments and demographics as of two reporting dates during the fiscal year. The following is a summary of MFP Funding received by the School Board over a three-year period and funded student enrollment for reference.

Fiscal Year	October 1 st MFP Student Membership	State MFP Funding, Net	Percentage Increase (Decrease)	State MFP Reductions For Transfers of Local Funds	Federal Stimulus Received to Fully Fund the MFP
2010-11	19,186	\$112,675,404	1.13%	\$25,189	\$2,323,286
2011-12	19,264	\$117,404,761	4.19%	\$99,467	\$75,164
2012-13	19,550	\$119,870,318	2.10%	\$187,789	\$0

The Ouachita Parish School Board was allocated \$119,870,318 in state equalization funding through the MFP funding formula, net of reductions made by the state for transfers of local funding to other state-approved educational providers who have enrolled students who live within the school zones of the Ouachita Parish School System. Of this annual MFP allocation received by the School Board, a deposit of \$1,439,682 of was made to the School Food Service Special Revenue Fund.

- **Sales Tax Revenue:** Sales taxes are the second largest revenue source for the School Board at 19.3% of total revenue. The School Board has four separate sales tax rates levied upon the sale and consumption of goods and services throughout the parish and one school district for public schools. Each is accounted for in a separate governmental Special Revenue Fund and collections for each are indicated below:

Fiscal Year	(Major Fund) District No.1 Sales Tax	Salary Supplements 1995 Sales Tax	Salary Supplements 1968 Sales Tax	West Ouachita (District) Sales Tax	Total Combined	Percentage Increase (Decrease)
Tax Rate:	0.5%	1.0%	0.5%	1.0%	3.0%	
2010-11	\$6,130,045	\$12,428,471	\$9,101,919	\$9,953,695	\$37,614,130	6.39%
2011-12	\$6,429,472	\$12,984,223	\$9,460,970	\$10,528,100	\$39,402,765	4.76%
2012-13	\$6,790,943	\$13,710,645	\$9,840,846	\$10,966,646	\$41,309,080	4.84%

Sales tax revenue increased by \$1,906,315 over the prior year. As the above chart indicates, the School Board's collections have experienced slow stable increases in recent years for all of its sales tax funds. The major fund District No. 1 Sales Tax shows an increase of \$361,471, or 5.6%, over the prior fiscal year.

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- **Operating Grants & Contributions:** The third largest revenue source for the School Board is operating grants and contributions at 11.9% of total revenues. Operating grants and contributions totaled approximately \$25.4 million, and Federal grants represent approximately \$20.9 million or 82.2% of this total. These grants and contributions are specifically restricted to certain programs, and therefore, are netted against the costs of these programs to show a true net cost in the *Statement of Activities*.

Fiscal Year	Title I Programs	Special Education IDEA-B	School Food Service	Other Operating Grants & Contributions	Total	Percentage Increase (Decrease)
2010-11	\$7,709,105	\$7,443,098	\$6,413,579	\$12,948,717	\$34,514,499	6.67%
2011-12	\$6,081,855	\$3,946,030	\$7,139,633	\$13,408,498	\$30,576,016	(11.41%)
2012-13	\$5,620,617	\$4,518,162	\$7,330,061	\$7,960,612	\$25,429,452	(16.83%)

In the 2012-13 fiscal year, operating grants and contributions continued to decline with a reduction of \$5,146,564 over the prior year. Title I, Special Education IDEA-B, and School Food Service make up \$17.5 million (68.7%) of total operating grants and contributions. Decreases in operating grants and contributions are primarily the result of a federal stimulus program (Edujobs Funds) ending and the transfer of adult education programs to the local community college for fiscal management, oversight, and delivery of services.

- **Ad Valorem Tax Revenue:** The fourth largest revenue source for the School Board is ad valorem taxes at 11.2% of total revenues. Ad valorem collections are based upon the number of mills authorized by taxpayers and levied annually by the School Board and the taxable assessed value of property (established by the Ouachita Parish Tax Assessor), in accordance with the laws set-forth for this purpose by the Louisiana Legislature. The following chart lists the ad valorem tax revenues for the past three years.

Fiscal Year	Mills	General Fund (Major Fund)	Mills	East Ouachita Bond Debt Service Fund (Nonmajor Fund)	Total	Percentage Increase (Decrease)
2010-11	29.33	\$15,499,401	30.0	\$5,774,612	\$21,274,013	6.32%
2011-12	29.33	\$16,180,595	30.0	\$6,195,095	\$22,375,690	5.18%
2012-13	29.33	\$17,504,128	30.0	\$6,524,863	\$24,028,991	7.39%

Ad valorem tax revenue increased by \$1,653,301 (7.39%) over the prior year. The 2012 tax collection year was a reassessment year, and the School Board elected to roll back its millages to the maximum levy authorized in the previous collection year. This maximum rate when applied to the new assessed values of property on the 2012 tax roll, resulted in a higher increase in property tax revenue.

Ad valorem tax collections continue to show modest growth especially in recently years attributed to increases in assessed property and public service utilities.

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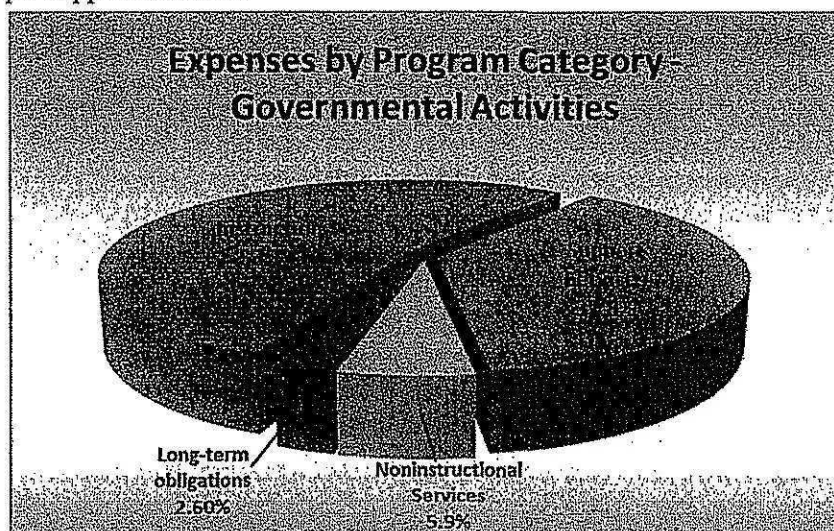
June 30, 2013

Cost of Services – Governmental Activities

Program expenses and program revenues for governmental activities are classified by function (or program). Program revenues are comprised of (1) specific charges for services, and (2) operating and capital grants and contributions. The table below presents the total cost of services of each of the School Board's nine largest functions, as well as each function's net cost (total cost less program revenues generated by the activities). Net cost shows the financial burden that was placed on the School Board's taxpayers by each of these functions. Providing this information allows readers to consider the cost of each function in comparison to the benefits they believe are provided by that function.

	For Year Ended June 30, 2013		For Year Ended June 30, 2012	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Regular programs	\$ 78,130,383	\$ 76,788,230	\$ 85,247,327	\$ 81,537,306
Special education programs	18,204,343	17,022,406	19,081,018	18,133,593
Other instructional programs	8,399,010	6,606,607	8,433,690	6,655,299
Pupil support services*	11,868,192	9,598,854	12,064,420	9,356,548
Instructional staff support services*	13,818,477	9,038,557	15,249,486	9,331,624
School administration	13,626,722	13,537,825	12,936,711	12,358,671
Plant services	19,455,702	18,485,305	20,558,751	19,567,589
Student transportation services	11,267,218	10,825,589	11,091,742	10,653,437
Food service operations*	12,141,427	2,963,309	12,247,610	3,053,073
Subtotal	186,911,474	164,866,682	196,910,755	170,647,140
All other programs	20,509,984	14,713,346	22,440,463	15,722,385
Total	<u>\$207,421,458</u>	<u>\$179,580,028</u>	<u>\$219,351,218</u>	<u>\$186,369,525</u>

For the 2012-13 fiscal year, total program expenses of approximately \$207.4 million exceeded total program revenues by approximately \$179.6 million. This net cost of services was funded with other general revenues of the School Board. Food Service Operations continues to be the highest funded program (*) followed by Instructional Staff Support Services, and Pupil Support Services.



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- **Instruction:** Expenses for regular programs, special education, vocational, other instructional programs, special programs, and adult education programs are considered to be instructional services and represent the direct expenses of providing instruction to students. Instruction services for the fiscal year cost \$111.4 million and represents 53.70% of total governmental activities. The following chart shows the cost of instruction over the past three years:

<u>Fiscal Year</u>	<u>Instruction</u>	<u>Percentage Increase (Decrease)</u>	<u>Percent of Total Governmental Activities</u>
2010-11	\$117,764,783	1.82%	54.97%
2011-12	\$120,878,295	2.64%	55.11%
2012-13	\$111,375,899	(7.86%)	53.70%

As shown in the chart above, instruction services decreased approximately \$9.5 million over the previous year. The decrease is associated with the reduction in personnel costs, textbook purchases and loss of operating grants and contributions.

- **Support Services:** Support services account for approximately \$78.3 million or 37.77% of all governmental activities. These services include Pupil Support Services (includes nursing and counseling services), Instructional Staff Support Services (includes media and library services, staff training and professional development, and curriculum support), General Administration of the School Board, School Administration, Business Services, Plant Services, Student Transportation, and Central Services.

<u>Fiscal Year</u>	<u>Support Services</u>	<u>Percentage Increase (Decrease)</u>	<u>Percent of Total Governmental Activities</u>
2010-11	\$79,087,224	9.92%	36.91%
2011-12	\$80,433,667	1.70%	36.67%
2012-13	\$78,342,564	(2.60%)	37.77%

Support services decreased by \$2.1 million over the previous year mainly due to reductions in personnel costs and reductions in operating grants and contributions.

- **Non-Instructional Services:** Activities concerned with providing non-instructional services to students, staff or the communities are defined as Non-Instructional Services. These services in this category include Food Service Operations and Community Service Programs. Non-Instructional Services account for \$12.2 million, or 5.87%, of total governmental activities.

<u>Fiscal Year</u>	<u>Non-Instructional Services</u>	<u>Percentage Increase (Decrease)</u>	<u>Percent of Total Governmental Activities</u>
2010-11	\$11,319,872	(1.05%)	5.28%
2011-12	\$12,325,419	8.88%	5.62%
2012-13	\$12,184,233	(1.15%)	5.87%

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Non-instructional services decreased by \$141,186 from the previous year mainly due reductions in personnel costs.

- **Long-Term Obligations:** This activity covers interest expense, bond issuance costs and recurring expenditures to service outstanding debt, such as fees paid to paying agents and continuing annual disclosure costs. The cost of activities related to long-term obligations, which is primarily interest expense, was \$5.5 million, or 2.66%, of total governmental activities during the 2012-13 fiscal year.

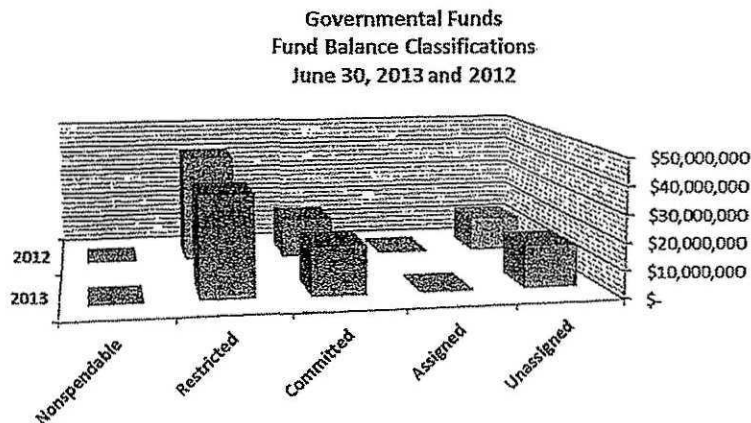
<u>Fiscal Year</u>	<u>Long-Term Obligations</u>	<u>Percentage Increase (Decrease)</u>	<u>Percent of Total Governmental Activities</u>
2010-11	\$6,174,295	1.75%	2.84%
2011-12	\$5,713,837	(6.31%)	2.60%
2012-13	\$5,518,762	(3.41%)	2.66%

Expenses for long-term obligations decreased \$195,075 or 3.41% from the previous year mainly due to the normal decline in scheduled annual interest payments for maturing long-term debt obligations.

Financial Analysis of Governmental Funds

The focus of the Ouachita Parish School Board's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources and to help the reader to determine whether the School Board is being accountable for the resources taxpayers and others provide to it. In particular, unassigned fund balance may serve as a useful measure of a School Board's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the School Board itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Ouachita Parish School Board.

At June 30, 2013, the School Board's governmental funds reported a combined fund balance of \$72,408,165, an increase of \$2,546,824 in comparison with the prior fiscal year. Approximately 21.77% of this amount (\$15,761,767) constitutes unassigned fund balance, which is available for spending at the School Board's discretion. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is (1) not in spendable form (\$114,717), (2) restricted for particular purposes (\$37,573,487), (3) committed for particular purposes (\$18,228,027), or (5) assigned for particular purposes (\$730,167).



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- **General Fund** – The General Fund is the primary operating fund of the School Board. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$15,761,767, or 88.1% of its total fund balance. Total fund balance in the General Fund increased \$2,998,535 over the prior year. As a measure of the General Funds liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents approximately 11.67% of total General Fund expenditures, while total fund balance represents approximately 13.24% of that same amount which is within the School Board's established minimum fund balance requirement. The major revenue sources in the General Fund are state Minimum Foundation Program funding and ad valorem tax revenues. The following chart summarizes the fund balance and operating history of the General Fund for the current and past two fiscal years.

Fiscal Year Ended	Revenues	Expenditures	Other Sources (Uses)	Excess (Deficiency)	Ending Fund Balance	Fund Balance as a Percentage of Expenditures
6/30/2011	\$131,559,114	\$133,041,354	(\$9,820)	(\$1,492,060)	\$15,819,323	11.89%
6/30/2012	\$136,892,385	\$137,385,577	(\$437,215)	(\$930,407)	\$14,888,916	10.84%
6/30/2013	\$139,567,450	\$135,098,321	(\$1,470,594)	\$2,998,535	\$17,887,451	13.24%

Revenues. Overall General Fund revenues increased of about \$2.7 million or 1.9%, which is attributed to the increase in state MFP funding for an increase in enrollment of 286 students during the fiscal year and increases in property tax collections from the 2012 property reassessment.

Expenditures. General Fund expenditures decreased by about \$2.3 million, or 1.7%. Management implemented a plan to reduce expenditures for the fiscal year that largely impacted the General Fund by reducing personnel costs (e.g., salaries, employer retirement and group insurance contributions, etc.), expenditures for textbooks, and other non-essential program costs, in order to offset the increases in state retirement system rates by an average of 4%, in addition to \$2.8 million in employer retirement contributions previously paid by federal Edujobs Funds in the previous year and not reallocated for the current year, and the previous fiscal year's operating deficiency of \$930,407. The decrease in salaries, textbook expenditures and other non-essential program costs from the initiatives put in place saved approximately \$4.0 million in expenditures in the General Fund, after the transfer of \$1.5 million in salaries and related benefits for alternative school programs normally paid by the District No. 1 Sales Tax Special Revenue Fund to the General Fund in the fiscal year. Approximately 134 positions in the General Fund were eliminated through attrition in the current year.

Other Financing Uses. Total other uses of funds increased by \$1,033,379. The main reason for this increase was additional transfers made to the Internal Service Fund for Self-Insurance during the fiscal year to ensure the payment of future workers compensation, general liability, and other claims made against the School Board.

- **District No. 1 Sales Tax - Special Revenue Fund.** The District No. 1 Sales Tax Special Revenue Fund is a major fund of the School Board. The proceeds from this tax are committed for the following purposes promulgated by the School Board: (1) Instructional support – 36%, (2) capital improvements – 23%, (3) facility and equipment support – 15%, (4) salary restoration – 12%, and (5) mandated costs – 14%. The fund balance increased by \$2,581,948 or 17.83% as compared to the previous year. The District No. 1 Sales Tax Fund ended the year with a fund balance of \$17,059,395.

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Fiscal Year <u>Ended</u>	<u>Revenue</u>	<u>Expenditures</u>	Other Sources <u>(Uses)</u>	Excess <u>(Deficiency)</u>	Ending Fund <u>Balance</u>	Percentage Increase <u>(Decrease)</u>
6/30/2011	\$6,166,113	\$8,045,295	\$ -	(\$1,879,182)	\$15,429,698	(10.86%)
6/30/2012	\$6,765,669	\$7,850,520	\$132,600	(\$952,251)	\$14,477,447	(6.17%)
6/30/2013	\$6,874,275	\$4,542,327	\$250,000	\$2,581,948	\$17,059,395	17.83%

Revenue. The primary revenue source for this fund is the collection of a 0.5% sales tax levied on sales and use of goods and services throughout the parish, excluding the City of Monroe. The levy of this sales tax was renewed by voters in April 2011 for an additional 10-year period. Revenue increased overall by \$108,606 or 1.6% over the previous year.

Expenditures. Expenditures decreased in 2012-13 by \$3,308,193, or 42.1%. Management implemented a plan to reduce expenditures for the fiscal year that also impacted the District No. 1 Sales Tax Fund due to the increases in state retirement system rates by an average of 4% and the previous fiscal year's operating deficiency of \$952,251, the School Board discontinued the provision previously mandated by state law to provide sabbatical leave for teachers after the State Legislature eliminated this mandate in the 2012 Legislative Session; this reduced expenditures by \$831,787 for related salaries and benefits. Also, personnel staffed in alternative school programs normally paid the sales tax fund were transferred and paid by the General Fund for the fiscal year which reduced fund expenditures by \$1.5 million as well.

- **Nonmajor Other Governmental Funds.** The nonmajor *Other Governmental Funds* accounts for all other governmental funds of the School Board which are not considered major funds. These funds are presented in the *Special Revenue Funds*, *Debt Service Funds*, and *Capital Projects Funds* combining financial statements. Other Governmental Funds ended with a \$37,461,319 fund balance at June 30, 2013. This decrease of \$3,033,659 (7.5%) from the previous year's ending fund balance, primarily due to spending up bond proceeds in the *Capital Projects Funds* on capital construction.

Special Revenue Funds. Special Revenue Funds includes non-major funds for two sales tax salary supplement funds, the West Ouachita district sales tax fund, school food service, and all other federal, state, and local grant fund programs. Special Revenue Funds ended with a fund balance of \$19,513,271 for the year which is an increase of \$5,182,336, or 36.1%, from the prior year's ending fund balance. This is mainly due to increased collection of sale tax revenues in all sales tax funds and the continued suspension of new plant project expenditures in the *West Ouachita Sales Tax Fund* for school facility repairs, maintenance and improvements in order to reestablish funds for future projects. Total revenues decreased by \$3,420,951 primarily due to the loss of \$4.8 million in grant funding from the expiration of federal Edujobs Funds, reductions in Title I spending and transferring adult education programs to the Louisiana Delta Community College for fiscal oversight. These reductions were offset by increases in sales tax collections in the Special Revenue sales tax funds. Total expenditures in the Special Revenue Funds decreased by \$4,736,773 in the current year, likewise, due to the reduction in grant program funds which are expenditure-driven and reduced spending in the *West Ouachita Sales Tax Fund* on facility construction and maintenance projects.

Debt Service Funds. Debt Services funds include funds created for the payment of maturing bonded debt in the *East Ouachita Bond Fund*, *West Ouachita Debt Service Fund* and the *West Ouachita 2009 QSCB Sinking Fund*. The *West Ouachita Bond Reserve Fund* is also reported as a debt service fund as it holds a required amount of

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bond proceeds as a good-faith guarantee to bond holders that the School Board will make good on its scheduled bond payments. The primary funding sources for these debt service funds are a transfer of sales tax proceeds from the *West Ouachita Sales Tax Fund* to the *West Ouachita Bond Fund* and a 30-mill ad valorem tax approved by voters in the East Ouachita Bond District and levied by the School Board annually. The *Debt Service Funds* ended the year with a combined fund balance of \$12,621,013, which is an increase of \$154,833 over the prior year. In accordance with state law, the fund balance in debt services funds should be maintained at a level not to exceed the next year's required principal and interest payments. Also, the debt service related to the West Ouachita \$10 Million Revenue Bonds (QSCB), Series 2009, requires annual principal payments to be invested and held in trust for the future payout of \$10 million in bond principal to bondholders at maturity in October 2024. Therefore, the fund balance of the *West Ouachita 2009 QSCB Sinking Fund* and all Debt Service Funds combined will continue to increase annually.

Capital Projects Funds. The Capital Projects Funds account for the following non-major funds in 2012-13: *West Ouachita 2008 Construction*, *West Ouachita 2009 QSCB Construction*, *East Ouachita 2010 Construction*, and *East Ouachita 2011/2012 Construction*. The *Capital Projects Funds* ended the year with a \$5,327,035 combined fund balance. This is a \$8,370,828 reduction in fund balance compared to the previous year's ending balance. All construction programs under in *West Ouachita 2008 Construction*, *West Ouachita 2009 QSCB Construction*, and *East Ouachita 2010 Construction* funds were completed and all funds were depleted during the fiscal year. The remaining fund balance represent the balance of remaining bond proceeds in the *East Ouachita 2011/2012 Construction* capital projects fund at year end, which has remaining capital projects scheduled to be completed in the next 18 months.

General Fund Budgetary Highlights

The School Board, in accordance with state law, must adopt a budget on the General Fund and all Special Revenue Funds by September 15th each year. State law provides the School Board may have variances of five-percent of total revenues or expenditures in a fund before it is legally required to amend the budget. The School Board adopted its 2012-13 original budget on September 13, 2012, and revised the budget on June 13, 2013. Differences between (a) the original and final budget and (b) the final budget and actual results of the General Fund are as follows:

Original budget compared to final budget. During the year there was no requirement for any significant amendments to increase either the original estimated revenues or original budget appropriations. However, there was a need to reallocate appropriations among various programs until it became clearer which programs were impacted by the reduction of personnel through attrition from the prior fiscal year and into the current fiscal year. Other than the occurrence of staffing reduction that occurred throughout the fiscal year, the movement of the appropriations between programs was not significant.

It is worth mentioning, however, that the original revenue from MFP budgeted in the General Fund was increased by \$3,334,986, or 2.89%, in the final budget primarily due to final adjustments made during the year to state equalization funding for increased enrollment of over 300 students from original projections. The Louisiana Department of Education issues a state MFP funding budget letter in July each year that estimates the state MFP funding to be provided to school districts in the state for the fiscal year. This letter is later revised during the fiscal year for mid-year adjustments in March to account for adjustments in student enrollment as of October 1st and February 1st during the school year. Based on the July funding letter, the original budget for MFP funding was estimated to be approximately \$115.2 million to the General Fund. The amended MFP budget letter was received in March 2013, adjusting our

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funding upward for student growth during the year for these enrollment dates. Then a final amended budget letter was issued in May 2013 as a result of a State Supreme Court ruling that overturned the MFP funding formula adopted by the State Board of Elementary and Secondary Education and approved by the State Legislature for the 2012-13 fiscal year, resetting the MFP formula to the calculation used for the previous year's MFP.

Final budget compared to actual results. The most significant difference between estimated revenue and actual revenue was in property tax collections. Actual collections exceeded budgeted revenue by \$1.4 million primarily due to a court ordered settlement of taxes on utility supply pipeline property and due to additional collections as a result of reassessed property values throughout the fiscal year.

A review of actual expenditures compared to the appropriations in the final budget shows a difference of \$1.3 million under total budgeted expenditures. The majority of the difference occurred in regular education programs, which was due to reclassification of staff salaries late in the fiscal year to other program categories to more appropriately classify personnel costs, but also in overestimating the savings in the cost of employee salaries and benefits by not taking into account the positions that were vacated during the year in several program areas that were filled with temporary staff at a lower paid salary and less benefits verses a permanent employee paid at a full time permanent salary with full benefits. Also, additional operating transfers were made to the Self-Insurance Fund to service and manage School Board liability claims.

As a result, the General Fund ended the year with an additional \$2,056,221 added to its overall fund balance than anticipated in the final budget.

Capital Assets

The Ouachita Parish School Board's net investment in capital assets as of June 30, 2013 is \$232,067,784 as reported on the *Statement of Net Position*. This investment in capital assets includes land and improvements, buildings and improvements, furniture and equipment, intangibles, and construction in progress, and is reduced by accumulated depreciation and amortization expense from the current and prior years. The table below shows the values of each category for two years.

Ouachita Parish School Board's Governmental Activities

Capital Assets (Net of Depreciation and Amortization)

	June 30	
	2013	2012
Land	\$ 6,160,668	\$ 6,160,668
Land improvements	5,984,641	2,614,136
Buildings and improvements	208,304,370	205,654,064
Furniture and equipment	7,873,018	8,797,276
Construction in progress	2,629,064	7,614,996
Intangible assets	1,116,023	1,267,737
Total	<u>\$ 232,067,784</u>	<u>\$ 232,108,877</u>

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At June 30, 2013, net capital assets decreased by \$41,093 during the current fiscal year. Net capital assets were increasing on an average of \$25 million per year from the year 2000 until about 2005 when construction slowed down and net capital assets started increasing by approximately \$1 million per year. Then construction started again as the result of selling additional general obligation bonds and revenue bonds in 2007-08, 2008-09, 2009-10, and 2011-12. As a result, net capital assets have been increasing by an average of approximately \$12.8 million each year in the three years prior to 2011-12. However, since 2011-12, the majority of these projects have been completed in prior years. Construction in progress at current year end is down \$4,985,932 compared to the prior year's ending balance which indicates the slow-down in the School Board's capital spending plan in this fiscal year.

Major capital asset events during the fiscal year included the following:

- Purchased four school buses for the fleet at a cost of \$305,760
- Sold the "old" Swartz Elementary School and surrounding property for a net gain of \$84,700
- Completed construction and renovation projects of in excess of \$13.6 million as follows:
 - Total renovation of the gym at Sterlington Middle School (old A.L. Smith School) - \$2,175,917
 - Enclosed outside entrances and relocate school office at Crosley Elementary- \$538,885
 - Outdoor classroom and secure building entrance at Riverbend Elementary - \$198,219
 - New Science, Technology, Engineering and Math building at West Monroe High - \$1,990,973
 - New multipurpose building at Lakeshore Elementary - \$1,089,688
 - Renovated bathrooms at Ouachita High - \$158,639
 - New front entrance canopy and parking lot, and bathroom renovations at Robinson Elementary- \$121,458
 - Enclosed outside classroom entrances and renovate bathrooms at Shady Grove Elementary- \$552,905
 - New front entrance canopy at Swartz Upper Elementary - \$92,450
 - New front entrance canopy, courtyard wall and bathroom renovations at Swayze Elementary - \$546,666
 - Updated flooring at Swartz Lower Elementary - \$101,469
 - New maintenance shop at eastside transportation garage - \$608,188
 - Three new athletic turf fields at Ouachita High, Richwood High and Sterlington High - \$2,609,924
 - Renovated science labs and replaced basketball bleachers at Ouachita High - \$898,702
 - Resurfaced road to the baseball field at Ouachita High - \$651,559
 - New multipurpose building/gym and renovated dressing rooms at Ouachita Junior High - \$1,353,359
- The following are costs incurred for construction projects in progress and not yet completed at year-end:
 - New multipurpose/weight room at Good Hope Middle - \$14,876
 - New classrooms (2) at Calhoun Elementary - \$32,668
 - New tennis courts at West Monroe High School - \$29,919
 - Enclose outside classroom entrances at Lenwil Elementary - \$214,562
 - Technology infrastructure upgrades parishwide \$ 65,301
 - New front entrance, office and bathroom renovations at Jack Hayes Elementary - \$273,490
 - Bathroom renovations at Ouachita Junior High - \$83,890
 - New classrooms/project-based learning labs at Sterlington High - \$416,012
 - New vocational building at Richwood High - \$626,352
 - Field house renovation and expansion at Richwood High - \$546,668
 - New weightroom at Richwood Junior High - \$325,325

**Ouachita Parish School Board
Monroe, Louisiana**

Management's Discussion and Analysis

June 30, 2013

Depreciation expense of \$9,381,272 and amortization expense of \$236,791 for the current fiscal year lowered all capital asset values by a total of \$9,618,068.

For additional information regarding capital assets, see Note 1.J. and Note 7 in the *Notes to the Basic Financial Statements* section of this report.

Debt Administration

At June 30, 2013, the School Board had \$146,430,000 in bonds outstanding. The table below summarizes the outstanding debt for each bond district for the current and prior year.

**Ouachita Parish School Board's Governmental Activities
Outstanding Debt**

<u>Debt Instrument</u>	<u>June 30</u>	
	<u>2013</u>	<u>2012</u>
General obligation bonds – East Ouachita	\$ 80,525,000	\$ 83,950,000
Revenue bonds – West Ouachita	65,905,000	69,510,000
Total outstanding debt	<u>\$ 146,430,000</u>	<u>\$ 153,460,000</u>

Total outstanding debt from bonds decreased by \$7,030,000 during the fiscal year by the regularly scheduled principal reductions on the existing outstanding debt.

The state limits the amount of general obligation debt that school boards can issue to 35% of the assessed value of all taxable property within the school board's corporate limits. At June 30, 2013, East Ouachita Bond District's maximum legal debt limit was \$97,705,653. The East Ouachita District's outstanding general obligation bonded debt of \$80,525,000 is below the maximum debt limit.

The following are the most recent credit ratings issued on Ouachita Parish School Board outstanding debt:

<u>Debt Issues</u>	<u>Credit Ratings</u>
General obligation bonds – East Ouachita	AA-/Stable Standard & Poors – January 17, 2012 Baa1 Moody's - August 19, 2013 No rating Fitch
Sales tax revenue bonds – West Ouachita	AA-/Stable Standard & Poors – October 27, 2010 Baa1 Moody's - August 19, 2013 No rating Fitch

Other long-term obligations of the School Board include accrued vacation pay and sick leave and other post-employment benefits. We present more detailed information about our long-term obligations in Note 1.M. and Note 12 in the *Notes to the Basic Financial Statements* section of this report.

**Ouachita Parish School Board
Monroe, Louisiana**

Management's Discussion and Analysis

June 30, 2013

Economic Factors and Next Year's Budgets and Rates

The following economic factors currently affect the Ouachita Parish School Board and were considered in the development of the 2013-14 fiscal year budget.

- The unemployment rate of the Ouachita-Monroe region is currently 7.5 percent, which is an increase from the rate of 6.9 percent a year ago.
- CenturyLink (a locally based Fortune 150 company) has begun construction of its new Technology Center of Excellence in the northern part of Ouachita Parish which will bring 800 jobs with mid-to-high salary ranges to the area in the near future. This has already created a higher demand for housing and services in the surrounding area as well as for capacity in nearby Ouachita Parish schools.
- State Minimum Foundation Program funding is projected to be level with no increase or decrease in students.
- Sales tax revenue is projected to increase by approximately 4.8% overall, which is in line with recent historical trends.
- Property tax collections are anticipated to be approximately 6.4% higher due to a continuing higher trend in taxable property values in recent years and an increase in demand for housing.
- The Louisiana Teachers Retirement System employer contribution rate is increasing from 24.5% to 27.2%, which is an effective increase in cost of 11%.
- School Employee's Retirement System employer contribution rate is increasing from 30.8% to 32.3% which is an effective increase in cost of 4.87%.
- Employer group insurance premiums will decrease by approximately 1.05% due to a rate reduction implemented by the Louisiana Office of Group Benefits.
- Planned purchase of a new math textbook adoption series that aligns with National Common Core State Standards.
- Interest rates are expected to remain at record lows levels through the 2013-14 fiscal year.
- Planned purchase of eight 78-passenger school buses to stay the course in maintaining a replacement cycle for the School Board fleet.
- Technology upgrades, replacements and additions for student data system upgrades, computer labs, and student computers and peripherals needed to meet the technology demands to prepare and deliver the mandated online state assessments for students in grades 6-12. These assessments will be used to gauge student progress and teacher effectiveness under the national Common Core State Standards new teacher evaluation system adopted by the Louisiana Board of Elementary and Secondary Education.
- Continuation of budget control measures put in place by the School Board in the prior fiscal year to guide and maintain the financial stability of the school system through the slow economic recovery and the fiscal cliff avoided in 2012-13.

The ending fund balance at June 30, 2014 is projected to be 11.6% of total General Fund expenditures which is within the range of the School Board's current fund balance maintenance policy of 10 to 15 percent. Total unassigned fund balance in the General Fund at the end of the current fiscal year was \$15,761,767; the School Board has appropriated \$1,122,656 of this amount for spending in the 2013-14 fiscal year budget as a means to provide for the one-time costs for technology upgrades to prepare students for taking mandated online assessment tests.

**Ouachita Parish School Board
Monroe, Louisiana**

Management's Discussion and Analysis

June 30, 2013

The chart below is a summary of the original adopted General Fund Budget for the 2013-14 fiscal year.

**General Fund
Summary of Original Budget
Fiscal year 2013-14**

Revenues	\$ 143,742,407
Expenditures	(144,818,410)
Other Uses of Funds	(46,653)
Net Changes in Fund Balance	<u>(1,122,656)</u>
Beginning Fund Balance	<u>17,887,451</u>
Ending Fund Balance	<u><u>\$ 16,764,795</u></u>

Below are several factors that will alter the original budget for fiscal year 2013-14 after its adoption.

- State MFP funding is expected to decrease by approximately \$326,000 due to a loss of about 53 students on the first student enrollment date – October 1, 2013 – of the fiscal year.
- An increase of 34 new first time participants in the School Board's group health insurance plan during the plan's open enrollment period in October 2013 is attributed to the individual mandate provision of the Patient Protection and Affordable Care Act of 2010 that becomes effective on January 1, 2014. This will increase the cost of employer group health premium contributions.
- Electricity costs have risen significantly at approximately 30 percent in the first months of the 2013-14 fiscal year due to increases in fuel adjustment factors billed by the School Board's largest utility provider.

Contacting the School Board's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School Board's financial condition and to show the School Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Ouachita Parish School Board, Business Department, at Post Office Box 1642, Monroe, LA 71210-1642, call (318) 432-5000 or send an email to jduke@opsb.net.



Our Mission:
*Through collaboration
among all stakeholders, the
Ouachita Parish School System
will ensure that all students attain
the knowledge and skills needed
to be productive citizens.*

**Ouachita Parish School Board
Monroe, Louisiana**

Fiscal Year Ended June 30, 2013

BASIC FINANCIAL STATEMENTS

Ouachita Parish School Board
Monroe, Louisiana

Fiscal Year Ended June 30, 2013



**Ouachita Parish School Board
Monroe, Louisiana**

Fiscal Year Ended June 30, 2013

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

**Ouachita Parish School Board
Monroe, Louisiana
Statement of Net Position
Governmental Activities**

June 30, 2013

Assets:

Cash and cash equivalents (Note 3)	\$ 46,026,105
Investments (Note 4)	42,322,172
Receivables (Note 6)	13,865,466
Inventory (Note 1.H.)	295,520
Capital assets, net (Note 7):	
Land and construction in progress	8,789,732
Depreciable buildings, improvements, machinery, and equipment	222,162,029
Intangibles	1,116,023
Total assets	<u>334,577,047</u>

Deferred outflows of resources:

Deferred refunding on bonds (Note 1.N.)	<u>506,912</u>
---	----------------

Liabilities:

Accounts payable	1,737,213
Salaries and wages payable	21,861,567
Deposit liabilities	121,139
Unearned revenues	465,949
Interest payable - bonds	1,814,506
Long-term liabilities (Note 12):	
Due within one year	8,079,363
Due in more than one year	204,541,096
Total liabilities	<u>238,620,833</u>

Net position (Note 1.O.):

Net investment in capital assets	97,150,276
Restricted for:	
Debt service	12,621,013
Salaries and benefits	6,895,308
Capital projects	5,327,035
Workers compensation surety	625,000
Unrestricted	(26,155,506)
Total net position	<u>\$ 96,463,126</u>

See accompanying notes to the basic financial statements.

Ouachita Parish School Board
Monroe, Louisiana
Statement of Activities
Governmental Activities

Fiscal Year Ended June 30, 2013

		PROGRAM REVENUES		NET (EXPENSE)
		CHARGES FOR	OPERATING	REVENUE AND
	EXPENSES	SERVICES	GRANTS AND	CHANGES IN
			CONTRIBUTIONS	NET POSITION
Functions/programs:				
Instructional services:				
Regular programs	\$ 78,130,383	\$ 8,036	\$ 1,334,117	\$ (76,788,230)
Special education programs	18,204,343	-	1,181,937	(17,022,406)
Vocational programs	1,901,444	-	296,384	(1,605,060)
Other instructional programs	8,399,010	186,425	1,605,978	(6,606,607)
Special programs	4,676,673	-	4,002,619	(674,054)
Adult/continuing education	64,046	-	45,943	(18,103)
Support services:				
Pupil support services	11,868,192	91,453	2,177,885	(9,598,854)
Instructional staff support services	13,818,477	-	4,779,920	(9,038,557)
General administration	2,035,234	-	29,213	(2,006,021)
School administration	13,626,722	-	88,897	(13,537,825)
Business services	3,125,193	383,071	910,830	(1,831,292)
Plant services	19,455,702	4,284	966,113	(18,485,305)
Student transportation services	11,267,218	-	441,629	(10,825,589)
Central services	3,145,826	4,360	90,328	(3,051,138)
Noninstructional services:				
Food service operations	12,141,427	1,724,856	7,453,262	(2,963,309)
Community service programs	42,806	9,493	24,397	(8,916)
Long-term obligations:				
Interest	5,505,210	-	-	(5,505,210)
Other service costs	13,552	-	-	(13,552)
Total Governmental Activities	\$ 207,421,458	\$ 2,411,978	\$ 25,429,452	(179,580,028)

General revenues:

Taxes:

Ad valorem taxes levied for:

General purposes 17,504,128

Debt service purposes 6,524,863

Sales taxes levied for:

General purposes 11,367,332

Salaries and related benefits 23,551,491

Debt service purposes 6,390,257

Grants and contributions not restricted
to specific programs:

Minimum Foundation Program 119,870,318

State revenue sharing 819,824

Interest and investment earnings 179,093

Gain on sale of school property 84,700

Other 81,281

Total general revenues 186,373,287

Change in net position 6,793,259

Net position at beginning of year - restated 89,669,867

Net position at end of year \$ 96,463,126

**Ouachita Parish School Board
Monroe, Louisiana**

Fiscal Year Ended June 30, 2013



Ouachita Parish School Board
Monroe, Louisiana

FUND FINANCIAL STATEMENTS (FFS)

**Ouachita Parish School Board
Monroe, Louisiana**

Fiscal Year Ended June 30, 2013



Ouachita Parish School Board
Monroe, Louisiana

GOVERNMENTAL FUNDS
BALANCE SHEET

June 30, 2013 .

(With Comparative Totals For June 30, 2012)

	SPECIAL REVENUE			TOTAL	
	GENERAL	DISTRICT NO. 1	OTHER		
	FUND	SALES TAX	GOVERNMENTAL	2013	2012
		10-YEAR	FUNDS		
Assets:					
Cash and cash equivalents (Note 3)	\$ 15,276,925	\$ 7,183,361	\$ 21,370,108	\$ 43,830,394	\$ 46,023,279
Investments (Note 4)	16,417,394	8,993,970	13,200,319	38,611,683	37,695,083
Receivables (Note 6)	249,035	1,193,612	12,406,266	13,848,913	11,512,873
Due from other funds (Note 13)	4,218,337	-	2,297	4,220,634	2,397,274
Inventory (Note 1.H.)	-	-	295,520	295,520	320,558
Prepaid Items	-	-	-	-	1,384
Total assets	\$ 36,161,691	\$ 17,370,943	\$ 47,274,510	\$ 100,807,144	\$ 97,950,451
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ 448,580	\$ 51,733	\$ 1,235,554	\$ 1,735,867	\$ 2,262,952
Salaries and wages payable	17,823,363	259,815	3,778,389	21,861,567	22,568,521
Retainages payable	-	-	121,139	121,139	274,126
Unearned revenues	-	-	465,949	465,949	586,238
Due to other funds (Note 13)	2,297	-	4,212,160	4,214,457	2,397,274
Total liabilities	18,274,240	311,548	9,813,191	28,398,979	28,089,111
Fund balances:					
Nonspendable: (Note 14)					
Inventory	-	-	114,717	114,717	148,911
Prepaid items	-	-	-	-	1,384
Restricted for: (Note 14)					
Preschool instruction	-	-	894	894	1,903
Workers compensation surety	625,000	-	-	625,000	625,000
Salaries and benefits	-	-	6,895,308	6,895,308	6,040,261
Student health services	-	-	1,623,540	1,623,540	1,349,533
Food services	-	-	1,537,815	1,537,815	1,231,575
Debt service	-	-	12,621,013	12,621,013	12,466,180
Construction and operations	-	-	8,942,882	8,942,882	5,141,743
Capital projects	-	-	5,327,035	5,327,035	13,697,863
Committed for: (Note 14)					
Major equipment repairs	556,381	-	-	556,381	715,351
Instructional programs	612,251	4,096,988	-	4,709,239	3,782,044
Salaries and benefits	-	4,655,075	-	4,655,075	4,583,008
Maintenance and operation	-	151,356	-	151,356	-
Capital improvements	-	4,030,962	-	4,030,962	2,709,004
Mandated costs	-	4,125,014	-	4,125,014	3,403,391
Assigned for: (Note 14)					
Drivers education	177,591	-	-	177,591	167,460
Instructional programs	149,825	-	4,121	153,946	263,672
Salaries and benefits	-	-	-	-	7,850
Scholarships	4,636	-	-	4,636	4,636
Student health/support services	-	-	393,994	393,994	396,594
Unassigned (Note 14)	15,761,767	-	-	15,761,767	13,123,977
Total fund balances	17,887,451	17,059,395	37,461,319	72,408,165	69,861,340
Total liabilities and fund balances	\$ 36,161,691	\$ 17,370,943	\$ 47,274,510	\$ 100,807,144	\$ 97,950,451

See accompanying notes to the basic financial statements.

**Ouachita Parish School Board
Monroe, Louisiana**

**Reconciliation of the Governmental Funds'
Balance Sheet to the Statement of Net Position
June 30, 2013**

Total fund balances – governmental funds	\$ 72,408,165
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The cost of capital assets (land, buildings, furniture and equipment) and intangible assets (software) purchased or constructed is reported as an expenditure in Governmental Funds. The Statement of Net Position includes those capital assets and intangible assets among the assets of the School Board as a whole. The cost of those capital and intangible assets is allocated over their estimated useful lives (as depreciation expense for capital assets and amortization expense for intangible assets) to the various programs reported as Governmental Activities in the Statement of Activities. Because neither depreciation nor amortization expenses affect financial resources, they are not reported in the Governmental Funds.

Cost of capital assets	\$ 371,928,741	
Accumulated depreciation	(140,976,980)	
Cost of intangible assets	2,424,768	
Accumulated amortization	<u>(1,308,745)</u>	
		232,067,784

Payments to an escrow agent to refund bonded debt are reported in the Governmental Funds as Other Financing Sources. The amount paid to the escrow agent for principal is removed from the long-term bonded debt in the Statement of Net Position. The deferred part of the payment paid to the escrow agent is shown as deferred outflows of resources in the Statement of Net Position. The deferred amount is amortized over the lesser of the life of the original bonds or the life of the refunding bonds.

Deferred refunding on bonds at June 30, 2012	556,444	
Current year amortization	<u>(49,532)</u>	
Deferred refunding on bonds at June 30, 2013		506,912

Elimination of interfund assets and liabilities.

Interfund assets	(4,220,634)	
Interfund liabilities	<u>4,220,634</u>	

(continued)

Ouachita Parish School Board
Monroe, Louisiana

Reconciliation of the Governmental Funds'
Balance Sheet to the Statement of Net Position (continued)
June 30, 2013

Long term liabilities applicable to the School Board's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities – both current and long term – are reported in the Statement of Net Position. Post-employment benefits in the Governmental Funds are recorded as expenditures when paid. The unfunded annual required contribution in the Statement of Net Position is recognized as a liability as it accrues.

Balances at June 30, 2013 are:

Long-term liabilities:

Compensated absences payable	(\$6,498,774)	
General obligation bonds payable	(80,525,000)	
Revenue bonds payable	(65,905,000)	
Bond premium	(410,158)	
Other post employment benefits	<u>(58,201,701)</u>	(\$211,540,633)

Interest on outstanding bonds in the Governmental Funds is recorded as an expenditure when paid. Bond interest in the Statement of Net Position is recognized as an expense as it accrues.

Accrued interest on outstanding bonds	(1,814,506)
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The School Board self-insures for general liability and workers' compensation claims and provides centralized printing services. Funds to meet claims liabilities and user fees for cost of printing services are deposited into Internal Service Funds, respectively. The Internal Service Funds are not reported with the Governmental Funds, but are instead reported in the Statement of Net Position. The combined net position of Internal Service Funds at June 30, 2013 are as follows:

Cash and cash equivalents	2,195,711	
Investments	3,710,489	
Accounts receivable	16,553	
Accounts payable	(1,346)	
Due to other fund	<u>(6,177)</u>	
Claims liability	<u>(1,079,826)</u>	<u>4,835,404</u>

Net Position	<u>\$96,463,126</u>
	(concluded)

**Ouachita Parish School Board
Monroe, Louisiana**

Fiscal Year Ended June 30, 2013



Ouachita Parish School Board
Monroe, Louisiana

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES

Fiscal Year Ended June 30, 2013

(With Comparative Totals For Fiscal Year Ended June 30, 2012)

	SPECIAL REVENUE			TOTAL	
	GENERAL	DISTRICT NO. 1	OTHER		
	FUND	SALES TAX	GOVERNMENTAL	2013	2012
		10-YEAR			
REVENUES					
Local sources:					
Ad valorem taxes (Note 5)	\$ 17,504,129	\$ -	\$ 6,524,863	\$ 24,028,992	\$ 22,375,690
1% ad valorem tax - tax collector	545,374	-	-	545,374	542,707
Sales and use taxes	-	6,790,943	34,518,137	41,309,080	39,402,765
Earnings on investments	65,734	24,446	82,535	172,715	436,428
Cash payments for meals	-	-	1,709,836	1,709,836	1,919,605
Other	1,793,581	58,886	956,482	2,808,949	4,443,528
State sources:					
State equalization	118,430,633	-	1,439,682	119,870,315	117,404,761
Revenue sharing	819,824	-	-	819,824	823,218
Restricted grants-in-aid	248,440	-	1,309,535	1,557,975	1,920,636
Federal sources:					
Federal programs	159,735	-	20,141,458	20,301,193	24,428,892
Other federal support	-	-	623,569	623,569	447,921
Total revenues	139,567,450	6,874,275	67,306,097	213,747,822	214,146,151
EXPENDITURES					
Current:					
Instructional services:					
Regular programs	56,021,483	464,447	12,208,311	68,694,241	75,907,636
Special education programs	13,645,023	120,453	3,743,392	17,508,868	18,615,381
Vocational programs	1,417,959	10,052	528,076	1,956,087	2,033,725
Other instructional programs	5,474,281	636,121	2,113,375	8,223,777	8,318,212
Special programs	382,208	6,264	3,977,134	4,365,606	4,531,387
Adult/continuing education	5,611	-	56,574	62,185	1,304,434
Support services:					
Pupil support services	7,412,551	681,842	3,523,684	11,618,077	11,843,140
Instructional staff support services	7,111,603	582,616	5,634,705	13,328,924	14,489,597
General administration	1,388,706	51,008	490,662	1,930,376	1,867,446
School administration	11,800,639	57,779	1,525,885	13,384,303	12,735,746
Business services	1,609,254	18,214	1,026,340	2,653,808	2,978,171
Plant services	16,198,900	1,184,405	1,629,019	19,012,324	20,255,992
Student transportation services	8,814,036	499,585	1,250,316	10,563,937	10,750,769
Central services	2,677,367	19,225	240,341	2,936,933	3,032,849
Noninstructional services:					
Food service operations	721,086	135,764	10,953,952	11,810,802	12,106,660
Community service programs	28,351	-	14,472	42,823	77,826
Facility acquisition and construction	389,263	74,552	8,820,444	9,284,259	9,814,721
Debt service (Note 12):					
Principal	-	-	7,030,000	7,030,000	8,545,000
Interest	-	-	5,569,316	5,569,316	5,554,133
Other service costs	-	-	13,552	13,552	71,025
Total expenditures	135,098,321	4,542,327	70,349,550	209,990,198	224,833,850
Excess (deficiency) of revenues over expenditure	4,469,129	2,331,948	(3,043,453)	3,757,624	(10,687,699)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of assets	89,200	-	-	89,200	42,785
Bond issuance	-	-	-	-	19,300,000
Premium on bond sales	-	-	-	-	169,222
Transfers in (Note 16)	2,191	250,000	6,431,559	6,683,750	8,852,037
Transfers out (Note 16)	(1,561,985)	-	(6,421,765)	(7,983,750)	(9,199,437)
Total other financing sources (uses)	(1,470,594)	250,000	9,794	(1,210,800)	19,164,607
Net change in fund balances	2,998,535	2,581,948	(3,033,659)	2,546,824	8,476,908
Fund balances at beginning of year	14,888,916	14,477,447	40,494,978	69,861,341	61,384,432
Fund balances at end of year	\$ 17,887,451	\$ 17,059,395	\$ 37,461,319	\$ 72,408,165	\$ 69,861,340

See accompanying notes to the basic financial statements.

**Ouachita Parish School Board
Monroe, Louisiana**

Fiscal Year Ended June 30, 2013



**Ouachita Parish School Board
Monroe, Louisiana**

**Reconciliation of the Governmental Funds'
Statement of Revenues, Expenditures, and Changes in
Fund Balances to the Statement of Activities
Fiscal Year Ended June 30, 2013**

Total net change in fund balances – Governmental Funds	\$2,546,824
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Amounts reported for governmental activities in the Statement of Activities are different because:

Elimination of transfers in and out:

Transfers in	(\$7,983,750)	
Transfers out	<u>7,983,750</u>	-

Capital outlays and intangible assets are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense for the capital assets and amortization expense for the intangible assets. This is the amount by which capital outlays exceed depreciation and amortization in the period:

Capital Outlays	9,504,943	
Depreciation	(9,381,272)	
Intangible Assets	85,077	
Amortization	<u>(236,791)</u>	(28,043)

Capital Assets nor depreciation are reported in the Governmental Funds. Capital assets and accumulated depreciation are reported in the Statement of Net Position. When an asset is disposed of that is not fully depreciated it results in a loss on the disposal of the asset in the Statement of Activities unless sales proceeds are received which are in excess of carrying value. During the current fiscal year the School Board had a loss on disposal of capital assets of \$13,049.

(13,049)

Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

7,030,000

(continued)

**Ouachita Parish School Board
Monroe, Louisiana**

**Reconciliation of the Governmental Funds'
Statement of Revenues, Expenditures, and Changes in
Fund Balances to the Statement of Activities (continued)
Fiscal Year Ended June 30, 2013**

The School Board self-insures for general liability and workers' compensation claims and provides centralized printing services. Funds to meet claims liabilities and user fees for cost of printing services are deposited into the Internal Service Funds, respectively. The Internal Service Funds are not reported with the Governmental Funds; however, they are reported in the Statement of Net Position. The combined net position of Internal Service Funds increased from \$4,039,953 at June 30, 2012 to \$4,835,404 at June 30, 2013 for a net increase of \$795,451

795,451

In the Statement of Activities, certain operating expenses-compensated absences (vacations and sick leave) – are measured by the amounts earned during the year. In the Governmental Funds; however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, vacation and sick time earned (\$243,921) was less than the amount used (\$456,424) by \$212,503.

212,503

Interest on long-term debt in the Statement of Activities differs from the amount reported in the Governmental Funds because accrued interest received from bond sales is recognized as Other Financing Sources when received and interest on outstanding bonds is recognized as an expenditure in the Governmental Funds when it is due, which requires the use of current financial resources. In the Statement of Activities, however, interest expenses are recognized as the interest accrues, regardless of when it is due. Interest expense payable at year end decreased from the previous year as follows:

Interest expense payable at June 30, 2013	(\$1,814,506)	
Interest expense payable at June 30, 2012	<u>1,895,938</u>	81,432

Bond premium from bond sales is reported in the Governmental Funds as

Ouachita Parish School Board
Monroe, Louisiana

Reconciliation of the Governmental Funds'
Statement of Revenues, Expenditures, and Changes in
Fund Balances to the Statement of Activities (continued)
Fiscal Year Ended June 30, 2013

Bond premium from bond sales is reported in the Governmental Funds as Other Financing Sources when received. Bond premium is reported in the Government-wide Financial Statements as a liability and amortized over the life of the bonds.

Current year amortization expense	32,206
-----------------------------------	--------

Payments to an escrow agent to refund bonded debt are reported in the Governmental Funds as Other Financing Sources. The amount paid to the escrow agent for principal is removed from the long-term bonded debt in the Statement of Net Position. The deferred part of the payment paid to the escrow agent is shown as deferred outflows of resources in the Statement of Net Position. The deferred amount is amortized over the lesser of the life of the original bonds or the life of the refunding bonds.

Current year amortization	(49,532)
---------------------------	----------

Other post-employment benefits are reported in the Governmental Funds as expenditures when paid. The unfunded annual contribution is reported in the Statement of Activities as it accrues.

	<u>(3,814,533)</u>
--	--------------------

Change in net position of governmental activities

	<u>\$ 6,793,259</u>
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(concluded)

Ouachita Parish School Board
Monroe, Louisiana

Fiscal Year Ended June 30, 2013



Ouachita Parish School Board
Monroe, Louisiana

Proprietary Fund - Internal Service Funds
Combined Statement of Net Position

June 30, 2013
(with comparative totals for June 30, 2012)

	Total	
	2013	2012
Assets:		
Current assets:		
Cash and cash equivalents (Note 3)	\$ 2,195,711	\$ 1,160,107
Investments (Note 4)	3,710,489	3,982,228
Accounts receivable	16,553	-
Total assets	<u>5,922,753</u>	<u>5,142,335</u>
Liabilities:		
Current liabilities:		
Accounts payable	1,346	500
Due to General Fund	6,177	-
Claims liability - due within one year (Note 1.Q.)	289,288	568,571
Total current liabilities	<u>296,811</u>	<u>569,071</u>
Noncurrent liabilities:		
Claims liability (Note 1. Q.)	<u>790,538</u>	<u>533,311</u>
Total liabilities	<u>1,087,349</u>	<u>1,102,382</u>
Unrestricted Net Position	<u><u>\$ 4,835,404</u></u>	<u><u>\$ 4,039,953</u></u>

See accompanying notes to the basic financial statements.

**Ouachita Parish School Board
Monroe, Louisiana**

Fiscal Year Ended June 30, 2013



Ouachita Parish School Board
Monroe, Louisiana

Proprietary Fund - Internal Service Funds
Combined Statement of Revenues, Expenses, and Changes in Net Position

For the Year Ended June 30, 2013
(with comparative totals for year ended June 30, 2012)

	Total	
	2013	2012
Operating revenues		
Charges for services	\$ 375,815	\$ 209,601
Operating expenses		
Self-insurance claims and insurance premiums	519,959	890,774
Equipment rental	271,329	-
Supplies	90,273	-
Other	5,183	-
Total operating expenses	886,744	890,774
Operating loss	(510,929)	(681,173)
Nonoperating revenues		
Earnings on investments	6,380	5,782
Total nonoperating revenues	6,380	5,782
Loss before transfers	(504,549)	(675,391)
Transfers in	1,300,000	347,400
Change in net position	795,451	(327,991)
Total net position - beginning	4,039,953	4,367,944
Total net position - ending	\$ 4,835,404	\$ 4,039,953

See accompanying notes to the basic financial statements.

**Ouachita Parish School Board
Monroe, Louisiana**

Fiscal Year Ended June 30, 2013



Ouachita Parish School Board
Monroe, Louisiana

Proprietary Fund - Internal Service Funds
Combined Statement of Cash Flows

For the Year Ended June 30, 2013
(with comparative totals for the year ended June 30, 2012)

	Total	
	2013	2012
Cash flows from (used by) operating activities:		
Receipts from interfund services provided	\$ 365,438	\$ -
Reimbursements from insurers		209,601
Payments to vendors	(365,438)	-
Claims and premiums paid	(542,515)	(724,131)
Net cash used by operating activities	(542,515)	(514,530)
Cash flows from noncapital financing activities:		
Transfer from General Fund	1,300,000	347,400
Net cash provided by non-capital and related financing activities	1,300,000	347,400
Cash flows from (used by) investing activities:		
Sale of investments, net	271,739	15,154
Earnings on investments, net	6,380	5,782
Net cash provided by investing activities	278,119	20,936
Net increase (decrease) in cash and cash equivalents	1,035,604	(146,194)
Cash and cash equivalents at beginning of year	1,160,107	1,306,301
Cash and cash equivalents at end of year	\$ 2,195,711	\$ 1,160,107
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating income (loss)	\$ (510,929)	\$ (681,173)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Changes in assets and liabilities:		
(Increase) decrease in receivables	(16,553)	-
Increase (decrease) in payables	846	(10,066)
Increase (decrease) in claims liability	(22,056)	176,709
Due to General Fund	6,177	-
Net cash provided (used) by operating activities	\$ (542,515)	\$ (514,530)
Noncash investing activities:		
Increase (decrease) in fair value of investments	\$ (271,739)	\$ (15,154)

See accompanying notes to the basic financial statements.

**Ouachita Parish School Board
Monroe, Louisiana**

Fiscal Year Ended June 30, 2013



Ouachita Parish School Board
Monroe, Louisiana

Fiduciary Fund - Agency Funds
Comparative Statement of Fiduciary Assets and Liabilities

June 30, 2013 and 2012

	Total	
	2013	2012
Assets:		
Cash and cash equivalents	<u>\$ 4,179,443</u>	<u>\$ 3,823,378</u>
Liabilities:		
Amounts held for others	<u>\$ 4,179,443</u>	<u>\$ 3,823,378</u>

See accompanying notes to the basic financial statements.



Our Mission:
*Through collaboration
among all stakeholders, the
Ouachita Parish School System
will ensure that all students attain
the knowledge and skills needed
to be productive citizens.*

Ouachita Parish School Board
Monroe, Louisiana

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2013

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Monroe, Louisiana**

**Notes to the Basic Financial Statements (continued)
Fiscal Year Ended June 30, 2013**

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**Ouachita Parish School Board
Monroe, Louisiana**

**Notes to the Basic Financial Statements (continued)
Fiscal Year Ended June 30, 2013**

1. Summary of Significant Accounting Policies

The accompanying financial statements of the Ouachita Parish School Board (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.

A. Reporting Entity

GASB Statement No. 61 establishes the criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Because the School Board has a separately elected governing body and is legally separate and fiscally independent, the School Board is a separate governmental reporting entity. For financial reporting purposes, the School Board's financial statements include all funds, schools, agencies and committees for which the School Board is financially accountable. The School Board is not aware of any other entities that should be included within the financial statements.

Certain units of local government, such as other independently elected officials, the parish police jury and municipalities, are excluded from the accompanying financial statements. These units have their own elected governing authorities and are not financially accountable to the School Board.

B. Basis of Accounting and Measurement Focus

Government-wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported only in the Statement of Fiduciary Assets and Liabilities at the fund financial statement level and are accounted for on an accrual basis. The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting.

Revenues, expenses, gains, losses, assets, deferred outflows, liabilities and deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Non-exchange transactions are recognized when the School Board has an enforceable legal claim to the revenues, expenses, gains, losses, assets, deferred outflows, liabilities, and deferred inflows.

**Ouachita Parish School Board
Monroe, Louisiana**

**Notes to the Basic Financial Statements (continued)
Fiscal Year Ended June 30, 2013**

1. Summary of Significant Accounting Policies (continued)

General Revenues

General revenues included in the Statement of Activities derive directly from local property and sales taxes and from unrestricted state and local grants. General revenues finance the remaining balance of a function not covered by program revenues.

Allocation of indirect expenses

The School Board reports all direct expenses by function in the Statement of Activities. 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 is specifically identified by function and is included in the direct expense of each function. 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

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

The Proprietary Fund is accounted for using the "economic resources" measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. The Proprietary Fund is accounted for using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Operating revenues are charges to the General Fund for insurance related costs such as claims liability and insurance premiums. Non-operating revenues are revenues that are not derived from charges to the General Fund such as earnings on investments. Proprietary Fund Type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net position. Operating expenses are general liability and worker's compensation claims and worker's compensation insurance premiums.

Ouachita Parish School Board
Monroe, Louisiana

Notes to the Basic Financial Statements (continued)
Fiscal Year Ended June 30, 2013

1. Summary of Significant Accounting Policies (continued)

Governmental funds reported in the fund financial statements are accounted for on the modified accrual basis of accounting. Governmental fund revenues are recognized in the accounting period in which they become susceptible to accrual—that is, when they become both measurable and available to pay current period liabilities. 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. Such revenue items are ad valorem, sales and use taxes, and federal and state entitlements. Ad valorem taxes are considered measurable and are recognized in the calendar year of the tax levy. Sales and use taxes are considered measurable and available when collected by the vendors. Revenue from state and federal grants are recorded when the reimbursable expenditures have been incurred. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the Debt Service Funds for payments to be made early in the following year. Other post-employment benefits (OPEB) are recorded in the Government-wide Financial Statements as expenditures and as a liability when incurred.

C. Fund Accounting

The financial transactions of the School Board are recorded in individual funds, and each is considered a separate accounting entity and reported in the Fund Financial Statements. The operations of each fund are accounted for with a separate set of self-balancing accounts that include its assets, deferred outflows liabilities, deferred inflows, fund equity, revenues and expenditures, or expenses as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The School Board uses the following fund categories and fund types.

Governmental Funds: Governmental funds account for the School Board's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of capital assets, and the servicing of general long-term debt. Governmental funds are divided into major and nonmajor funds. Major funds are funds that meet certain dollar tests of their assets and deferred outflows, liabilities and deferred inflows, revenues, and expenditures/expenses. Major funds are larger, more significant funds. Nonmajor funds are the governmental funds that do not meet the dollar tests for major funds. The major and nonmajor funds are described on the following page.

**Ouachita Parish School Board
Monroe, Louisiana**

**Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2013**

1. Summary of Significant Accounting Policies (continued)

Major Funds:

General Fund – The **General Fund** is the general operating fund of the School Board. It accounts for all financial resources except those required to be accounted for in another fund and is always a major fund. The sources of major operating revenue in the General Fund are from state equalization funding distributed through the Minimum Foundation Program and a 24.5 mill ad valorem tax that is renewable every 10 years. This tax was renewed by voters in April 2011 for another 10-year period.

Special Revenue Funds – Special Revenue Funds account for and report the proceeds of specific revenue sources (other than special assessments) that are legally restricted or committed to expenditures for specified purposes other than debt service or capital projects. The term “proceeds of specific revenue sources” establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. The **District No. 1 Sales Tax** is the only major Special Revenue Fund. It collects, records and disburses funds related to a 0.5% 10-year renewable tax approved by voters and committed by the School Board for classroom instruction (36%), capital improvements (23%), facility and equipment support (15%), mandated costs (14%), and salary restoration (12%). This tax was renewed by voters in April 2011 for a 10-year period.

The non-major special revenue fund for **Education Jobs-Stimulus** is no longer being reported since all federal funds awarded have been expended and the award period ended during 2011-12.

The non-major special revenue funds previously named *Supplemental Salaries Sales Tax 1%* and *Supplemental Salaries Sales Tax .5%* have been renamed to provide better clarity with use of common terms to describe these funds. These funds are now named **Supplemental Salaries-1995 Sales Tax 1%** and **Supplemental Salaries-1968 Sales Tax .5%**, respectively, in this report. These funds may also be referred to as the *1995 Sales Tax* fund and the *1968 Sales Tax* fund, respectively.

Debt Service Funds – Debt Service Funds account for and report the financial resources that are restricted, committed, or assigned to expenditures for principal and interest. There are no Debt Service Funds classified as major funds at year end. However, the non-major *West Ouachita Bond No. 2* was previously reported as one consolidated debt service fund for three debt service funds maintained by the School Board for the payment of the bonded debt in the West Ouachita District. This fund has been “un-packed” to provide better clarity and accountability and is now reported as three non-major debt service funds in this report as follows: **West Ouachita Bond Reserve**, **West Ouachita 2009 QSCB Sinking**, and **West Ouachita Debt Service**. For a more detailed description of the Debt Service Funds, see the Required Supplemental Information – Part B, Debt Service Funds.

Ouachita Parish School Board
Monroe, Louisiana

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2013

1. Summary of Significant Accounting Policies (continued)

Capital Projects Funds – Capital Projects Funds account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments. The **East Ouachita 2011/2012 Construction** Capital Projects Fund was reported as a major fund in the prior fiscal year, but no longer meets this reporting requirement for the current year and is classified as a nonmajor capital projects fund in this report. The *East Ouachita Construction* fund is now reported as **East Ouachita 2010 Construction**.

Nonmajor Funds:

The School Board has 9 nonmajor Special Revenue Funds, 4 nonmajor Debt Service Funds, and 4 nonmajor Capital Projects Funds. All available resources in the Education Jobs Stimulus Fund were expended the prior fiscal year; therefore, this fund is not reported as a governmental fund in this report. For a description of these funds, see the Nonmajor Special Revenue Funds, Debt Service Funds, and Capital Projects Funds sections of the report.

Proprietary Funds:

Internal Service Funds – The Internal Service Funds accounts for the financing of services provided by one fund to other funds of the School Board. The School Board operated two internal service funds: The **Self-Insurance Internal Service Fund** provides for insurance policies and accounts for third-party administrative costs and claims for liabilities of the school district. A new internal service fund established during the fiscal year is the **Centralized Printing Internal Service Fund**. This fund provides printing and binding services to other funds, departments, the school system, or other government agencies on a cost-reimbursement basis.

Fiduciary Funds:

Agency Funds – Agency Funds account for assets held by the School Board in a trustee capacity or as an agent for individuals, private or school organizations, other governmental units and/or other funds. The agency funds are the **School Activity Funds**, which represents funds generated by schools in the district specifically for student activity uses, and **State Equalization Local Funding Transfers to Other Educational Providers**, which represents the receipt and transfer of funds to charter schools and special schools outside the governance of the Ouachita Parish School Board through the Minimum Foundation Program equalization formula.

**Ouachita Parish School Board
Monroe, Louisiana**

**Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2013**

1. Summary of Significant Accounting Policies (continued)

D. Cash and Cash Equivalents

Cash and cash equivalents include amounts in interest-bearing and non-interest bearing demand deposits, bank certificates of deposit, as well as short-term investments with a maturity date within three months of the date acquired. Bank certificates of deposit are considered cash equivalents regardless of time to maturity and are stated at cost, which approximates fair value. Short-term investments are stated at cost, which approximates fair value.

Cash balances of all of the School Board's funds, except for the Payroll Account, individual School Lunch accounts, School-Based Health Center accounts and the Self-Insurance Internal Service claims benefits payment account, are pooled into one master bank account with the School Board's fiscal agent bank and are available for use by all funds. The Payroll Account, individual school lunch accounts, School-based Health Center accounts, and the Self Insurance Internal Service claims benefits payment account are maintained in separate accounts.

Interest earned on balances maintained in the pooled bank account was distributed to the individual funds based on the cash balance maintained by the unrestricted participating fund during the year.

The School Board maintains separate "book" cash accounts for each fund that is pooled within the master bank account. Negative book cash balances appear in the financial statements as a liability, "Due to Other Funds." The balance of these amounts will be paid primarily through collections of grant reimbursement claims from Federal and State grant awarding agencies.

E. Investments

Louisiana Revised Statutes (R.S. 33:2955) and the Board's investment policy govern the investment policies of the School Board. The Ouachita Parish School Board is authorized to invest in U. S. Treasury obligations, U.S. Government instrumentalities, A-1/P-1 commercial paper, and other allowable short-term obligations including repurchase agreements. These are classified as investments if they have a maturity date of 90 days or more from the date of acquisition. Investments are carried at fair value.

Cash management and investment activities shall be conducted in a manner consistent with the "prudent investor" rule which states, "Investments shall be made with judgment and care under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation but for investment considering the probable safety of their capital as well as the probable income to be derived."

**Ouachita Parish School Board
Monroe, Louisiana**

**Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2013**

1. Summary of Significant Accounting Policies (continued)

F. Short-Term Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as *due from* other funds or *due to* other funds on the fund financial statements balance sheet.

G. Eliminations and Reclassifications

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column. Interfund services provided and used by the various Governmental Funds have not been eliminated in the process of aggregating data.

H. Inventory and Prepaid Items

Inventory is accounted for using the consumption method, where expenditures are recognized as expenses when consumed on the Government-wide Financial Statements and a portion are recognized as expenditures when consumed and a portion are recognized as expenditures when purchased on the Fund Financial Statements. Inventory is stated at cost using the first-in, first-out (FIFO) basis. Inventory consists primarily of commodities and purchased food held for consumption. Purchased food inventory in the governmental funds is equally offset by a fund balance reserve which shows this inventory does not constitute "available spendable resources" even though it is a component of total assets. Commodities inventory of \$180,803 is reported as unearned revenue, leaving a nonspendable fund balance of \$114,717 for purchased food.

Prepaid items are also accounted for using the consumption method where expenditures are recognized as the prepaid item expires with the passage of time. There are no prepaid items reported at year end.

I. Capital Assets

Capital assets, which include land, buildings and improvements, furniture and equipment, intangibles, and construction-in-progress are reported as governmental funds in the Government-wide Financial Statements. The School Board considers assets, other than intangibles, with an initial individual cost of more than \$5,000 and an estimated useful life of 2 years or more as a capital asset. Intangibles, such as software, with an initial individual cost of \$25,000 or more and an estimated useful life of 2 years or more are considered a capital asset.

**Ouachita Parish School Board
Monroe, Louisiana**

**Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2013**

1. Summary of Significant Accounting Policies (continued)

Capital assets are recorded at historical cost and depreciated over their estimated useful lives. Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's best estimate of how long the asset is expected to meet service demands. Capital assets have not been assigned a salvage value because management feels that the salvage value is immaterial.

Straight-line depreciation is used based on the following estimated useful lives:

Buildings and improvements	40 years
Land improvements	20 years
Furniture and equipment	5-15 years
Intangibles	10-20 years

Public domain (infrastructure) capital assets (e.g. parking lots, sidewalks, and other assets that are immovable and of value only to the government) were capitalized as part of the construction cost of the buildings. Subsequent infrastructure improvements are capitalized as land improvements.

J. Unearned Revenue

The School Board reports unearned revenue on its Statement of Net Position and on the Fund Financial Statements' balance sheet. Unearned revenue will arise when the School Board receives resources before qualifying events have occurred to allow it to be recognized as revenue at the end of the current period, as when grant monies are received and available to spend in the current period but cannot be recognized as revenue until the qualifying expenditures are incurred in accordance with GAAP. In subsequent periods, when the qualifying expenditures are incurred, the liability for unearned revenue is removed from the Governmental Fund's Fund Financial Statements' balance sheet and the revenue is recognized.

K. Interfund Activity

Interfund activity is reported as loans, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers made between governmental and proprietary funds are eliminated as part of the reconciliation to the Government-wide Financial Statements.

**Ouachita Parish School Board
Monroe, Louisiana**

**Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2013**

1. Summary of Significant Accounting Policies (continued)

L. Compensated Absences

All 12-month employees earn from 10 to 15 days of annual leave each year depending on length of service with the School Board. Annual leave is credited at the beginning of each fiscal year and a maximum of five days can be accumulated and carried forward into a new fiscal year. Upon termination of employment, unused annual leave up to 20 days is paid to employees at employees' current rates of pay.

All school employees earn ten days of sick leave each year. Sick leave may be accumulated without limitations. Upon retirement or an employee's death, unused accumulated sick leave of up to 25 days is paid to employees at the employees' current rates of pay. The accrual recorded for earned sick leave is based on a 25-day maximum per employee. Sick leave is not payable upon discharge or termination. Upon retirement, unused accumulated sick leave is used in the computation of earned years of service credit for determining employee retirement benefits.

Sick and vacation leave are reported in the Statement of Net Position as a long-term liability and expensed in the Statement of Activities. Sick and vacation leave accrued in the Statement of Net Position as of the end of the fiscal year are valued at employees' current rates of pay. Neither the School Board nor the employees are required to contribute to the retirement system for sick and annual leave payments. Accrued sick and vacation leave will be paid from future years' resources. No allowance is made for the immaterial amounts of sick leave forfeited when employees resign or retire. A current liability for sick and annual leave is reported in the Governmental Funds only if it is due and payable as of year-end as the result of an employee's retirement during the fiscal year.

M. Long-Term Liabilities

Bond premiums and discounts are recognized in the fund financial statements in the period the bonds are issued. Bond proceeds are reported as an Other Financing Source. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

In the Government-wide Financial Statements bond premiums are reported on the balance sheet net of amortization and amortized over the life of the bonds. Bond proceeds have been reported in the Government-wide Financial Statements as a long-term liability.

The current cost of other post-employment benefits is recognized in the fund financial statements in the year earned. Other post-employment benefits earned as of July 1, 2007, prior to the implementation of Governmental Accounting Standards Board Statement No. 45 – *Accounting and Financial Reporting of Other Post Employment Benefits*, are recognized at a rate of 3% per year for fiscal years ending June 30, 2008 – 2037.

**Ouachita Parish School Board
Monroe, Louisiana**

**Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2013**

1. Summary of Significant Accounting Policies (continued)

N. Deferred Outflows/Inflows of Resources

Effective July 1, 2012, the School Board implemented the provisions of GASB No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, and GASB No. 65, *Items Previously Reported as Assets and Liabilities*. GASB 63 and 65 provides guidance for reporting deferred outflows and deferred inflows of resources.

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. *Deferred Outflows* represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. These have a positive effect on net position and are similar to assets. The School Board only has one item that qualifies for reporting in this category. It is the *deferred charge on refunding* reported in the government-wide Statement of Net Position. The deferred charge on refunding is the result of the difference in the carrying value of refunded debt and its reacquisition price for bonds issues that were refunded in previous fiscal periods. This amount is deferred and amortized over the shorter of the life of the refunded or refunding bond issues.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. *Deferred Inflows* represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. These have a negative effect on net position and fund balance, and are similar to liabilities. The School Board does not have any items that require reporting in this category.

O. Equity Classifications

Government-wide Financial Statements

Equity is classified as "net position" in the Government-wide Financial Statements. Net position is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net position is shown in three classifications in the Statement of Net Position:

- Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced generally by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- Restricted Net Position – Consists of net position with constraints placed on the use whether by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Ouachita Parish School Board
Monroe, Louisiana

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2013

1. Summary of Significant Accounting Policies (continued)

The following net positions are considered restricted:

- Debt service resources from sales and use taxes and ad valorem taxes levied specifically to meet the principal and interest payments of various general obligation and revenue bond issues approved by the vote of the people and in accordance with state law and bond covenants.
- The unspent proceeds from bonded debt approved by voters for capital construction and renovation projects. This includes balances in the capital projects funds for East Ouachita 2011/2012 Construction and the West Ouachita Bond Reserve fund.
- Available resources from sales taxes specifically dedicated by taxing propositions approved by voters for the payment of supplemental salaries and benefits to employees.
- Investments held by the Louisiana Workforce Commission as surety for payment of workers compensation claims of self-insured employers, as promulgated under Louisiana Revised Statute 23:1168.
- Unrestricted Net Position – All other net positions that do not meet the definition of “restricted” or “net investments in capital assets”.

Sometimes the School Board will make expenditures for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as *restricted* – net position and *unrestricted* – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School Board’s practice to consider *restricted* – net position to have been depleted before *unrestricted* – net position is applied.

Fund Financial Statements

In the fund financial statements, equity is classified as “fund balance”. Fund balance is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Fund balance is classified according to its useful purpose or function of restriction at year-end in one or more of the following categories:

- Nonspendable fund balance represents resources that cannot be physically used to settle obligations of the school system, such as food inventory.

**Ouachita Parish School Board
Monroe, Louisiana**

**Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2013**

1. Summary of Significant Accounting Policies (continued)

- Restricted fund balance represent resources restricted by tax ordinances or by local, state or Federal grant regulations for future use and are, therefore, not available for future appropriation or expenditure.
- Committed fund balance indicates the School Board's tentative plans for the use of financial resources in a future period. Fund balance commitments are made by formal actions of the School Board.
- Assigned fund balances are those determined by the Superintendent and Director of Business, under authority given under a resolution of the Board, as needed for the payment of future commitments.
- Unassigned fund balance is the remaining fund balance in the General Fund after all classifications have been made in the previously described fund balance categories. Unassigned fund balance is only reported in the General Fund. However, a negative unassigned fund balance may be reported in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

Sometimes the School Board will make expenditures for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as *restricted*, *committed*, *assigned*, and *unassigned* fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the School Board's practice to consider *restricted* fund balance to have been depleted before using any of the components of *unrestricted* fund balance. Further, when the components of *unrestricted* fund balance can be used for the same purpose, *committed* fund balance is depleted first, followed by *assigned* fund balance. *Unassigned* fund balance is applied last.

The School Board has established through board resolution unassigned fund balance requirements. The General Fund unassigned fund balance should be maintained between 10 and 15 percent of General Fund expenditures. If the unassigned fund balance decreases below the 10 percent minimum balance, expenditures should be made only for nonrecurring items.

P. Sales and Use Taxes

The voters of Ouachita Parish have authorized the collection of four sales and use taxes for the benefit of the School Board.

**Ouachita Parish School Board
Monroe, Louisiana**

**Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2013**

1. Summary of Significant Accounting Policies (continued)

Supplemental Salaries-1968 Sales Tax (0.5%) – This half-cent parishwide sales and use tax is levied and collected jointly by the City of Monroe School Board and the Ouachita Parish School Board. The net proceeds of the tax are to be allocated and prorated between the two school boards annually on the basis of average daily enrollment for the preceding school year. The tax revenue is restricted to supplement other revenues available to the School Board for the following purposes in accordance with the taxing proposition:

- Eighty-eight percent of the revenues received by the School Board are to be used for the payment of the salaries of teachers, as defined by the Louisiana State Department of Education.
- Twelve percent of the revenues received by the School Board are to be used for the payment of salaries to designated personnel, other than teachers.

Supplemental Salaries-1995 Sales Tax (1.0%) – This one-cent parishwide sales and use tax is levied and collected by the School Board only, and is restricted to supplement other revenue available to the School Board for the exclusive purpose of providing teacher and school employees' salaries and benefits in accordance with the taxing proposition.

District No. 1 Sales Tax (0.5%) – This half-cent parishwide sales and use tax is levied and collected by the School Board only for a 10-year period. This tax was renewed by voters in April 2011 for another 10-year period beginning January 1, 2012. The tax revenue is committed to supplement other revenues available to the School Board for the following purposes:

- Thirty-six percent (36%) for classroom instruction,
- Twenty-three percent (23%) for capital improvements,
- Fifteen percent (15%) for facility and equipment support,
- Fourteen percent (14%) for the payment of mandated costs, and
- Twelve percent (12%) to restore salary reductions.

West Ouachita Sales Tax (1.0%) – This one-cent sales and use tax is a district tax levied and collected by the West Ouachita Parish School Bond District for a period of 27 years and expires in the year 2025. The tax proceeds are used for constructing, acquiring, improving, equipping, furnishing, maintaining, and/or operating schools and school related facilities in the district, with the proceeds of the tax being subject to funding into bonds for capital improvements.

**Ouachita Parish School Board
Monroe, Louisiana**

**Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2013**

1. Summary of Significant Accounting Policies (continued)

Q. Self-Insurance

The School Board is exposed to certain risks associated with damage to its property resulting from perils or theft, employee liabilities for benefits, earnings or work injury, general liabilities to third parties, and other risks related to professional errors and omissions. The School Board is covered through insurance policies for these risks. The School Board is also at risk from injuries to students, employees, and citizens incurred on our facilities through negligence and to employees being injured on the job. The School Board is partially self-insured for workers' compensation and general liability insurance coverage, and maintains policies with large deductibles for property and fleet vehicle insurance. The School Board currently has an excess insurance policy which covers individual workers' compensation claims and occurrences when an individual claim exceeds \$600,000, or in excess of \$1,000,000 for aggregate claims incurred during a policy year. The School Board self-insures, or is responsible for the costs, of a claim up to these retention amounts.

Revenues that finance the operations of the Self-Insurance Internal Service Fund are considered operating revenues and include charges for services and insurance proceeds from losses. Revenues that are not derived directly from the operations of the self-insurance program are considered non-operating revenues and include earnings on investments. The School Board has increased the net position in the Internal Service Fund over the years with transfers from the General Fund in years surpluses were available to cover future catastrophic losses.

Expenses related to these insurance programs are recognized in the self-insurance fund as claims are incurred. A liability for unpaid and incurred-but-not-reported claims is based on the School Board's known claims and historical experience of claims reported after the fiscal year incurred. Third-party claims administrators, who process and investigate claims, assist in the payment of valid claims, estimate the liabilities for unpaid claims, and manage the workers' compensation and general liability insurance program for the School Board. School Board personnel manage all other insurance programs.

During the fiscal year, total expenses for claims and insurance premiums related to the self-insurance programs were \$519,959. The School Board's claims liabilities at June 30 were:

	2013	2012
Claims liability at beginning of the year	\$ 1,101,882	\$ 925,173
Incurred claims and provision for incurred but not reported	481,637	868,740
Claims payments	<u>(503,693)</u>	<u>(692,031)</u>
Claims liability at the end of the year	<u>\$ 1,079,826</u>	<u>\$ 1,101,882</u>
Claims liability due within one year	<u>\$ 289,288</u>	<u>\$ 568,571</u>

Ouachita Parish School Board
Monroe, Louisiana

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2013

1. Summary of Significant Accounting Policies (continued)

R. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires 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 statement and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

S. Current Year Adoption of New Standards and Restatement of Net Position

Effective July 1, 2012, the School Board implemented the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

The net effect to the government-wide Statement of Net Position for the prior period from the adoption of GASB Statement No. 65 is as follows:

	<u>Governmental Activities</u>
Total Net Position, June 30, 2012, as previously reported	\$90,484,801
Bond issuance costs not expensed as of June 30, 2012	<u>(814,934)</u>
Total Net Position, June 30, 2013, restated	<u>\$89,669,867</u>

2. Expenditures – Budget and Actual

The following nonmajor governmental funds had actual expenditures exceed total budgeted expenditures as of the fiscal year end.

<u>Fund</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Variance</u>
Special Revenue Funds:			
School Food Service	\$10,036,585	\$10,223,379	(\$186,794)
Title I Programs	\$4,979,303	\$5,620,265	(\$640,962)

School Food Service Fund actual expenditures exceeded budgeted expenditures from underestimating the value of commodities received as they were consumed throughout the year. There were purchases made late in the year under the Title I program in preparation of summer instructional programs.

**Ouachita Parish School Board
Monroe, Louisiana**

**Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2013**

2. Expenditures – Budget and Actual (continued)

The actual expenditures in Title I programs exceeded the budget by 12.9%. This exceeded the state budget requirement for amending the budget for excess expenditures greater than five percent.

In addition, the following non-major governmental funds also exceeded the state budget requirement for amending the budget for the under collection of revenue greater than five percent:

<u>Fund</u>	<u>Budgeted Revenue</u>	<u>Actual Revenue</u>	<u>Variance</u>	<u>Percent</u>
Special Revenue Funds:				
Other Federal Programs	\$3,937,481	\$3,296,187	(\$641,294)	-16.3%
Local Grants	\$547,860	\$274,974	(\$272,886)	-49.8%

The actual revenue was under collected in Other Federal programs by 16.3% due to expenditures for supplies, professional services and equipment in the Carol M. White Physical Education Program grant being much lower than anticipated. Local grant revenue was also under the amount budgeted as several walking tracks that were to be constructed using Hospital Service District #1 Physical Education Program funds were unable to be completed prior to year end.

Because the revenues in the Title I Programs, Other Federal Programs and Local Grants special revenue funds are expenditure-driven, it should be noted that sufficient funds were available to cover the additional expenditures in the Title I Programs, as 100% of the funds awarded by were not budgeted during the fiscal year since the grant award period extends beyond fiscal year end; and actual expenditures did not exceed the actual revenue in the Other Federal Programs and Local Grants.

3. Cash Deposits with Financial Institutions

Custodial credit risk-deposits. The total bank deposits (including demand deposit accounts and certificates of deposits) at June 30, 2013 are summarized as follows:

Demand deposit – checking	\$ 27,574,634
Certificates of deposit	<u>4,078,539</u>
Total bank deposits	<u>\$ 31,653,173</u>

Louisiana Revised Statute 39:1225 requires the School Board to insure its bank balances from loss against custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the School board's deposits may not be returned. Bank balances are fully insured with \$5,029,693 of federal depository insurance (FDIC) and \$26,623,480 of securities held as collateral by the trust department of agents of custodial banks in the name of the School Board at year-end.

Ouachita Parish School Board
Monroe, Louisiana

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2013

4. Investments

The School Board's investment policy allows idle funds to be invested in accordance with the following objectives: (a) first priority shall be to secure safety of principle, (b) the second priority shall be to ensure liquidity of funds to meet the obligations of the School Board, and (c) the third priority shall be the yield of investments. Further, Louisiana Revised Statute (LRS) 39:2955 limits the School Board and other political subdivisions to the following investments instruments: Direct U.S. treasury obligations; obligations of U.S. government agencies; obligations issued or guaranteed by U.S. government instrumentalities, which are federally sponsored (GSEs); direct security repurchase agreements; certificates of deposits; mutual funds registered with the Securities and Exchange Commission whose investments are limited solely to obligations of the U.S. government or its agencies (and limited to 25% of the total investment portfolio); obligations of state and local governments provided certain conditions are met; investment grade (A-1/P-1) commercial paper of domestic U.S. corporations. Investment in collateralized mortgage obligations stripped into interest only or principal only obligations, inverse floaters, or structured notes and any obligations issued by the School Board itself are prohibited.

Investments in the West Ouachita 2009 QSCB Sinking Fund are required by the authorizing bond resolution and the Qualified School Construction Bond program to be in securities unconditionally guaranteed by the U.S. government. Those investments are currently in U.S. Treasury Securities – State and Local Government Series (SLGS). Investments have maturity dates in October 2024 when the full amount of the principal will come due for payment to bond holders.

As of June 30, 2013 the School Board's cash equivalents, excluding certificates of deposits, and investments consisted of the following at fair value:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percent of total Investments</u>
<i>Investments:</i>		
U.S. government obligations	\$ 6,130,794	9.5%
U.S. government-sponsored enterprise obligations (GSEs)	35,840,650	55.7%
Local government bonds	350,728	.6%
<i>Cash Equivalents:</i>		
Money market funds	10,580,328	16.4%
Louisiana Asset Management Pool (LAMP)	11,451,826	17.8%
Total	<u>\$ 64,354,326</u>	<u>100.0%</u>

Credit risk. The School Board's investment policy's objective is to mitigate credit risk. Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit risk is extremely low due to the limitations on investment instruments available to the School

**Ouachita Parish School Board
Monroe, Louisiana**

**Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2013**

4. Investments (continued)

Board under LRS 33:2955. The "prudent-person" rule is followed whereby investments are made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise the management of their own affairs, not for speculation, but for investment, considering the probably safety of their capital as well as the probable income to be derived. However, the overriding concern shall be the safety of the principal amounts invested. Policy further limits any single investment dealer, broker or bank to management of twenty-five percent of the School Board's total investment portfolio.

All investments in U.S. government obligations are rated Aaa/Negative by Moody's and AA+/Stable by Standard & Poors at year end.

Investments in obligations of U.S. government-sponsored enterprises at year-end were as follows:

		Percent of Total	
<u>Government-Sponsored Enterprise</u>	<u>Fair Value</u>	<u>Investments</u>	<u>Credit Ratings</u>
Federal National Mortgage Association	\$ 14,047,866	21.8%	Aaa/Negative Moody's; AA+/Stable Standard & Poors
Federal Home Loan Mortgage Corporation	4,620,627	7.2%	Aaa/Negative Moody's; AA+/Stable Standard & Poors
Federal Home Loan Bank	15,450,269	24.0%	Aaa/Negative Moody's; AA+/Stable Standard & Poors
Federal Farm Credit Banks	1,721,888	2.7%	Aaa/Negative Moody's; AA+/Stable Standard & Poors
Total	<u>\$ 35,840,650</u>	<u>55.7%</u>	

The School Board is also invested in \$350,728 of Louisiana Local Government Environmental Facilities and Community Development Authority's Revenue Bonds (Bossier Parish Public Improvement Projects) Series 2012 at year end. These bonds have a rating of Aa3 by Moody's.

The School Board participates in money market funds which investment securities meet the same restrictions placed on local governments under LRS 33:2955. The majority of money market funds are held in the Federated Government Obligations Fund and the Blackrock Liquidity Fund TempFund Institutional, which are both rated Aaa-mf by Moody's and AAAM by Standard & Poors.

The Louisiana Asset Management Pool (LAMP), a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana under the oversight of the Louisiana State Treasurer. While LAMP is not required to be a registered investment company with the Securities and Exchange Commission under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. The LAMP portfolio includes only the securities and other obligations in which local governments in Louisiana are authorized to invest under LRS 33:2955; and Attorney General Opinion 92-192 permits local governments to participate in LAMP on a voluntary basis. The dollar weighted average portfolio maturity of LAMP assets is restricted to no more than 90 days, and consists of no securities with a maturity in excess of 397 days. The primary objective of LAMP is to provide a safe environment for the

Ouachita Parish School Board
Monroe, Louisiana

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2013

4. Investments (continued)

placement of public funds in short-term, high-quality investments. LAMP has a Principal Stability Fund Rating of AAAM by Standard & Poors. LAMP is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

Investments in money market funds and in LAMP are not exposed to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. These investments are included as cash and cash equivalents on the governmental funds Balance Sheet and are accessible to the School Board upon demand.

Concentration risk. Concentration risk is the risk of exposure to loss that can result from failing to diversify investments. The School Board does not have a formal policy to limit concentration risk. The overwhelming majority of the School Board's investments are in direct U.S. Government securities or obligations of its agencies, or in government-sponsored enterprises that have the implied guarantee of the U.S. Government. At year-end, 24% of the School Board's investments were held in Federal Home Loan Bank bonds and discount notes which are implicitly guaranteed by the U.S. Government.

Interest rate risk. In accordance with its investment policy, the School Board manages its exposure to declines in fair values. Interest rate risk is the risk that the market value of the securities in the portfolio will fall due to the changes in general interest rates. Interest rate risk is mitigated by structuring the investment portfolio so that securities mature to meet cash requirements for anticipated demands, thereby avoiding the need to sell securities on the open market prior to maturity. Operating funds are primarily invested in shorter-term securities of one year or less. A laddering investment strategy is used which spreads maturity dates over time to meet liquidity requirements. Longer terms may be used for bond proceeds held for construction purposes or to coincide with scheduled maturities of long-term debt.

Cash equivalents and investments are scheduled to mature as follows:

Investment Type	Less than 1 Year	2-5 Years	6-12 Years
<i>Investments:</i>			
U.S. government obligations	\$ 3,526,714	\$ 604,080	\$ 2,000,000
U.S. government-sponsored enterprise obligations (GSEs)	22,420,733	13,419,917	-
Local government bonds	350,728	-	-
<i>Cash Equivalents:</i>			
Money market funds	10,580,328	-	-
Louisiana Management Asset Pool (LAMP)	11,451,826	-	-
Total	\$ 48,330,329	\$14,023,997	\$2,000,000

**Ouachita Parish School Board
Monroe, Louisiana**

**Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2013**

5. Ad Valorem Taxes

All taxable property in Louisiana is required by law to be assessed annually at a percentage of its fair market value by the parish assessor, except for public utility property, which is assessed by the Louisiana Tax Commission. The 1974 Louisiana Constitution provides that land and residential property are to be assessed at 10% of fair market value; however, agricultural, horticultural, marsh lands, timber lands, and certain historic buildings are to be assessed at 15% of fair market value. Fair market values are determined by the elected assessor of the parish and are subject to review and final certification by the Louisiana Tax Commission. The assessor is required to reappraise all property every four years. Based on the reappraised value, the assessor will "roll forward" or "roll back" the tax millage to equal the prior year taxable amount. If the assessor "rolls back" the tax millage, the School Board has the option to "roll forward" the millage rate to the prior year's maximum rate. The School Board authorized the "roll forward" of the 2012 millage rate for the new reassessment period.

The School Board is permitted by constitutional and statutory authority of the State to levy taxes up to 29.33 mills per \$1,000 of assessed valuation for operations other than for the payment of principal and interest on long-term debt. This is the amount which was levied for calendar year 2012. The School Board was authorized by the citizens of the East Ouachita Bond District to levy taxes sufficient to pay the principal and interest that matures annually on the outstanding general obligation bonds sold by the Bond District. The School Board levied 30.0 mills on the 2012 tax roll for the East Ouachita Bond District. The Sheriff of Ouachita Parish, as provided by State law, is the official tax collector of general property taxes levied by the School Board.

The 2012 property tax calendar was as follows:

Millage rates adopted	August 23, 2012
Tax levy date	November 15, 2012
Tax bills mailed	November 20, 2012
Tax due date	December 31, 2012
Tax lien date	January 1, 2013

State law requires the Sheriff to collect property taxes in the calendar year in which the assessment is made. Property taxes become delinquent January 1 of the following year. If taxes are not paid by the due date, taxes bear interest at the rate of 1.25% per month until the taxes are paid. After notice is given to the delinquent taxpayers, the Sheriff is required by the Constitution of the State of Louisiana to sell the least quantity of property necessary to settle the taxes and interest owed.

Ouachita Parish School Board
Monroe, Louisiana

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2013

5. Ad Valorem Taxes (continued)

All property taxes are recorded in the General Fund and in the East Ouachita Bond Debt Service Fund on the basis explained in Note 1.C. Revenues in such funds are recognized in the accounting period in which they become measurable and available. Property taxes are considered measurable in the calendar year of the tax levy. Delinquent taxes considered to be uncollectible are not recorded as revenues. Property taxes receivable are considered available because they are substantially collected within 60 days subsequent to year-end.

6. Receivables

The receivables of \$13,848,913 at June 30, 2013, as reported in the Governmental Funds are as follows:

	Ad-Valorem Taxes	Sales and Use Taxes	Grantor Agencies	Other	Total
Major Funds:					
General Fund	\$ 46,577	\$ -	\$ 87,376	\$ 115,082	\$ 249,035
District No. 1 Sales Tax	-	1,192,172	-	1,440	1,193,612
Total major funds	<u>46,577</u>	<u>1,192,172</u>	<u>87,376</u>	<u>114,331</u>	<u>1,442,647</u>
Non-Major Funds:					
1995 Sales Tax (1%)	-	2,407,036	-	-	2,407,036
1968 Sales Tax (.5%)	-	1,692,780	-	-	1,692,780
West Ouachita Sales Tax	-	1,947,856	-	-	1,947,856
School Food Service	-	-	143,820	6,153	149,973
Title I Programs	-	-	2,183,400	-	2,183,400
Special Education-IDEA B	-	-	1,059,363	-	1,059,363
Other Federal Programs	-	-	2,162,951	-	2,162,951
State Grants	-	-	688,102	930	689,032
Local Grants	-	-	66,180	25,578	91,758
East Ouachita Debt Service	22,117	-	-	-	22,117
Total non-major funds	<u>22,117</u>	<u>6,047,672</u>	<u>6,303,816</u>	<u>32,661</u>	<u>12,406,266</u>
Total receivables	<u>\$ 68,694</u>	<u>\$ 7,239,844</u>	<u>\$ 6,391,192</u>	<u>\$ 149,183</u>	<u>\$ 13,848,913</u>

All receivables are expected to be collected within the next fiscal year.

**Ouachita Parish School Board
Monroe, Louisiana**

**Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2013**

7. Capital Assets

The changes in capital assets during the fiscal year were as follows:

Governmental Activities:	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Capital assets, not being depreciated:				
Land	\$ 6,160,668	\$ -	\$ -	\$ 6,160,668
Construction-in-progress	7,614,996	2,546,330	(7,532,262)	2,629,064
Total capital assets, not being depreciated:	<u>13,775,664</u>	<u>2,546,330</u>	<u>(7,532,262)</u>	<u>8,789,732</u>
Capital assets, being depreciated:				
Land improvements	2,908,914	3,587,372	-	6,496,286
Buildings and improvements	310,045,832	9,809,095	(186,601)	319,668,326
Furniture and equipment	38,401,550	1,094,408	(2,521,561)	36,974,397
Total capital assets, being depreciated	<u>351,356,296</u>	<u>14,490,875</u>	<u>(2,708,162)</u>	<u>363,139,009</u>
Less accumulated depreciation:				
Land improvements	(294,778)	(216,867)	-	(511,645)
Buildings and improvements	(104,391,768)	(7,151,996)	179,808	(111,363,956)
Furniture and equipment	(29,604,274)	(2,012,409)	2,515,304	(29,101,379)
Total accumulated depreciation	<u>(134,290,820)</u>	<u>(9,381,272)</u>	<u>2,695,112</u>	<u>(140,976,980)</u>
Total capital assets, being depreciated, net	<u>217,065,476</u>	<u>5,109,603</u>	<u>(13,050)</u>	<u>222,162,029</u>
Capital assets, being amortized:				
Intangibles	2,339,691	85,077	-	2,424,768
Less accumulated amortization:				
Intangibles	(1,071,954)	(236,791)	-	(1,308,745)
Total capital assets, being amortized, net	<u>1,267,737</u>	<u>(151,714)</u>	<u>-</u>	<u>1,116,023</u>
Total governmental activities, capital assets, net	<u>\$ 232,108,877</u>	<u>\$ 7,504,219</u>	<u>(\$ 7,545,312)</u>	<u>\$ 232,067,784</u>

Ouachita Parish School Board
Monroe, Louisiana

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2013

7. Capital Assets (continued)

Depreciation and amortization expense was charged to governmental activities as follows:

	<u>Depreciation Expense</u>	<u>Amortization Expense</u>
Instructional services:		
Regular programs	\$ 7,563,394	\$ 107,138
Special education programs	52,559	43,658
Vocational programs	36,028	6,425
Other instructional programs	64,531	2,044
Special programs	16,908	14,490
Adult/continuing education	124	1,737
Support services:		
Pupil support services	20,470	-
Instructional staff support services	71,860	13,078
General administration	9,140	-
School administration	489	-
Business services	32,249	16,852
Plant services	593,762	1,975
Student transportation services	685,283	-
Central services	162,375	28,496
Non-instructional services:		
Food service operations	<u>72,100</u>	<u>898</u>
Total depreciation and amortization expense	<u>\$ 9,381,272</u>	<u>\$ 236,791</u>

During the fiscal year, the School Board entered into new contracts totaling \$8,657,571. Over the past 14 years the School Board entered into contracts totaling \$210,906,041 to construct 9 schools, 3 vocational centers, 5 turf athletic fields, and 12 multipurpose buildings and to make additions and renovations to 28 schools and district facilities. These construction contracts are projected to be complete within the next fiscal year. Work already started but not completed during the fiscal year on contracts totaling \$2,629,064 was capitalized as construction-in-progress.

At June 30, 2013, the School Board had \$121,139 in contract retainages related to construction-in-progress. These retainages represents deposits that are payable at the completion of current outstanding construction contracts at year end.

At June 30, 2013, these contracts have \$1,623,994 remaining in work to be completed within the next fiscal year. The contracts will be paid by the East Ouachita 2011/2012 Construction Fund and the West Ouachita Sales Tax Fund.

**Ouachita Parish School Board
Monroe, Louisiana**

**Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2013**

8. Retirement Systems

In 1996, the School Board adopted Governmental Accounting Standards Board Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*. The School Board had no pension liability or asset at the effective date of the transition.

Substantially all employees of the School Board are members of two statewide retirement systems. In general, professional employees (such as teachers and administrative support staff) and lunchroom workers are members of the Teachers' Retirement System of Louisiana (TRSL). Other employees working in custodial services or student transportation are members of the Louisiana School Employees' Retirement System (LSERS). These systems are state established cost sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

A. Teachers' Retirement System of Louisiana (TRSL)

Plan Description. The TRSL consists of four membership plans: Regular Plan, Plan A, Plan B, and Optional Retirement Plan (ORP). The School Board participates in three of the membership plans — the Regular Plan, Plan A, and ORP. The TRSL provides retirement benefits as well as disability and survivor benefits. Five years of service credit are required to become vested for retirement, disability and survivor benefits in all plans. Benefits are established by State statute.

TRSL issues a financial report that includes financial statements and required supplementary information. This report is available to the public and can be obtained by visiting the TRSL website at www.trsl.org, by submitting a written request to the Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling TRSL directly at (225) 925-6446.

Funding Policy. Plan members are required to contribute the following percentage of their covered salary to the plan through payroll deduction:

Regular Plan members	8.0%
Plan A members (lunchroom workers)	9.1%
Optional Retirement Plan (ORP) members	8.0% (includes a .05% admin fee to TRSL)

The School Board is also required to contribute to the plan an actuarially determined percentage of plan members covered salary. The rates and combined contributions paid by the School Board for the last three fiscal years for all three retirement plans were:

	<u>Regular Plan</u>	<u>Plan A</u>	<u>ORP</u>	<u>Employer Contributions</u>
2012-13	24.5%	30.0%	24.5%	\$23,510,586
2011-12	23.7%	23.7%	23.7%	\$23,589,870
2010-11	20.2%	20.2%	20.2%	\$20,186,512

Ouachita Parish School Board
Monroe, Louisiana

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2013

8. Retirement Systems (continued)

Member contributions and employer contributions for the TRSL are established by state law and rates are established by the Public Retirement Systems' Actuarial Committee. The School Board's employer contribution to TRSL, as provided by state law, is funded primarily by contributions by the School Board and then from appropriations from the State, and with a 1% statutory deduction from ad valorem tax collections of local taxing bodies statewide.

B. Louisiana School Employees' Retirement System (LSERS)

Plan Description. The LSERS provides retirement benefits as well as disability and survivor benefits. The vesting periods for members are as follows:

Regular retirement

Members enrolled before July 1, 2010	10 Years
Members enrolled on or after July 1, 2010	5 Years

Disability retirement

Members enrolled before July 1, 2006	5 Years
Members enrolled on or after July 1, 2006	10 Years

Benefits are established and amended by state statute. The LSERS issues a financial report that includes financial statements and required supplementary information for the LSERS. This report is available to the public and may be obtained by visiting their website at www.lsers.state.la.us, 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 the following percentage of their covered salary to the plan through payroll deduction effective July 1, 2010:

Plan members enrolled prior to July 1, 2010	7.5%
New plan members enrolled on or after July 1, 2010	8.0%

The School Board is also required to contribute to the plan an actuarially determined percentage of plan members covered salary. The rates and contributions paid by the School Board for the last three fiscal years were:

2012-13	30.8%	\$3,468,444
2011-12	28.6%	\$3,184,058
2010-11	24.3%	\$2,744,814

**Ouachita Parish School Board
Monroe, Louisiana**

**Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2013**

8. Retirement Systems (continued)

Member contributions and employer contributions for the LSERS are established by state law and rates are established by the Public Retirement Systems' Actuarial Committee annually. The School Board's employer contribution for the LSERS, as provided by state law, is funded by appropriations made by the State and remittances from the School Board.

9. Other Post Employment Benefits

Plan Description. The Ouachita Parish School Board 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 School Board ends. The most common type of postemployment benefit is a pension. Other postemployment benefits (OPEB) provided are healthcare and life insurance benefits. As permitted by Louisiana Revised Statute (LSA-R.S.) 17:1223, the School Board provides continuing healthcare and life insurance benefits for certain retired employees through its participation in a fully insured health insurance and life insurance program administered by the Office of Group Benefits (OGB). Benefit provisions are established or may be amended under the authority of LRS 42:802 by the Commissioner of Administration. All benefits and premium structures are reviewed by the OGB Policy and Planning Board. OGB does not issue a stand alone financial report on the OPEB plan; however, the financial information is included in the State of Louisiana's Comprehensive Annual Financial Report which can be found at their website at www.doa.la.gov/OSRAP/CAFR-2.htm.

Medical benefits are provided through the Louisiana Office of Group Benefits (OGB) and involve several statewide networks and one HMO with a premium structure by region. The plan provisions are contained in the official plan documents of the OGB, available at www.groupbenefits.org - "*Quick Links*" - "*Health Plans*". The OGB plan is a multiple-employer arrangement and has been deemed to be an *agent multiple-employer plan* (within the meaning of paragraph 22 of GASB 45) for financial reporting purposes and for this valuation. This valuation has been performed using the standard OGB rate structure. In addition, the OGB "Medicare Advantage" plan has been assumed as an alternative to those employees after Medicare eligibility, and we have assumed that 25% of post-Medicare eligibility retirees elect that plan for this alternative calculation. Medical benefits are provided to employees upon actual retirement. Employees have been assumed to be covered by the Teachers' Retirement System of Louisiana (TRSL), whose retirement and deferred retirement eligibility provisions are as follows: 30 years of service at any age, age 55 and 25 years of service, or age 65 and 20 years of service.

Life insurance coverage under the OGB program is available to retirees by election. In addition, optional coverage is available under a Humana Life Insurance product where the blended rate (active and retired) is \$.25 per \$1,000 (not including AD&D). The employer pays 50% of the "cost" of the retiree life insurance in each program, but based on the blended rates. Since GASB 45 requires the use of "unblended" rates, we have used the 94GAR mortality table described above to "unblend" the rates so as to reproduce the

Ouachita Parish School Board
Monroe, Louisiana

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2013

9. Other Post-Employment Benefits (continued)

composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance. All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance. Insurance coverage amounts are reduced at age 65 and again at age 70 according to the OGB plan provisions.

Contribution Rates. Employees do not contribute to their post-employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

Funding Policy. Until 2007, the Ouachita Parish School Board recognized the cost of providing post-employment medical and life benefits (the Ouachita Parish School Board's portion of the retiree premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. For the fiscal years ended June 30, 2013, and 2012, the Ouachita Parish School Board's portion of retiree health care and life insurance premiums totaled \$6,196,101 and \$6,295,554, respectively

Effective July 1, 2007, the Ouachita Parish School Board implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions* (GASB 45). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

Annual Required Contribution. The Ouachita Parish School Board's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The Annual Required Contribution is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43 & 45) has been used for the post-employment benefits. The actuarially computed ARC is as follows for fiscal years ending June 30:

	2013	2012
Normal Cost	\$3,080,548	\$ 2,962,065
30-year UAL amortization amount	<u>7,899,815</u>	<u>7,595,976</u>
Annual Required Contribution (ARC)	<u>\$10,980,363</u>	<u>\$ 10,558,041</u>

**Ouachita Parish School Board
Monroe, Louisiana**

**Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2013**

9. Other Post-Employment Benefits (continued)

Net Post-Employment Benefit Obligation. The table below shows the change in the School Board's Net Other Post-employment Benefit (OPEB) Obligation during the fiscal years ended June 30:

	<u>2013</u>	<u>2012</u>
Beginning Net OPEB Obligation	\$54,387,168	\$51,034,634
Annual Required Contribution	10,980,363	10,558,041
Interest on net OPEB Obligation	2,175,486	2,041,385
ARC Adjustment	<u>(3,145,215)</u>	<u>(2,951,338)</u>
OPEB Cost	10,010,634	9,648,088
Contribution	0	0
Current year retiree premium	<u>(6,196,101)</u>	<u>(6,295,554)</u>
Change in Net OPEB Obligation	<u>3,814,533</u>	<u>3,352,534</u>
Ending Net OPEB Obligation	<u>\$58,201,701</u>	<u>\$54,387,168</u>

The following table shows the Ouachita Parish School Board's annual post-employment benefits (PEB) cost, percentage of the annual cost contributed, and the net unfunded post-employment benefits (PEB) liability for the current and past two fiscal years:

Post- Employment Benefit	Fiscal Year Ended June 30	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
Medical and Life	2013	\$10,010,634	61.90%	\$58,201,701
Medical and Life	2012	\$9,648,088	65.30%	\$54,387,168
Medical and Life	2011	\$11,016,839	52.30%	\$51,034,634

Funded Status and Funding Progress. In the fiscal years ending June 30, 2013 and 2012, the Ouachita Parish School Board made no contributions to its post-employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the July 1, 2011 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of June 30, 2013 was \$136,603,605, which is defined as that portion, as determined under the Projected Unit Credit Cost Method, of the actuarial present value of post-employment plan benefits and expenses which is not provided by normal cost.

**Ouachita Parish School Board
Monroe, Louisiana**

**Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2013**

9. Other Post-Employment Benefits (continued)

The following is the funded status of the plan as of fiscal years ended June 30:

	2013	2012
Actuarial Accrued Liability (AAL)	\$136,603,605	\$131,349,620
Actuarial value of plan assets (AVP)	0	0
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$136,603,605</u>	<u>\$131,349,620</u>
Funded ratio	0%	0%
Covered payroll (active plan members)	\$111,059,087	\$116,041,953
UAAL as a percentage of Covered Payroll	123.00%	113.19%

The Schedule of Funding Progress and Schedule of Employer Contributions required supplemental information follows the notes. The Schedule of Funding Progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

Actuarial Methods and Assumptions. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post-employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the Ouachita Parish School Board and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the Ouachita Parish School Board and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Ouachita Parish School Board and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Cost Method. The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover.

**Ouachita Parish School Board
Monroe, Louisiana**

**Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2013**

9. Other Post-Employment Benefits (continued)

Actuarial Value of Plan Assets. There are not any assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board Actuarial Standards of Practice Number 6 (ASOP 6), as provided in paragraph number 125 of GASB Statement 45 will be used.

Turnover Rate. An age-related turnover scale based on actual experience as described by administrative staff has been used. The rates, when applied to the active employee census, produce an annual turnover of approximately 10%.

Post-employment Benefit Plan Eligibility Requirements. It is assumed that entitlement to benefits will commence five years after earliest eligibility to enter the Deferred Retirement Option Plan (D.R.O.P.) offered by the state retirement systems. This consists of a three-year D.R.O.P. period plus two additional years. Medical benefits are provided to employees upon actual retirement.

Investment Return Assumption (Discount Rate). GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan that is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used for this valuation.

Health Care Cost Trend Rate. The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5.0% for ten years out and later.

Mortality Rate. The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, was used. This is a published mortality table which was used in determining the value of accrued benefits in defined benefit pension plans. Projected mortality improvement has not been used since it is the actuaries opinion that this table contains sufficiently conservative margin for the population involved in this valuation.

Method of Determining Value of Benefits. The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The "State Share" premiums in the OGB medical rate schedule provided are "unblended" rates for active and retired as required by GASB 45 and have been used for valuation purposes.

Inflation Rate. Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

Projected Salary Increases. This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

Ouachita Parish School Board
Monroe, Louisiana

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2013

9. Other Post-Employment Benefits (continued)

Post-retirement Benefit Increases. The plan benefit provision in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

Below is a summary of OPEB cost and contributions for the past three fiscal years ended June 30:

	<u>2011</u>	<u>2012</u>	<u>2013</u>
OPEB Cost	\$ 11,016,839	\$ 9,648,088	\$ 10,010,634
Contribution	-	-	-
Retiree premium	5,764,382	6,295,554	6,196,101
Total contribution and premium	<u>5,764,382</u>	<u>6,295,554</u>	<u>6,196,101</u>
 Change in net OPEB obligation	 <u>\$ 5,252,457</u>	 <u>\$ 3,352,534</u>	 <u>\$ 3,814,533</u>
 % of contribution to cost	 0.00%	 0.00%	 0.00%
% of contribution plus premium to cost	52.32%	65.25%	61.90%

10. Deferred Compensation Plan

The School Board offers a deferred compensation plan for employees under the provisions of Internal Revenue Service Code Section 457 (Deferred Compensation Plan) and permits employees to defer a portion of their salary until future years. Part-time, seasonal, and substitute employees are required to contribute 7.5% of their compensation to the Deferred Compensation Plan in lieu of social security, as the School Board does not participate in social security under an Internal Revenue Service Section 218 Agreement for these employee classes. Full-time employees may also voluntarily make contributions to the Deferred Compensation Plan. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen emergency. The School Board does not contribute or match employee contributions to the Deferred Compensation Plan. At June 30, 2013, the Plan had assets with an approximate market value of \$3,406,436.

All amounts of compensation deferred under the plan, all property rights purchased with those amounts and all income attributable to those amounts, property or rights are held in trust for the exclusive benefit of participants and their beneficiaries and may not be used for, or diverted to, any other expense, except to defray the reasonable expenses of administering the plan.

**Ouachita Parish School Board
Monroe, Louisiana**

**Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2013**

10. Deferred Compensation Plan (continued)

The School Board is not liable to participating employees for the diminution in value or loss of all or part of the participating employees' deferred amounts or investment income because of market conditions or the failure, insolvency or bankruptcy of a qualified vendor. Therefore, the Plan is not reported in these financial statements.

11. Agency Fund Deposits Due Others (FFS level only)

A summary of changes in agency fund deposits due others follows:

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2013</u>
Agency Funds:				
School Activity Funds	\$ 3,823,378	\$ 8,435,032	(\$ 8,078,967)	\$ 4,179,443
State Equalization Local Funding Transfers to Other Educational Providers	-	187,489	(187,489)	-
Total	<u>\$ 3,823,378</u>	<u>\$ 8,662,521</u>	<u>(\$ 8,266,456)</u>	<u>\$ 4,179,443</u>

12. General Long-Term Obligations

The general obligation bonds are obligations of East Ouachita Bond District, with maturities from 2013 to 2034 and interest rates from 1.0% to 5.625%. General obligation bonds' principal and interest requirements are funded in accordance with Louisiana law by the annual ad valorem tax levy on taxable property within the respective taxing districts. In accordance with Louisiana Revised Statute 39:562, the School Board is legally restricted from incurring long-term general obligation bonded debt in excess of 35% of the total assessed value of all property in the taxing district. At June 30, 2013, the statutory limit and debt margins are as follows:

	<u>East Ouachita Bond District</u>
Assessed Value	\$ 279,159,008
35% of assessed value	97,705,653
Less: Outstanding general obligation bonds	<u>(80,525,000)</u>
Debt Margin	<u>\$ 17,180,653</u>

Ouachita Parish School Board
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Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2013

12. General Long-Term Obligations (continued)

The following are the changes in general obligation bonds and sales tax revenue bonds during the fiscal year:

Original Issue	Outstanding July 1, 2012	Payments	Outstanding June 30, 2013	Interest Rate On Unpaid Debt	Total Future Interest
General obligation bonds:					
3.0%-4.5% issued 4/26/05; due 2013-2025	\$ 10,895,000	(\$ 650,000)	\$ 10,245,000	4.00%-4.50%	\$ 3,091,981
3.625%-4.750% issued 3/14/06; due 2013-2024	18,265,000	(1,175,000)	17,090,000	4.00%- 4.75%	4,667,225
3.75%-6.0 % issued 10/1/07; due 2013-2032	8,825,000	(265,000)	8,560,000	3.75%-4.125%	3,990,019
4.0%-6.0% issued 1/1/08; due 2013-2032	9,050,000	(270,000)	8,780,000	4.00%- 5.00%	4,166,874
4.0%-5.0% issued 1/1/09; due 2013-2033	9,105,000	(250,000)	8,855,000	4.00%- 5.00%	5,096,103
2.75%-4.375% issued 1/11/10; due 2013-2034	8,810,000	(210,000)	8,600,000	2.750%- 4.375%	4,603,525
2.0%-4.0% issued 7/1/11; due 2013-2031	9,500,000	(315,000)	9,185,000	2.0%-4.0%	3,251,813
1.0%-3.5% issued 3/1/12; due 2013-2032	9,500,000	(290,000)	9,210,000	2.0%-3.5%	2,985,787
Total general obligation bonds	\$ 83,950,000	(\$ 3,425,000)	\$ 80,525,000		\$ 31,853,328

(continued)

**Ouachita Parish School Board
Monroe, Louisiana**

**Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2013**

12. General Long-Term Obligations (continued)

Original Issue	Outstanding July 1, 2012	Payments	Outstanding June 30, 2013	Interest Rate On Unpaid Debt	Total Future Interest
Revenue bonds:					
5.25%-7.0% issued 3/01/02; due 2013	\$ 55,000	(\$ 55,000)	\$ -		\$ -
3.75%-4.15% issued 3/14/06; due 2013-2024	7,655,000	(410,000)	7,245,000	3.75%-4.15%	2,037,441
4.0%-6.0% issued 10/01/07; due 2013-2024	9,970,000	(560,000)	9,410,000	4.0%-4.15%	2,506,488
3.25%-4.25% issued 10/11/08; due 2013-2024	4,325,000	(250,000)	4,075,000	3.50%-4.25%	1,083,244
3.00%-4.25% issued 3/30/09; due 2013-2023	29,035,000	(1,975,000)	27,060,000	3.00%-4.50%	6,472,731
1% Taxable QSCB issued 11/09/2009; due 2013-2024	10,000,000	-	10,000,000	0.6%	720,000
2.00%-4.00% issued 12/09/10; due 2013-2024	8,470,000	(355,000)	8,115,000	2.00%-4.00%	2,354,631
Total revenue bonds	\$ 69,510,000	(\$ 3,605,000)	\$ 65,905,000		\$ 15,174,535
Total bonded debt	\$ 153,460,000	(\$ 7,030,000)	\$146,430,000		\$ 47,027,863 (concluded)

Total bonded debt does not include \$410,158 in bond premiums at June 30, 2013. There were no bonds issued, refinanced or refunded during the fiscal year.

**Ouachita Parish School Board
Monroe, Louisiana**

**Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2013**

12. General Long-Term Obligations (continued)

Bond principal and interest are due in total, to maturity, as follows:

Year Ended June 30,	Principal Payments	Interest Payments	Total
2014	\$ 7,330,000	\$ 5,324,285	\$ 12,654,285
2015	7,625,000	5,056,998	12,681,998
2016	7,960,000	4,777,754	12,737,754
2017	8,295,000	4,482,716	12,777,716
2018	8,650,000	4,170,909	12,820,909
2019-2023	49,305,000	15,318,398	64,623,398
2024-2028	40,705,000	5,909,713	46,614,713
2029-2033	15,890,000	1,957,778	17,847,778
2034	670,000	29,312	699,312
Total	\$ 146,430,000	\$ 47,027,863	\$ 193,457,863

The following is a summary of governmental activities long-term obligation transactions for the year ended June 30, 2013:

Long-term Obligations	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013	Amounts Due Within One Year
Claims liability	\$ 1,101,882	\$ 481,637	(\$ 503,693)	\$ 1,079,826	\$ 289,288
Compensated absences	6,711,277	243,921	(456,424)	6,498,774	427,869
OPEB	54,387,168	10,010,634	(6,196,101)	58,201,701	-
Long-term debt	153,460,000	-	(7,030,000)	146,430,000	7,330,000
Bond premiums	442,364	-	(32,206)	410,158	32,206
Total	\$ 216,102,691	\$ 10,736,192	(\$ 14,218,424)	\$ 212,620,459	\$ 8,079,363

Payments on the general obligation bonds payable that pertain to the School Board's governmental activities are made by the East Ouachita Debt Service Fund. Payments on the revenue bonds payable that pertain to the School Board's governmental activities are funded by transfers from the West Ouachita Sales Tax Special Revenue Fund to the West Ouachita Debt Service Fund. The compensated absences liability attributable to the governmental activities will be liquidated by the School Board's General Fund.

The School Board does not have plans to place funds in an irrevocable trust to liquidate the other post-employment benefits (OPEB) liability. It is the School Board's plan to continue on a pay-as-you go basis for OPEB benefits. As a result, this liability will continue to increase over time.

**Ouachita Parish School Board
Monroe, Louisiana**

**Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2013**

13. Interfund Assets/Liabilities (FFS level only)

Individual balances due to/from other funds at June 30, 2013 were as follows:

	<u>Due To Other Funds</u>	<u>Due From Other Funds</u>
Major Funds:		
General Fund:		
Deficit cash balances	\$ -	\$ 3,898,095
Indirect cost	-	320,242
Other	2,297	-
Total General Fund	<u>2,297</u>	<u>4,218,337</u>
Nonmajor Funds:		
Special Revenue Funds:		
School Food Service:		
Other	-	2,297
Total School Food Services	<u>-</u>	<u>2,297</u>
Title I Programs:		
Deficit cash balances	1,563,398	-
Indirect cost	133,313	-
Total Title I Programs	<u>1,696,711</u>	<u>-</u>
Special Education IDEA B:		
Deficit cash balances	775,890	-
Indirect cost	59,964	-
Total Special Education IDEA B	<u>835,854</u>	<u>-</u>
Other Federal Programs:		
Deficit cash balance	1,552,630	-
Indirect cost	126,965	-
Total Other Federal Programs	<u>1,679,595</u>	<u>-</u>
Internal Service Funds:		
Printing Services:		
Deficit cash balance	6,177	-
Total	<u>\$ 4,220,634</u>	<u>\$ 4,220,634</u>

The balances due for cash deficits are due to timing differences in receiving reimbursements from grantors for expenditure reimbursement grants after the fiscal year ended. The General Fund pays the obligations of expenditure reimbursement grants until a claim is filed and payment is received. Indirect cost balances represent the outstanding indirect cost payments due to the General Fund for the expenditures on outstanding grant reimbursement claims filed but not yet received from grantors by year end. All interfund transactions will be completed during the 2013-14 fiscal year.

Ouachita Parish School Board
Monroe, Louisiana

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2013

14. Nonspendable, Restricted, Committed, and Assigned Fund Balances (FFS level only)

The following Governmental Funds' fund balances are nonspendable, legally restricted, committed, or assigned for the following purposes:

NONSPENDABLE	PURPOSE	JUNE 30, 2013
Nonmajor Funds:		
Special Revenue Funds:		
School Food Service	Food inventory	\$ 114,717
Total Nonspendable Fund Balance		\$ 114,717
RESTRICTED	PURPOSE	JUNE 30, 2013
Major Funds:		
General Fund	Workers Compensation Surety	\$ 625,000
Nonmajor Funds:		
Special Revenue Funds:		
Supplemental Salaries-1995 Sales Tax-1%	Salaries and related benefits	5,185,007
Supplemental Salaries-1969 Sales Tax-.5%	Salaries	1,710,301
West Ouachita Sales Tax	Construction and operations	8,942,882
School Food Service	Food services	1,537,815
Other Federal Programs	Preschool instruction	894
State Grants	Student health services	1,623,540
Total Nonmajor Special Revenue		19,000,439
Debt Service Funds:		
West Ouachita Bond Reserve	Bonded debt principle/interest	6,088,703
West Ouachita 2009 QSCB Bond Sinking	Bonded debt principle/interest	2,025,367
West Ouachita Debt Service	Bonded debt principle/interest	72,503
East Ouachita Debt Service	Bonded debt principle/interest	4,434,440
Total Nonmajor Debt Service		12,621,013
Capital Projects Funds:		
East Ouachita 2011/2012 Construction	Capital projects	5,327,035
Total Nonmajor Capital Projects		5,327,035
Total Restricted Fund Balances		\$ 37,573,487

**Ouachita Parish School Board
Monroe, Louisiana**

**Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2013**

**14. Nonspendable, Restricted, Committed, and Assigned Fund Balances (FFS level only)
(continued)**

The School Board has committed the following Governmental Funds fund balances for these specific purposes as of June 30, 2013:

<u>COMMITTED</u>	<u>PURPOSE</u>	<u>JUNE 30, 2013</u>
Major Funds:		
General Fund	Major equipment repairs	\$ 556,381
General Fund	Instructional programs	612,251
Total Major Funds		<u>1,168,632</u>
Special Revenue Funds:		
District No. 1 Sales Tax	Instructional programs	4,096,988
District No. 1 Sales Tax	Capital improvements	4,030,962
District No. 1 Sales Tax	Maintenance and operation	151,356
District No. 1 Sales Tax	Mandated costs	4,125,014
District No. 1 Sales Tax	Salaries and benefits	4,655,075
Total Major Special Revenue Funds		<u>17,059,395</u>
Total Committed Fund Balances		<u>\$18,228,027</u>

The School Board has assigned the following Governmental Funds fund balances for these specific purposes as of June 30, 2013:

<u>ASSIGNED</u>	<u>Purpose</u>	<u>JUNE 30, 2013</u>
Major Funds:		
General Fund	Drivers education	\$ 177,591
General Fund	Instructional programs	149,825
General Fund	Scholarships	4,636
Total General Fund		<u>332,052</u>
Nonmajor Funds:		
State Grants	Student health/support services	389,671
Local Grants	Instructional programs	4,121
Local Grants	Student health/support services	4,323
Total Nonmajor Special Revenue		<u>398,115</u>
Total Assigned Fund Balances		<u>\$ 730,167</u>

Ouachita Parish School Board
Monroe, Louisiana

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2013

15. Litigation and Contingencies

The School Board is a defendant in several lawsuits. Management for the School Board believes that the potential claims against the School Board not covered by insurance have been adequately accrued at June 30, 2013. As more fully described in Note 1.Q., the School Board is exposed to various risks through its self-insurance plan for damage to property from natural disasters, fire and errors and omissions.

As with the majority of all other school boards within the state, the Ouachita Parish School Board is substantially dependent upon federal, state and local funding. The loss or reduction of these funding sources would have a significant impact on its operations.

16. Interfund Transfers (FFS level only)

Transfers to/from other Governmental Funds for the year ended June 30, 2013 were as follows:

	Transfers In	Transfers Out
Major Funds:		
General Fund	\$ 2,191	\$ 1,561,985
Special Revenue Funds:		
District No.1 Sales Tax	250,000	-
Nonmajor Funds:		
Special Revenue Funds:		
West Ouachita Sales Tax	-	6,390,257
State Grants	-	2,191
Other Local Grants	11,985	-
Debt Service Funds:		
West Ouachita Bond Reserve		29,317
West Ouachita Bond Sinking (2008 QSCB)	629,690	-
West Ouachita Debt Service	5,789,884	-
Proprietary Funds:		
Internal Service Fund - Self-Insurance	1,300,000	-
Total	<u>\$ 7,983,750</u>	<u>\$ 7,983,750</u>

A transfer of \$250,000 was made from the General Fund to the District No.1 Sales Tax Special Revenue fund for Maintenance and Operation expenditures. A transfer was made from the General Fund to the Internal Service Fund to set funds aside for payment of workers compensation, general liability, property loss claims, and related insurance premiums. Transfers were made from the West Ouachita Sales Tax Special Revenue Fund to the West Ouachita Bond

**Ouachita Parish School Board
Monroe, Louisiana**

**Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2013**

16. Interfund Transfers (FFS level only) (continued)

Sinking fund to set aside principal annually in order to retire the 15-year Qualified School Construction Bonds at maturity in 2024; transfers were also made to the West Ouachita Debt Service fund for annual principal and interest payments for outstanding tax revenue bonds.

Revenue in excess of required bond reserve requirements were transferred from the West Ouachita Bond Reserve Fund to the West Ouachita Debt Service Fund to be spent in accordance with the original purpose of the bonds.

Ouachita Parish School Board
Monroe, Louisiana

Fiscal Year Ended June 30, 2013

**REQUIRED SUPPLEMENTARY INFORMATION
(PART B)**

Ouachita Parish School Board
Monroe, Louisiana

Fiscal Year Ended June 30, 2013



**Ouachita Parish School Board
Monroe, Louisiana**

**Budgetary Comparison Schedule
Fiscal Year Ended June 30, 2013**

General Fund and Major Special Revenue Funds with Legally Adopted Budgets

General Fund

The General Fund accounts for all activities of the School Board except for those that are accounted for in other funds. The major source of revenues for the General Fund are state equalization funding through the Minimum Foundation Program formula and a 24.5-mill ad valorem tax that was renewed in April 2011 for 10 years.

Special Revenue Funds

Special Revenue Funds account for and report the proceeds of specific revenue sources (other than special assessments) that are legally restricted or committed to expenditures for specified purposes other than debt service or capital projects. The term "proceeds of specific revenue sources" establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. These funds, for the most part, are established for specific educational purposes and funded through the U. S. Department of Education or the Louisiana State Department of Education. The School Board is centrally located in Northeast Louisiana and acts as a regional fiscal agent for the State Department of Education for many educational programs.

District No. 1 Sales Tax Fund

The District No.1 Sales Tax Fund collects, records and disburses funds related to the .5% sales tax renewed in April 2011 for 10 years to provide additional support for the school system. The School Board committed the tax classroom instruction—36%, capital improvements—23%, facility and equipment support—15%, mandated costs—14%, and salary restoration—12%.

Ouachita Parish School Board
Monroe, Louisiana

Fiscal Year Ended June 30, 2013



Ouachita Parish School Board
Monroe, Louisiana

GENERAL FUND
Budgetary Comparison Schedule (GAAP Basis)

Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual	Over (Under)
	Original Budget	Final Budget		
Budgetary fund balance at beginning of year	\$ 14,852,588	\$ 14,888,916	\$ 14,888,916	\$ -
Resources (inflows)				
Local sources:				
Ad valorem taxes	16,088,458	16,088,458	17,504,129	1,415,671
1% ad valorem tax - tax collector	543,000	543,000	545,374	2,374
Earnings on investments	45,044	165,044	198,546	33,502
E-rate	690,000	755,000	748,479	(6,521)
Insurance proceeds from loss	5,000	7,700	7,690	(10)
Other	1,254,400	1,628,750	991,082	(637,668)
Total local sources	18,625,902	19,187,952	19,995,300	807,348
State sources:				
State equalization	115,283,135	118,618,121	118,457,499	(160,622)
Revenue sharing	826,000	826,000	819,824	(6,176)
Professional Improvement Program	248,315	267,393	205,169	(62,224)
Restricted grants-in-aid	20,900	8,960	203,893	194,933
Total state sources	116,378,350	119,720,474	119,686,385	(34,089)
Federal sources:				
Other federal support	182,900	126,429	159,735	33,306
Total Federal sources	182,900	126,429	159,735	33,306
Other financing sources				
Sale of assets	38,000	18,000	4,909	(13,091)
Amounts available for appropriations	150,077,740	153,941,771	154,735,245	793,474
Charges to appropriations (outflows)				
Current:				
Instructional services:				
Regular programs	56,321,899	57,214,750	56,021,483	(1,193,267)
Special education programs	14,000,923	13,437,615	13,645,023	207,408
Vocational programs	1,408,239	1,514,319	1,417,959	(96,360)
Other instructional programs	4,679,060	5,158,418	5,474,281	315,863
Special programs	432,970	322,279	382,208	59,929
Adult/continuing education	32,648	31,489	5,611	(25,878)
Support services:				
Pupil support services	7,023,122	7,126,013	7,412,551	286,538
Instructional staff support services	7,173,664	7,584,383	7,111,603	(472,780)
General administration	1,371,919	1,401,377	1,388,706	(12,671)
School administration	11,073,378	11,836,684	11,800,639	(36,045)
Business services	2,359,744	2,412,676	1,609,254	(803,422)
Plant services	16,730,925	17,029,889	16,198,900	(830,989)
Student transportation services	8,384,457	8,922,569	8,814,036	(108,533)
Central services	3,184,040	3,144,517	2,677,367	(467,150)
Noninstructional services:				
Food service operations	723,192	745,223	721,086	(24,137)
Community service programs	26,351	28,351	28,351	-
Facility Acquisition & construction	51,890	11,893	389,263	377,370
Debt service:				
Interest and other charges	1,800	-	-	-
Other financing uses				
Transfers out	827,606	188,096	1,749,473	1,561,377
Total charges to appropriations	135,807,827	138,110,541	136,847,794	(1,262,747)
Budgetary fund balance at end of year	\$ 14,269,913	\$ 15,831,230	\$ 17,887,451	\$ 2,056,221

See accompanying notes to the budgetary comparison schedules.

Ouachita Parish School Board
Monroe, Louisiana

Fiscal Year Ended June 30, 2013



Ouachita Parish School Board
Monroe, Louisiana

Special Revenue Fund -
District No. 1 Sales Tax
Budgetary Comparison Schedule (GAAP Basis)

Fiscal Year Ended June 30, 2013

	Budgeted Amounts			
	Original Budget	Final Budget	Actual	Over (Under)
Budgetary fund balance at beginning of year	<u>\$ 14,477,447</u>	<u>\$ 14,477,447</u>	<u>\$ 14,477,447</u>	<u>\$ -</u>
Resources (inflows)				
Local sources:				
Sales and use taxes	6,606,283	6,766,283	6,790,943	24,660
Earnings (losses) on investments	28,115	31,292	24,446	(6,846)
Other	-	98,886	58,886	(40,000)
Total local sources	<u>6,634,398</u>	<u>6,896,461</u>	<u>6,874,275</u>	<u>(22,186)</u>
Other financing sources				
Transfers in	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>
Amounts available for appropriations	<u>21,361,845</u>	<u>21,623,908</u>	<u>21,601,722</u>	<u>(22,186)</u>
Charges to appropriations (outflows)				
Current:				
Instructional services:				
Regular programs	423,740	622,549	464,447	(158,102)
Special education programs	325,147	331,264	120,453	(210,811)
Vocational programs	16,711	16,931	10,052	(6,879)
Other instructional programs	1,857,434	1,738,801	636,121	(1,102,680)
Special programs	5,000	6,295	6,264	(31)
Support services:				
Pupil support services	861,701	853,659	681,842	(171,817)
Instructional staff support services	640,480	599,177	582,616	(16,561)
General administration	46,205	49,706	51,008	1,302
School administration	201,441	322,872	57,779	(265,093)
Business services	19,912	18,625	18,214	(411)
Plant services	1,549,294	1,592,931	1,184,405	(408,526)
Student transportation services	983,827	513,450	499,585	(13,865)
Central services	16,914	16,966	19,225	2,259
Noninstructional services:				
Food service operations	146,607	136,996	135,764	(1,232)
Facility acquisition and construction	<u>320,070</u>	<u>398,920</u>	<u>74,552</u>	<u>(324,368)</u>
Other financing uses				
Transfers out	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total charges to appropriations	<u>7,914,483</u>	<u>7,219,142</u>	<u>4,542,327</u>	<u>(2,676,815)</u>
Budgetary fund balance at end of year	<u>\$ 13,447,362</u>	<u>\$ 14,404,766</u>	<u>\$ 17,059,395</u>	<u>\$ 2,654,629</u>

See accompanying notes to the budgetary comparison schedules.

**Ouachita Parish School Board
Monroe, Louisiana**

Fiscal Year Ended June 30, 2013



**Ouachita Parish School Board
Monroe, Louisiana**

**Notes to Budgetary Comparison Schedules
Fiscal Year Ended June 30, 2013**

Budget and Budgetary Accounting

The School Board utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

In September, the Director of Business submits to the School Board proposed annual appropriated budgets for the General Fund and Special Revenue Funds for the fiscal year commencing the prior July 1. A public hearing is conducted to obtain taxpayer comments. Prior to September 15, the School Board legally enacts the budget through adoption. The only legal requirement is that the School Board 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. The budget is revised periodically throughout the school year, when deemed appropriate, but a balanced budget is always approved.

The General Fund budget is adopted on a basis consistent with GAAP. Unencumbered appropriations in the General Fund lapse at the end of the fiscal year, whereas, encumbered appropriations are carried forward to the following year. Budgeted amounts are as originally adopted or as amended by the School Board.

The Special Revenue Funds' budgets have annual appropriated budgets adopted on a basis consistent with GAAP. Except for grant-oriented funds, unencumbered appropriations lapse at the end of the fiscal year. Encumbered appropriations are utilized when goods or services are received. Grant-oriented fund budgets are adopted at the time the grant applications are approved by the grantor. Separate annual budgets are adopted for unencumbered appropriations of grant-oriented Special Revenue Funds at the beginning of the following fiscal year.

Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. All budgets are operational at the departmental or project level. The Superintendent and Director of Business of the School Board are authorized to transfer budget amounts between line item activity and between any functions of an individual fund; however, any supplemental appropriations that amend the total expenditures of any fund require School Board resolution. The effects of budget revisions passed during the year were insignificant to the budgets as originally approved.



*Our Mission:
Through collaboration
among all stakeholders, the
Ouachita Parish School System
will ensure that all students attain
the knowledge and skills needed
to be productive citizens.*

**Ouachita Parish School Board
Monroe, Louisiana**

Fiscal Year Ended June 30, 2013

The School Board's Other Post-Employment Benefits (OPEB) Plan is administered by the Office of Group Benefits (OGB) as an agent multiple-employer defined benefit OPEB plan. It provides health and life insurance coverage to eligible members. The following schedules present the actuarially determined funding progress and required contributions for the School Board's participation in the OGB OPEB Plan using the projected unit credit cost method.

**Schedule of Employer Contributions
Other Post-Employment Benefit Plan – Health & Life Insurance**

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Annual Contributions Made</u>	<u>Annual Percentage Contributed</u>	<u>Net OPEB Obligation</u>
2008	\$25,522,412	\$5,216,924	20.40%	\$20,305,488
2009	\$25,522,412	\$5,230,663	20.50%	\$40,597,237
2010 (2)	\$11,378,019	\$5,476,989	48.14%	\$45,782,177
2011	\$11,833,140	\$5,764,382	48.71%	\$51,034,634
2012 (5)	\$10,558,041	\$6,295,554	59.63%	\$54,387,168
2013	\$10,980,363	\$6,196,101	56.43%	\$58,201,701

**Schedule of Funding Progress
Other Post-Employment Benefit Plan – Health & Life Insurance**

	(a)	(b)	(a-b)	(b/a)	(c)	(a-b)/(c)
						UAAL as a Percentage of
<u>Year Ended June 30</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>
2008	7/01/2007	\$231,448,794	\$0	\$231,448,794	0%	\$112,573,045
2009	7/01/2007	\$226,218,131	\$0	\$226,218,131	0%	\$117,354,515 (1)
2010	7/01/2009	\$151,851,990 (2)	\$0	\$151,851,990	0%	\$116,424,720 (3)
2011	7/01/2009	\$157,926,070	\$0	\$157,926,070	0%	\$117,265,436
2012	7/01/2011	\$131,349,620 (5)	\$0	\$131,349,620	0%	\$116,041,953 (4)
2013	7/01/2011	\$136,603,605	\$0	\$136,603,605	0%	\$111,059,087 (6)
						123.00%

**Ouachita Parish School Board
Monroe, Louisiana**

Fiscal Year Ended June 30, 2013

**Accompanying Notes for the
Schedule of Employer Contributions and Schedule of Funding Progress**

- (1) The increase in covered payrolls in 2009 is due to implementing state mandated and locally funded pay increases for all salaried employees.
- (2) The School Board changed actuarial firms and obtained a new valuation resulting in a reduction of the Annual OPEB Cost and the AAL.
- (3) A decrease in covered payrolls is the result of a reduction in sales tax supplements paid to employees in November and June of this year. The decrease in salary supplement payments was due to a reduction in sales tax collections stemming from a decline in the local economy. Sales tax collections rebounded the following year.
- (4) A decrease in covered payrolls is the result of a partial hiring freeze put in place during the 2011-12 fiscal year.
- (5) The decrease in Annual Required Contribution and the AAL is due to the Office of Group Benefits implementing lower health insurance premium rate increases than the anticipated trend rates since the last actuarial valuation.
- (6) The decrease in covered payrolls resulted from planned staff reductions during the 2012-13 fiscal year.

OTHER SUPPLEMENTAL INFORMATION

LUFFEY, HUFFMAN, RAGSDALE & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

John L. Luffey, MBA, CPA (1963-2002)
Francis I. Huffman, CPA
Philip A. Ragsdale, CPA
David Ray Soignier, CPA, MBA, CGMA

John Herman, CPA
Lynn Andries, CPA, CGMA
Esther Atteberry, CPA
Lori Woodard, MBA, CPA, CGMA, CITP

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

Ouachita Parish School Board Monroe, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Ouachita Parish School Board** (the School Board), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements, and have issued our report thereon dated December 19, 2013.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we

consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies and are identified as 13-01 and 13-02.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of the Ouachita Parish School Board in a separate letter dated December 19, 2013.

The School Board's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the School Board's responses and, accordingly, we express no opinion on them.

Purpose of this Report

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

This report is intended solely for the information and use of management of the School Board, others within the entity, federal awarding agencies and pass-through entities, and other entities granting funds to the School Board and the Legislative Auditor for the State of Louisiana and is not intended to be, and should not be, used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



(A Professional Accounting Corporation)

December 19, 2013

LUFFEY, HUFFMAN, RAGSDALE & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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Ouachita Parish School Board
Monroe, Louisiana

Report on Compliance for Each Major Federal Program

We have audited **Ouachita Parish School Board's** (the School Board) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the School Board's major federal programs for the year ended June 30, 2013. The School Board's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School Board's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School Board's compliance.

Opinion on Each Major Federal Program

In our opinion, the School Board, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the School Board is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Board's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

This report is intended solely for the information and use of management of the School Board, others within the entity, federal awarding agencies and pass-through entities, and other entities granting funds to the School Board and the Legislative Auditor for the State of Louisiana and is not intended to be, and should not be, used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



(A Professional Accounting Corporation)

December 19, 2013

**OUACHITA PARISH SCHOOL BOARD
MONROE, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	C.F.D.A. NUMBER	FEDERAL GRANT NUMBER	PASS- THROUGH NUMBER	PROGRAM DISBURSEMENTS
CASH FEDERAL AWARDS				
U.S. DEPARTMENT OF AGRICULTURE				
Passed through Louisiana Department of Education:				
School Breakfast Program	10.553A	Not Available	LEA No. 037	\$ 1,652,558
National School Lunch Program	10.555A	Not Available	LEA No. 037	4,391,772
Summer Food Service Program for Children	10.559A	Not Available	LEA No. 037	203,919
Child and Adult Food Program	10.558	Not Available	LEA No. 037	31,388
Fresh Fruit and Vegetable Program	10.582B	Not Available	LEA No. 037	426,855
TOTAL U.S. DEPARTMENT OF AGRICULTURE				6,706,492
U.S. DEPARTMENT OF DEFENSE				
Direct Programs:				
Air Force Junior Reserve Officer Training Corps	Not Available	LA050061	N/A	54,620
Army Junior Reserve Officer Training Corps	Not Available	LA331676	N/A	39,786
Naval Junior Reserve Officer Training Corps	Not Available	N9637710MJRTC	N/A	65,330
TOTAL U.S. DEPARTMENT OF DEFENSE				159,736
U.S. DEPARTMENT OF JUSTICE				
Passed through Ouachita Parish Sheriff's Office:				
Public Safety Partnership and Community Policing Grants:	16.710B			
Methamphetamine Initiative		2007CKWX0284	None	5,501
TOTAL U.S. DEPARTMENT OF JUSTICE				5,501
U.S. DEPARTMENT OF TRANSPORTATION				
Passed through Louisiana Department of Transportation				
Happy Feed Healthy Students	20.205	SRS-3709	737-37-0016	8,503
TOTAL US DEPARTMENT OF TRANSPORTATION				8,503
U. S. DEPARTMENT OF EDUCATION				
Direct Programs:				
Safe and Drug-Free Schools and Communities--National Programs:				
Readiness Emergency Management Systems (REMS)	84.184E	Q184E100082	None	29,411
Funds for Improvement of Education:				
Carol M. White - Ouachita Parish PEP	84.215F	Q215F110437	None	511,001
Passed through Louisiana Department of Education:				
Title I Grants to Local Educational Agencies:	84.010A			
Title I Part A Basic (2012-13)		S010A120018	2813T1-37	4,251,979
Title I Part A Basic (2011-12) carryover		S010A110018	2812T1-37	1,244,390
Title I School Improvement (2011-12)		S010A100018	2811TA-37	1,802
Title I School Improvement (2012-13)		S010A110018	2812TA-37	229
				5,498,400

**OUACHITA PARISH SCHOOL BOARD
MONROE, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	C.F.D.A. NUMBER	FEDERAL GRANT NUMBER	PASS- THROUGH NUMBER	PROGRAM DISBURSEMENTS
Migrant Education—State Grant Program:	84.011A			
Migrant Education (2012-13)		S011A120018	2813M1-37	77,699
Migrant Education carryover (2010-11)		S011A100018	2811M1-37	352
Migrant Education (2011-12)		S011A110018	2812M1-37	12,619
				<u>90,670</u>
Special Education—Grants to States:	84.027A			
IDEA Part B (2012-13)		H027A120033	2813B1-37	3,382,272
IDEA Part B (2011-12) Rollover		H027A110033	2812B1-37	963,494
STEM Co-Teaching Teams		H027A100033	2811S2-37	0
Believe and Include (2012-13)		H027A120033	2813IB-37	99,387
Jag Aim High		H027A110033	2812JP-37	65,835
				<u>4,510,988</u>
Vocational Education—Basic Grants to States:	84.048A			
Carl D. Perkins Career & Technical 2012-13 Reallocation		V048A110018A	281202-37	14,341
Carl D. Perkins Career & Technical Education (2012-13)		V048A120018A	281302-37	242,498
				<u>256,839</u>
Special Education—Preschool Grants:	84.173A			
Preschool (2012-13) Reallocation		H173A100082	2812P1-37	53,302
Preschool (2012-13)		H173A120082	2813P1-37	19,707
				<u>73,009</u>
Education for Homeless Children and Youth:	84.196A			
Homeless (2011-12)		S196A110019	2812H1-37	5,644
Homeless (2012-13)		S196A120019	2813H1-37	39,923
				<u>45,567</u>
Even Start-State Educational Agencies:	84.213C			
Even Start (2010-11) carryover		S213C090019	2810F1-37	31,547
Advanced Placement Test Fee Program	84.330B	S300B120055	281326-37	6,389
English Language Acquisition Grants:	84.365A			
Title III (2011-12) reallocation		S365A110018	281260-37	11,894
Mathematics and Science Partnerships:	84.366B			
Math and Science Partnerships (2012-13)		S366B110019	2812MP-37	41,569
Math and Science Partnerships (2011-12)		S366B100019	2811MP-37	152,500
Math and Science Partnerships		S366B120019	2813MP-37	41,196
				<u>235,265</u>
Improving Teacher Quality State Grants:	84.367A			
Title II Part A (2012-13)		S367A12017	281350-37	657,561
Title II Part A (2011-12) reallocation		S367A11017	281250-37	88,064
				<u>745,625</u>
Passed through Louisiana Community Technical College System:				
Adult Education—State Grant Program:	84.002A			
Adult Education - Federal Funds (2011-12)		V002A100018	211102	11,197
Adult Education - Family Literacy (2011-12)		V002A100018	211152	6,553
Adult Education - ABE Pilot (2011-12)		V002A100018	n/a	5,006
				<u>22,756</u>
Passed through Louisiana Endowment for the Humanities:				
Funds for the Improvement of Education—American History and Civics Education Act:	84.215X			
North Louisiana Exploring the American Experience		U215X090098	None	590
TOTAL U.S. DEPARTMENT OF EDUCATION				<u>12,069,951</u>

**OUACHITA PARISH SCHOOL BOARD
MONROE, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013**

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>C.F.D.A. NUMBER</u>	<u>FEDERAL GRANT NUMBER</u>	<u>PASS- THROUGH NUMBER</u>	<u>PROGRAM DISBURSEMENTS</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through Louisiana Department of Education				
Temporary Assistance for Needy Families:	93.558B			
Jobs for America's Graduates - TANF (I) Employ (2011-12)		G1202LATANF	2813JS-37	50,000
The Cecil J. Picard LA-4 Pre-Kindergarten Programs		G61102LATANF	281336-37	1,301,010
				<u>1,351,010</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				<u>1,351,010</u>
TOTAL EXPENDITURES OF CASH FEDERAL AWARDS				<u>\$ 20,301,193</u>
NONCASH FEDERAL AWARDS				
UNITED STATES DEPARTMENT OF AGRICULTURE				
Passed Through Louisiana Department of Agriculture:				
Food Donation (Commodities)	10.555	SCH075	LEA No. 037	\$ <u>623,569</u>
TOTAL EXPENDITURES OF NONCASH FEDERAL AWARDS				<u>623,569</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ 20,924,762</u>

OUACHITA PARISH SCHOOL BOARD
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2013

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes all Federal grant activity of the Ouachita Parish School Board (the School Board) for the year ended June 30, 2013, and is presented on the modified accrual basis of accounting. The modified accrual basis of accounting recognizes revenues when they become both measurable and available to pay current period liabilities and expenditures when the related liability is incurred.

Note 2 - Relationship of the Schedule of Expenditures of Federal Awards to the Financial Statements

The following reconciliation is provided to help the reader of the School Board's financial statements and supplementary information relate such information to the Schedule of Expenditures of Federal Awards for the year ended June 30, 2013:

	Federal Programs	Other Federal Support	Total
Revenues:			
General Fund	\$ 159,735	\$ -	\$ 159,735
School Food Services	6,706,492	623,569	7,330,061
Title I	5,620,617	-	5,620,617
IDEA B	4,510,988	-	4,510,988
Other Federal	3,303,361	-	3,303,361
Total Governmental Funds Revenues	<u>\$ 20,301,193</u>	<u>\$ 623,569</u>	<u>\$ 20,924,762</u>

**OUACHITA PARISH SCHOOL BOARD
MONROE, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

Section I – Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued: Unqualified

Internal Control Over Financial Reporting

Material Weakness(es) identified? ☐ Yes ☒ No

Significant Deficiency(s) identified not considered to be material weaknesses? ☒ Yes ☐ None Reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal Control Over Major Programs

Material weakness(es) identified? ☐ Yes ☒ No

Significant Deficiency(s) identified not considered to be material weakness(es)? ☐ Yes ☒ None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)? ☐ Yes ☒ No

Dollar threshold used to distinguish between Type A and Type B programs
\$627,743

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

**OUACHITA PARISH SCHOOL BOARD
MONROE, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

Identification of Major Programs

<u>CFDA#</u>	<u>PROGRAM TITLE</u>
84.010A	Title I to Local Educational Agencies
84.027A and 84.173A	Special Education Cluster
84.367A	Improving Teacher Quality State Grants

Section II – Financial Statement Findings and Questioned Costs:

13-01 Internal Audit and Missing Funds

(First reported in 2012)

Finding

Ouachita Parish School Board (the School Board) has two internal auditors, and while both have the knowledge needed to serve as internal auditors, they are limited in the number of audits they can perform. Two people do not have the time to audit 36 schools each year in addition to the other tasks they are assigned, which include the following:

- Training school bookkeepers and following-up on performance
- Answering phone calls and emails from bookkeepers and school staff regarding proper procedures
- Monitoring the completion and submission of the schools' monthly financial reports and reconciliations
- Reviewing all schools' credit card billing statements monthly
- Monitoring all fundraising activity completion reports
- Performing an audit of school accounts when there is bookkeeper or principal turnover
- Reviewing and preparing 1099 vendor reports for the IRS
- Analyzing, preparing, and verifying substitute billing monthly for teachers on professional or school business leave
- Making sure substitute teachers are paid in accordance with School Board policy
- Preparing and conducting bookkeeper training workshops 2 or 3 times a year

The internal auditors conducted 7 audits during fiscal year 2013, and the audits were performed in response to bookkeepers' and principals' resigning. The results of the audits showed that all 7 of the schools had a finding related to cash receipts and/or cash disbursements. Only having the

**OUACHITA PARISH SCHOOL BOARD
MONROE, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

time to audit 7 schools in the School Board's system is problematic because a high volume of money flows into and out of the school activity accounts and school food service accounts each year. During 2013, \$8.4 million of cash was deposited into school activity funds, and \$1.7 million of cash was deposited for meal payments. Because of the limited time available, the internal auditors do not have the ability to monitor these material cash balances on a regular basis.

Subsequent to the June 30, 2013, year-end, the internal auditors investigated Crosley Elementary in response to the bookkeeper's sudden resignation. The investigation revealed that \$2,517.29 in concession fees, t-shirt payments, and schools registration fees could not be accounted for during the months of April 2012 through June 2013. At the time of discovery, the School Board notified the appropriate authorities as required by law.

Recommendation

We recommend that the School Board review its internal audit function and ensure that it is appropriately staffed, either internally or externally, in order to enhance the School Board's accountability for these cash driven operations.

Response

Due to high turnover in school administrators and school bookkeepers in recent fiscal years, the internal school audit function has been focused on *exit* audits at these schools. It is the School Board's audit procedure to audit school records when there is a change in school principal or school bookkeeper position. This frequency has interrupted the audit schedule causing several schools to go as long as five years without an audit being performed. Management realizes this audit timeline is unacceptable in order to maintain assurance to the public that proper school accounting procedures are in place and that the internal controls set by school administration are effective. Management will re-establish a school audit-schedule to ensure that all schools are audited on no less than a three-year rotation cycle. The audit will involve a sampling of school activity transactions over each three-year audit period. In years of high turnover in school booking or administrative staff which would require an *exit* audit to be performed, management will consider outsourcing the school audit function in order to maintain and keep in-tact the established audit schedule.

In response to the missing funds at Crosley Elementary School, restitution has been made in full by the former employee and all funds have been returned to Crosley Elementary School. In a small school such as Crosley, limited staff restricts the level of segregation of duties needed to adequately guard against the risk of theft or fraud. The school secretary was also the school bookkeeper, who received funds, prepared deposits, and posted receipt activity. The school principal has modified review procedures to also include a more detailed review of receipt books and logs which are verified against bank deposits on regular basis to ensure an accounting is made of all receipt transactions.

**OUACHITA PARISH SCHOOL BOARD
MONROE, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

**13-02 Property Control
Finding**

The School Board's schools are not properly maintaining their capital assets in compliance with the Property Control Manual, as exhibited by the exceptions discovered at 2 of the 3 schools tested.

Richwood High School

During our observation of capital assets at Richwood High School, we asked the property control manager to locate 19 items. After attempting to locate the items, the property control manager was only able to show us 1 of the 19 items, leaving the remaining 18 items unaccounted for.

In addition, we tested 4 rooms' capital asset schedules and found a significant number of exceptions in all rooms. There were capital assets in all of the rooms tested that were not on the rooms' capital asset schedules, and there were also capital assets on the rooms' capital asset schedules that were not located in the rooms. One of the many exceptions we discovered included finding 36 Dell computers with monitors in a classroom that had a capital asset schedule consisting of 3 items—Smartboard, USB audio speakers, and a TV/VCR cart. Since the computers were not on the room's capital asset schedule, we asked the property control manager to show us where these computers were on the school's capital asset schedule. The property control manager showed us the most recent capital asset schedule that she had for the room in question, and the schedule was outdated and did not have the computers on it.

We also noted a list of capital assets totaling \$117,867 that did not have a room location listed.

Richwood High School violated the Property Control Manual by not having room locations for several capital assets and by not using the required asset transfer forms and asset disposal forms.

Shady Grove Elementary

The Warehouse's capital asset contact person at Shady Grove Elementary is a custodian. While the custodian was very competent and knowledgeable about the location of the capital assets, he was not aware of the proper forms to be completed when an asset is transferred or disposed, as defined in the Property Control Manual. When we conducted the test of the rooms at Shady Grove Elementary, we had 2 employees help us find the capital assets—one employee was the custodian and the other was the assigned property control manager.

We were able to locate the majority of the assets in the 5 rooms tested; however, we found some issues with the proper use of disposal and transfer forms. There were capital assets in the rooms that were not on the capital asset schedules and capital assets on the schedules that were not in the rooms. This was likely the result of not completing the proper forms. For instance, one of

**OUACHITA PARISH SCHOOL BOARD
MONROE, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

the exceptions we discovered related to the location of laptops. There were several laptops purchased from 2009-2013 on the library's capital asset schedule, and we tested the laptops purchased in 2009 and 2010 and one set purchased in 2013. None of the laptops were actually located in the library; however, they were located in a different room. It should be noted that the property control manager did appear to have an updated Title I capital asset schedule, which she is required to maintain by the Media Center; however the capital asset schedule for the Warehouse that is used to help the School Board track capital assets was not updated.

In addition, Shady Grove Elementary had capital assets totaling \$65,072 that did not have a room location listed. We also noted capital assets that had been taken home by the principal and a teacher, which is against School Board policy.

It appears Shady Grove Elementary did not follow the Property Control Manual, as room locations were not assigned to some capital assets and required transfer forms and disposal forms were not used regularly. Also, multiple people were taking responsibility for the capital assets, which increases the likelihood of capital assets being transferred or disposed without the property control manager's knowledge.

Recommendation

We recommend that only one individual with knowledge of the Property Control Manual be designated as a school's capital asset contact person to prevent multiple people from moving and disposing the capital assets without the property control manager's knowledge.

We also recommend that the property control managers and principals review the Property Control Manual to obtain a better understanding of the steps to take to safeguard the capital assets. Principals need to strictly enforce the Property Control Manual, specifically by holding teachers and the property control managers accountable for completing the required transfer and disposal forms. Additionally, property control managers need to work closely with the Warehouse to ensure their capital asset schedules are correct and updated.

Response

Management will review procedures with the school principals and property asset managers at Richwood High and Shady Grove Elementary in order to ensure proper procedures are established and implemented to provide an accurate accounting of all capital assets at these schools. In addition, management will provide and review with all administrators the School Board's Property Control Manual to ensure that proper asset management procedures are being followed at all locations and that verification and reconciliations of school capital asset records are being conducted routinely in accordance with school board policy and any changes are being reported to the School Board's Warehouse asset specialist.

**OUACHITA PARISH SCHOOL BOARD
MONROE, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

Section III: Findings and questioned costs for Federal Awards, including those specified by OMB Circular A-133.

None

**OUACHITA PARISH SCHOOL BOARD
MONROE, LOUISIANA
SUMMARY STATUS OF PRIOR YEAR FINDINGS**

The following is a summary of the status of the prior year findings that were reported by Luffey, Huffman, Ragsdale & Soignier (APAC) in their audit report dated December 20, 2012, in connection with the audit of the financial statements of the Ouachita Parish School Board (the School Board) as of and for the year ended June 30, 2012.

Management Letter

Documentation of Internal Control

(First reported in 2007)

Finding

The School Board did not have adequate documentation of internal control over financial reporting using the Committee of Sponsoring Organizations (COSO) framework so that the School Board could more easily discharge its responsibility to design and implement controls and monitor those controls for effectiveness over time.

Status

Management is continuing its review of its internal control procedures for accuracy and completeness and to identify modifications needed to control any weaknesses noted. Delays in completing the review and forming a final document occurred this past year to redirected focus on urgent fiscal issues and implementation of overreaching legislative mandates. When evaluating the established controls, management is taking into consideration the COSO framework and the *Checklist of Best Practices in Government* prepared by the Office of the Louisiana Legislative Auditor. Management is continuing work to finalize these internal control procedures prior to submitting the document for approval by the School Board.

Internal Audit Findings and Missing Funds

(First reported in 2012)

Finding

The School Board conducted an internal audit at Swayze Elementary School for the six months ended December 31, 2011 as a follow-up to a previous audit for the year ended June 30, 2010 which reflected 24 findings involving improper and/or inadequate accounting controls and procedures. The result of the current year analysis revealed that 16 of the previously cited 24 findings had not been resolved and an additional 7 new findings were cited. As part of the 23 findings, approximately \$480 in cash was missing from the time it was receipted by the bookkeeper and when deposits were made at the bank. It also appears that \$1,302 was logged on teacher receipt rosters which was not accounted for in the office receipt books and subsequently not deposited at the bank.

Status

The School Board has already taken appropriate action in dealing with the personnel involved who are no longer employed at Swayze Elementary. The issue was reported to the local district attorney and to the Office of the Legislative Auditor as required. The Internal Audit Staff have been training and working individually with the new staff assigned with bookkeeping and oversight and management of funds at Swayze Elementary to ensure that all required procedures are in place and are being followed at all levels to ensure an adequate internal control system is in place. However, see Finding 13-01 for fiscal year 2013 issues.

**Ouachita Parish School Board
Monroe, Louisiana**

**Miscellaneous Statistical Data
School Board Members' Compensation**

June 30, 2013

The schedule of compensation paid to School Board members was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 session of the Louisiana Legislature.

The compensation of the School Board members is included in the general administration expenditures of the General Fund. In accordance with Louisiana Revised Statute 17:56, the School Board members have elected the monthly payment method of compensation. Under this method, the members of the School Board received \$800 per month. Additionally, the president received \$100 per month for exercising the duties of his office.

<u>Board Member</u>	<u>District</u>	<u>Amount</u>
Judge William Norris	A	\$ 9,600
Mr. Scott Robinson	B	9,600
Mr. A. R. "Red" Sims	C	9,600
Mr. Jerry R. Hicks, President	D	10,800
Rev. John R Russell	E	9,600
Mr. Carey Walker	F	9,600
Ms Susan Spence	G	<u>9,600</u>
Total		<u>\$ 68,400</u>

OTHER INFORMATION

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED UPON PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2013**

**OUACHITA PARISH SCHOOL BOARD
MONROE, LOUISIANA**

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

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 I)

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, and
 - Nonpublic Transportation Revenue.

Ouachita Parish School Board
Monroe, Louisiana

Education Levels of Public School Staff (Schedule 2)

2. We reconciled the total number of full-time classroom teachers per the schedule "Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers" (Schedule 4) to the combined total number of full-time classroom teachers per this schedule and to school board supporting payroll records as of October 1st, 2012.
3. We reconciled the combined total of principals and assistant principals per the schedule "Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers" (Schedule 4) to the combined total of principals and assistant principals per this schedule.
4. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1st and as reported on the schedule. We traced a random sample of 25 teachers to the individual's personnel file and determined if the individual's education level was properly classified on the schedule.

Number and Type of Public Schools (Schedule 3)

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

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

6. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1st, 2012, 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.

Public School Staff Data: Average Salaries (Schedule 5)

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

**Ouachita Parish School Board
Monroe, Louisiana**

Class Size Characteristics (Schedule 6)

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

Louisiana Educational Assessment Program (LEAP) (Schedule 7)

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

Graduation Exit Examination (Schedule 8)

11. 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 the School Board.

iLEAP Tests (Schedule 9)

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

Our twelve procedures enumerated above did not disclose any exceptions.

We were not engaged to perform, and did not perform, an audit, 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 the 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.

Huffman, Huffman, Reynolds & Simpson

(A Professional Accounting Corporation)

December 19, 2013

OUACHITA PARISH SCHOOL BOARD
Monroe, Louisiana

Schedules Required by State Law
Fiscal Year Ended June 30, 2013

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

This schedule includes general fund instructional and equipment expenditures. It also contains local taxation revenue, earnings on investments in real property, revenue in lieu of taxes, and nonpublic textbook and transportation revenue. This data is used either in the Minimum Foundation Program (MFP) formula or is presented annually in the MFP 70% Expenditure Requirement Report.

Schedule 2 - Education Levels of Public School Staff

This schedule includes the certificated and uncertificated number and percentage of full-time classroom teachers, principals, and assistant principals with less than a Bachelor's; Bachelor's; Master's; Master's +30; Specialist in Education; and Ph. D or Ed. D. degrees. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 3 - Number and Type of Public Schools

This schedule includes the number of elementary, middle, secondary, and combination schools in operation during the fiscal year. This data is currently reported to the Legislature in the AFSR.

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

This schedule includes the number of years of experience in teaching for assistant principals, principals, and full-time classroom teachers. This data is currently reported to the Legislature in the AFSR.

Schedule 5 - Public School Staff Data: Average Salaries

This schedule includes average classroom teacher's salary using full-time equivalents, including and excluding ROTC and rehired retiree teachers. This data is currently reported to the Legislature in the AFSR.

Schedule 6 - Class Size Characteristics

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1-20, 21-26, 27-33, and 34+ students. This data is currently reported to the Legislature in the Annual School Report (ASR).

OUACHITA PARISH SCHOOL BOARD
Monroe, Louisiana

Schedules Required by State Law
Fiscal Year Ended June 30, 2013

Schedule 7 - Louisiana Educational Assessment Program (LEAP)

This schedule represents student performance testing data and includes summary scores by district for grades 4 and 8 in each category tested. Scores are reported as Advanced, Mastery, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

Schedule 8 - Graduation Exit Exam (GEE)

This schedule represents student performance testing data and includes summary scores by district for grades 10 and 11 in each category tested. Scores are reported as Advanced, Mastery, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

Schedule 9 - iLEAP Tests

This schedule represents student performance testing data and includes a summary score for grades 3, 5, 6, 7 and 9 for this district. The summary score reported is the National Percentile Rank showing relative position or rank as compared to a large, representative sample of students in the same grade from the entire nation. This schedule includes three years of data.

As of fiscal year 2011, 9th graders are not required to take iLeap. These students must now pass 3 end-of-course tests. The Department of Education will be reviewing end-of-course testing and its potential inclusion for assurance purposes for future assurance submissions.

OUACHITA PARISH SCHOOL BOARD
Monroe, Louisiana

**General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2013**

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$ 46,798,800	
Other Instructional Staff Activities	3,613,683	
Instructional Staff Employee Benefits	25,306,085	
Purchased Professional and Technical Services	5,964	
Instructional Materials and Supplies	779,017	
Instructional Equipment	49,523	
Total Teacher and Student Interaction Activities		\$ 76,553,072

Other Instructional Activities 387,884

Pupil Support Services 7,412,551
Less: Equipment for Pupil Support Services -
Net Pupil Support Services 7,412,551

Instructional Staff Services 7,111,603
Less: Equipment for Instructional Staff Services -
Net Instructional Staff Services 7,111,603

School Administration 11,800,639
Less: Equipment for School Administration -
Net School Administration 11,800,639

Total General Fund Instructional Expenditures (Total of Column B) \$ 103,265,749

Total General Fund Equipment Expenditures (Object 730; Function Series 1000-4000) \$ 779,382

Certain Local Revenue Sources

Local Taxation Revenue:

Advalorem Taxes

Constitutional Ad Valorem Taxes	\$ 2,977,095
Renewable Ad Valorem Tax	13,879,685
Debt Service Ad Valorem Tax	6,313,295
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	545,374
Result of Court Ordered Settlement (Ad Valorem)	722,258
Penalties/Interest on Ad Valorem Taxes	43,198
Taxes Collected Due to Tax Incremental Financing (TIF)(Ad Valorem)	-

Sales Taxes

Sales and Use Taxes - Gross	34,918,823
Sales/Use Taxes - Court Settlement	-
Penalties/Interest on Sales/Use Taxes	-
Sales/Use Taxes Collected Due to TIF	-
Total Local Taxation Revenue	\$ 59,399,728

Local Earnings on Investment in Real Property:

Earnings from 16th Section Property	\$ -
Earnings from Other Real Property	16,534
Total Local Earnings on Investment in Real Property	\$ 16,534

State Revenue in Lieu of Taxes:

Revenue Sharing - Constitutional Tax	\$ 188,239
Revenue Sharing - Other Taxes	631,585
Revenue Sharing - Excess Portion	-
Other Revenue in Lieu of Taxes	35,913
Total State Revenue in Lieu of Taxes	\$ 855,737

Nonpublic Textbook Revenue \$ 39,211

Nonpublic Transportation Revenue \$ -

OUACHITA PARISH SCHOOL BOARD
Monroe, Louisiana

Education Levels of Public School Staff
As of October 1, 2012

Category	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	2	0.2%	1	0.1%	-	0.0%	-	-
Bachelor's Degree	674	54.1%	7	0.6%	-	0.0%	-	-
Master's Degree	332	26.7%	1	0.1%	17	20.7%	-	-
Master's Degree + 30	217	17.4%	-	0.0%	58	70.7%	-	-
Specialist in Education	6	0.5%	-	0.0%	1	1.2%	-	-
Ph. D. or Ed. D.	5	0.4%	-	0.0%	6	7.3%	-	-
Total	1,236	99.3%	9	0.7%	82	100.0%	-	-

OUACHITA PARISH SCHOOL BOARD
Monroe, Louisiana

Number and Type of Public Schools
Fiscal Year Ended June 30, 2013

<u>Type</u>	<u>Number</u>
Elementary	22
Middle/Jr. High	8
Secondary	<u>5</u>
Total	<u><u>35</u></u>

OUACHITA PARISH SCHOOL BOARD
Monroe, Louisiana

Experience of Public Principals, Assistant Principals and Full-time Classroom Teachers
As of October 1, 2012

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	-	-	2	4	6	10	24	46
Principals	-	-	-	2	7	4	23	36
Classroom Teachers	55	94	371	162	189	153	221	1,245
Total	55	94	373	168	202	167	268	1,327

OUACHITA PARISH SCHOOL BOARD
Monroe, Louisiana

Public School Staff Data: Average Salaries
Fiscal Year Ended June 30, 2013

	<u>All Classroom Teachers</u>	<u>Classroom Teachers Excluding ROTC, Rehired Retirees, and Flagged Salary Reductions</u>
Average Classroom Teachers' Salary Including Extra Compensation	\$50,020	\$49,845
Average Classroom Teachers' Salary Excluding Extra Compensation	\$49,011	\$48,844
Number of Teacher Full-time Equivalents (FTEs) used in Computation of Average Salaries	1,237	1,220

Note: Figures reported include all sources of funding (i.e., federal, state, and local) but exclude stipends and employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers; some teachers may have been flagged as receiving reduced salaries (e.g., extended medical leave); and ROTC teachers usually receive more compensation because of a federal supplement. For these reasons, these teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes, temporary employees, and any teachers on sabbatical leave during any part of the school year.

OUACHITA PARISH SCHOOL BOARD
Monroe, Louisiana

Class Size Characteristics
As of October 1, 2012

School Type	Class Size Range							
	1-20		21-26		27-33		34+	
	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number
Elementary	40.66%	1,461	55.80%	2,005	3.53%	127	0.00%	-
Elementary Activity Classes	26.28%	185	68.04%	479	5.68%	40	0.00%	-
Middle/Jr. High	54.97%	868	31.67%	500	12.98%	205	0.38%	6
Middle/Jr. High Activity Classes	79.55%	350	12.27%	54	5.91%	26	2.27%	10
High	58.13%	1,265	26.38%	574	13.33%	290	2.16%	47
High Activity Classes	85.65%	394	4.78%	22	4.78%	22	4.78%	22
Total		4,523		3,634		710		85

Note: The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students and maximum enrollment in grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band, and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.

OUACHITA PARISH SCHOOL BOARD
Monroe, Louisiana

Louisiana Educational Assessment Program (LEAP)
Three Fiscal Years Ended June 30, 2013

District Achievement Level Results	English Language Arts						Mathematics					
	2013		2012		2011		2013		2012		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	133	9	128	9	136	9	162	12	171	11	132	9
Mastery	427	30	469	31	421	29	333	24	396	27	384	27
Basic	632	45	672	45	643	44	577	41	652	44	675	47
Approaching Basic	153	11	167	11	206	14	183	13	195	13	174	12
Unsatisfactory	56	4	56	4	43	3	146	10	78	5	84	6
Total	1,401		1,492		1,449		1,401		1,492		1,449	

District Achievement Level Results	Science						Social Studies					
	2013		2012		2011		2013		2012		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	101	7	174	12	66	5	39	5	68	5	94	6
Mastery	319	23	396	27	333	23	307	24	363	24	349	24
Basic	665	48	606	41	709	49	785	52	774	52	790	55
Approaching Basic	244	17	257	17	290	20	181	13	187	13	151	10
Unsatisfactory	69	5	54	4	50	3	86	6	95	6	64	4
Total	1,398		1,487		1,448		1,398		1,487		1,448	

District Achievement Level Results	English Language Arts						Mathematics					
	2013		2012		2011		2013		2012		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	94	6	97	7	95	7	38	3	85	6	56	4
Mastery	354	24	340	24	339	25	86	6	98	7	77	6
Basic	665	45	651	45	604	44	867	59	836	58	833	61
Approaching Basic	298	20	307	21	297	22	332	23	319	22	294	21
Unsatisfactory	51	3	37	3	40	3	139	10	94	7	115	8
Total	1,462		1,432		1,375		1,462		1,432		1,375	

District Achievement Level Results	Science						Social Studies					
	2013		2012		2011		2013		2012		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	87	6	94	7	31	2	62	4	51	4	45	3
Mastery	358	25	378	27	332	24	243	22	313	22	244	18
Basic	619	42	533	37	557	41	765	50	705	50	672	49
Approaching Basic	313	21	350	25	330	24	274	18	254	18	316	23
Unsatisfactory	82	6	69	5	124	9	115	7	101	7	96	7
Total	1,459		1,424		1,374		1,459		1,424		1,373	

OUACHITA PARISH SCHOOL BOARD
Monroe, Louisiana

Graduation Exit Exam
Three Fiscal Years Ended June 30, 2013

District Achievement Level Results	English Language Arts						Mathematics					
	2013		2012		2011		2013		2012		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 10												
Advanced	N/A	N/A	N/A	N/A	21	2	N/A	N/A	N/A	N/A	196	17
Mastery	N/A	N/A	N/A	N/A	173	15	N/A	N/A	N/A	N/A	222	19
Basic	N/A	N/A	N/A	N/A	625	54	N/A	N/A	N/A	N/A	484	42
Approaching Basic	N/A	N/A	N/A	N/A	254	22	N/A	N/A	N/A	N/A	148	13
Unsatisfactory	N/A	N/A	N/A	N/A	82	7	N/A	N/A	N/A	N/A	105	9
Total	-		-		1,155		-		-		1,155	

District Achievement Level Results	Science						Social Studies					
	2013		2012		2011		2013		2012		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 11												
Advanced	N/A	N/A	95	9	50	5	N/A	N/A	22	2	9	1
Mastery	N/A	N/A	249	23	235	22	N/A	N/A	141	13	98	9
Basic	N/A	N/A	419	39	442	42	N/A	N/A	616	57	601	57
Approaching Basic	N/A	N/A	211	19	212	20	N/A	N/A	206	19	225	21
Unsatisfactory	N/A	N/A	113	10	124	12	N/A	N/A	103	9	130	12
Total	-		1,087		1,063		-		1,088		1,063	

OUACHITA PARISH SCHOOL BOARD

iLEAP Tests

Three Fiscal Years Ended June 30, 2013

iLEAP Tests

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	109	7	141	9	93	6	59	4
Mastery	413	27	297	19	343	22	293	19
Basic	697	45	733	47	669	43	778	50
Approaching Basic	218	14	231	15	328	21	266	17
Unsatisfactory	112	7	147	9	116	7	153	10
Total	1549		1549		1549		1549	

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	102	7	152	11	97	7	87	6
Mastery	369	27	245	18	307	22	296	21
Basic	664	48	670	48	619	45	681	49
Approaching Basic	178	13	174	13	290	21	189	14
Unsatisfactory	72	5	144	10	72	5	132	10
Total	1385		1385		1385		1385	

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	71	5	144	10	88	6	149	10
Mastery	343	24	191	13	275	19	210	14
Basic	751	52	791	55	738	51	687	47
Approaching Basic	228	16	200	14	288	20	272	19
Unsatisfactory	57	4	125	9	61	4	132	9
Total	1450		1451		1450		1450	

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	103	7	106	7	49	3	57	4
Mastery	346	24	173	12	281	20	227	16
Basic	698	49	813	57	699	49	714	50
Approaching Basic	243	17	253	18	307	21	272	19
Unsatisfactory	46	3	92	6	99	7	166	12
Total	1436		1437		1435		1436	

District Achievement Level Results	English Language Arts		Mathematics	
	2011		2011	
	Number	Percent	Number	Percent
Grade 9				
Advanced	N/A	N/A	N/A	N/A
Mastery	N/A	N/A	N/A	N/A
Basic	N/A	N/A	N/A	N/A
Approaching Basic	N/A	N/A	N/A	N/A
Unsatisfactory	N/A	N/A	N/A	N/A
Total	-		-	

Continued

OUACHITA PARISH SCHOOL BOARD

iLEAP Tests

Three Fiscal Years Ended June 30, 2013

iLEAP Tests

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2012		2012		2012		2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	74	5	177	12	84	6	5	0
Mastery	411	29	360	25	383	27	349	25
Basic	615	43	590	41	597	42	676	47
Approaching Basic	202	14	188	13	269	19	257	18
Unsatisfactory	122	9	109	8	91	6	137	10
Total	1424		1424		1424		1424	

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2012		2012		2012		2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	78	6	137	10	73	5	98	7
Mastery	381	27	220	16	355	25	299	21
Basic	679	49	745	53	627	45	666	48
Approaching Basic	197	14	184	13	265	19	229	16
Unsatisfactory	62	4	111	8	77	6	105	8
Total	1397		1397		1397		1397	

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2012		2012		2012		2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	86	6	133	9	95	7	143	10
Mastery	341	24	250	17	350	24	213	15
Basic	718	50	753	52	645	45	682	47
Approaching Basic	234	16	181	13	270	19	260	18
Unsatisfactory	62	4	123	9	80	6	142	10
Total	1441		1440		1440		1440	

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2012		2012		2012		2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	120	8	123	8	84	6	74	5
Mastery	322	22	236	16	398	27	289	20
Basic	723	49	737	50	582	39	695	47
Approaching Basic	254	17	259	18	325	22	271	18
Unsatisfactory	59	4	123	8	86	6	146	10
Total	1478		1478		1475		1475	

District Achievement Level Results	English Language Arts		Mathematics	
	2012		2012	
	Number	Percent	Number	Percent
Grade 9				
Advanced	N/A	N/A	N/A	N/A
Mastery	N/A	N/A	N/A	N/A
Basic	N/A	N/A	N/A	N/A
Approaching Basic	N/A	N/A	N/A	N/A
Unsatisfactory	N/A	N/A	N/A	N/A
Total	-		-	

Continued

OUACHITA PARISH SCHOOL BOARD

iLEAP Tests

Three Fiscal Years Ended June 30, 2013

iLEAP Tests

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2013		2013		2013		2013	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	115	8	163	11	92	6	44	3
Mastery	393	26	358	23	370	24	305	20
Basic	703	46	653	43	680	45	743	49
Approaching Basic	203	13	225	15	289	19	276	18
Unsatisfactory	114	7	129	8	97	6	159	10
Total	1528		1528		1528		1527	

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2013		2013		2013		2013	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	103	7	96	7	72	5	127	9
Mastery	390	27	255	17	389	27	235	16
Basic	663	45	697	48	609	42	705	48
Approaching Basic	214	15	240	16	314	22	227	16
Unsatisfactory	88	6	170	12	74	5	164	11
Total	1458		1458		1458		1458	

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2013		2013		2013		2013	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	101	7	105	7	75	5	201	14
Mastery	336	24	179	13	354	25	237	17
Basic	683	48	798	56	599	42	630	45
Approaching Basic	216	15	203	14	303	21	217	15
Unsatisfactory	79	6	130	9	83	6	129	9
Total	1415		1415		1414		1414	

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2013		2013		2013		2013	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	137	9	63	4	73	5	60	4
Mastery	345	24	243	17	317	22	304	21
Basic	694	48	835	57	619	43	720	50
Approaching Basic	231	16	201	14	340	23	234	16
Unsatisfactory	48	3	113	8	105	7	135	9
Total	1455		1455		1454		1453	

District Achievement Level Results	English Language Arts		Mathematics	
	2013		2013	
	Number	Percent	Number	Percent
Grade 9				
Advanced	N/A	N/A	N/A	N/A
Mastery	N/A	N/A	N/A	N/A
Basic	N/A	N/A	N/A	N/A
Approaching Basic	N/A	N/A	N/A	N/A
Unsatisfactory	N/A	N/A	N/A	N/A
Total	-		-	

Concluded

LUFFEY, HUFFMAN, RAGSDALE & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

John L. Luffey, MBA, CPA (1963-2002)
Francis I. Huffman, CPA
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David Ray Soignier, CPA, MBA, CGMA

John Herman, CPA
Lynn Andries, CPA, CGMA
Esther Atteberry, CPA
Lori Woodard, MBA, CPA, CGMA, CITP

MANAGEMENT LETTER

Ouachita Parish School Board Monroe, Louisiana

In planning and performing our audit of the financial statements of the Ouachita Parish School Board (the School Board) for the year ended June 30, 2013, we considered its internal control structure in order to determine our auditing procedures for purposes of expressing our opinion on the financial statements and not to provide assurance on the internal control structure or overall compliance with laws and regulations.

However, during our audit we became aware of certain matters that are opportunities for strengthening internal controls and the overall environment for compliance with laws and regulations. This letter will summarize our comments and suggestions regarding those matters. This letter does not affect our report dated December 19, 2013, on the financial statements of the School Board.

13-01 Documentation of Internal Control

Finding:

Management of the School Board is charged with establishing and maintaining internal control and to assess internal control for effectiveness in design and operation. Those components are outlined in the Committee of Sponsoring Organizations of the Treadway Commission Report (commonly referred to as the COSO Report, or COSO) and consist of the Control Environment; Risk Assessment; Control Activities; Information and Communication; and Monitoring.

While certain elements of the components of internal control exist and certain aspects of the control activities have been documented, the School Board does not possess the written documentation of **all** components of internal control over School Board operations.

For management and those charged with governance to properly discharge their responsibility to establish and maintain internal control, there must exist a level of documentation of internal control sufficient to allow them to assess operating effectiveness and design, not just at a point in time, but over a period of time. As circumstances change, controls should be re-evaluated for ongoing effectiveness.

Recommendation:

We recommend that management of the School Board finalize the internal control document over financial reporting using the COSO framework whereby they define each of the five elements in order that they may more easily discharge their responsibility to design and implement controls and monitor those controls for effectiveness over time. As part of this review and documentation, the School Board should utilize the *Checklist of Best Practices in Government* prepared by Office of the Louisiana Legislative Auditor.

Management's Corrective Action Plan:

Management is continuing its review of its internal control procedures for accuracy and completeness and to identify modifications needed to control any weaknesses noted. Delays in completing the review and forming a final document occurred this past year to redirected focus on urgent fiscal issues and implementation of overreaching legislative mandates. When evaluating the established controls, management is taking into consideration the COSO framework and the *Checklist of Best Practices in Government* prepared by the Office of the Louisiana Legislative Auditor. Management is continuing work to finalize these internal control procedures prior to submitting the document for approval by the School Board.

13-02 Payroll Discrepancy

Finding:

During our test of payroll for the School Board, a discrepancy was discovered in an employee's pay that resulted in his being overpaid by \$1,860.38. In September 2011, the board members approved the employee's status change, which moved him from a building supervisor's pay scale to a lower-paying 8-hour custodian's pay scale; however the employee's pay was not actually reduced until April 2013. It should be noted that the employee should have been aware that his pay should have decreased when he was switched to the custodian pay scale because the employee was a custodian before he served as a building supervisor.

When the payroll department employee was asked why the employee's pay was not changed until April 2013, she stated that the proper paperwork was not received until that time. The payroll employee also stated that she made the decision not to seek reimbursement from the employee and that she did not consult with the Director of Business.

Recommendation:

We recommend that payroll employees use the proper communication channel and notify the Director of Business when pay discrepancies are discovered. In addition, any overpayments

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need to be reimbursed to the School Board, so we are recommending that the School Board seek restitution from the employee for \$1,860.38.

Management's Corrective Action Plan:

Management has established clear procedures for handling overpayment of employee salary and wages and has reviewed and communicated such procedures to all payroll department staff for future handling of overpaid wages. Further management is seeking repayment of the overpayment made to an employee.

Huffman, Huffman, Rogstad, & Sigmund

(A Professional Accounting Corporation)

December 19, 2013