

**ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA**

Financial Statements and Schedules

June 30, 2017



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Principal Officials

School Board Members

John Brown, Sr.	District 1	President
Ethan Ashley	District 2	
Sarah Usdin	District 3	
Leslie Ellison	District 4	Vice President
Ben Kleban	District 5	
Woody Koppel	District 6	
Nolan Marshall, Jr.	District 7	

Officers are elected for a term of one calendar year by Board Members. The 2017 officers are shown above.

Administrative Officials

Dr. Henderson Lewis, Jr.	Superintendent
Eric Seling	Chief Operations Officer
Mary K. Garton	Chief Equity Student Services
Colleston Morgan	Chief Strategy Officer
Adam Hawf	Assistant Superintendent

ORLEANS PARISH SCHOOL BOARD

Superintendent | Henderson Lewis, Jr., Ph.D.



October 24, 2017

Dear friend:

The passage of Act 91 by the Louisiana Legislature over a year ago established a historic opportunity for the Orleans Parish School Board (OPSB). In 2018, we will not only celebrate our 300th anniversary as a city, but enter a new era of unified local control for New Orleans public schools.

By next summer, all public schools under the Recovery School District will return to the oversight of a democratically elected school board and the central office at OPSB. To prepare for this milestone, we are creating a new and unique public school system for the future of New Orleans, one that serves all families and upholds high standards for all schools.

At the same time, we are dramatically reducing our reliance on one-time revenues and cutting our deficit. Furthermore, we are committed to greatly enhancing budgetary transparency and have adopted a new budget framework that shows in detail how all of our funds are used. Not only does this framework provide a higher level of transparency than we have maintained historically, it illuminates a variety of important aspects of school finance in our city.

This is really important. I am committed to building OPSB into an organization that is financially sustainable and has the community's confidence. Please see the attached 2017 Fiscal Year-End Audit Book to learn more.

Sincerely,

Dr. Henderson Lewis, Jr.
Superintendent
Orleans Parish School Board

Independent Auditor's Report

To the Orleans Parish School Board
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Orleans Parish School Board (School Board) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements as listed in the accompanying 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 did not audit the following discretely presented component units which represent 73%, 68% and 68%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units: Bricolage Academy, Cypress Academy, Encore Learning, Foundation Preparatory, Homer A. Plessy Community School, Hynes Charter School, InspireNOLA Charter Schools - Alice M. Harte Elementary, Edna Karr High School and Wilson Charter School, Lusher Charter School, New Orleans Charter Science and Math High School, Robert Russa Moton Charter School, and Warren Easton Senior High School. These financial statements were audited by other auditors whose reports thereon were furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Orleans Parish School Board as of June 30, 2017, 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, budgetary comparison, other post-employment benefits information, net pension liability information, and notes to required supplementary information on pages 4 through 11 and 88 through 93 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 (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Orleans Parish School Board's basic financial statements. The introductory section, the schedules in the other supplementary information section as listed in the table of contents, and statistical schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules in the other supplementary information section as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules in the other supplementary information section as listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2017 on our consideration of Orleans Parish School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Board's internal control over financial reporting and compliance.

Emphasis of a Matter

As discussed in Note 2 to the financial statements, the School System adopted new accounting guidance, GASB Statement No. 77, *Tax Abatement Disclosures*, and GASB Statement No. 82, *Pension Issues Amending GASB Statements No. 67, No. 68, and No. 73*, for the year ended June 30, 2017. The adoption of GASB Statement No. 77 required additional disclosures about the reduction in tax revenues through tax abatement programs, and the adoption of GASB Statement No. 82 changed the presentation of payroll-related measures, deviations from actuarial standards of practices, and classification of member contributions. Our opinion is not modified with respect to these matters.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Metairie, LA
December 21, 2017

Overview and Analysis of Financial Activities

The Orleans Parish School Board (School Board), as the financial manager of the Orleans Parish School System, offers the readers of these financial statements an overview and analysis of the financial activities of the School Board. This overview and analysis is designed to assist the users of these financial statements to focus on significant issues, identify significant changes in the School Board's financial position, both at the government-wide and fund levels, and highlight material changes from the School Board's approved budget.

Our discussion and analysis of the School Board's financial performance includes a section entitled *Financial Highlights* which provides an overview of its financial activities for the fiscal years ended June 30, 2017 and 2016. This discussion and analysis should be read in conjunction with the Annual Financial Report's Letter of Transmittal in the Introductory Section, the School System's Financial Statements (Financial Section) and the Notes to the Financial Statements.

Financial Highlights

- As of June 30, 2017, the School Board reported a consolidated net position of \$590.6 million, which is an increase of \$33.6 million from the June 30, 2016, balance of \$556.9 million.
- As of June 30, 2017, the School Board reported a General Fund balance of \$64.7 million. This represents a decrease of \$4.6 million from the June 30, 2016, balance of \$69.3 million. The prior year reflected a settlement from BP Oil for \$19.3 million. Expenses for the School Board have increased the past few years pursuant to unification. The district has also contributed to a Cooperative Endeavor Agreement with the Recovery School District (RSD) stipulating a \$1.3 million contribution to city-wide services for exceptional needs funding.
- For fiscal year 2017, Ad Valorem Tax Revenues, including the gross up for fees, totaled \$165.1 million. This represents an increase of \$6.8 million from the prior year.
- Sales Tax Revenues totaled \$132.1 million for fiscal year 2017, which represents an increase of \$4.2 million from the prior year.
- The Minimum Foundation Program (MFP) distribution from the State of Louisiana totaled \$66.5 million for fiscal year 2017. Louisiana funds public education through a block grant known as the Minimum Foundation Program, or MFP. The MFP formula is developed and approved annually by the Louisiana State Board of Elementary and Secondary Education.
- Within fiscal year 2017, expenditures on Federal and State awards totaled \$51.8 million. The largest grants were as follows: (1) U.S. Department of Homeland Security (FEMA Disaster Relief Program) = \$20.9 million; (2) U.S. Department of Education, No Child Left Behind = \$16.9 million and (3) U.S. Department of Agriculture, Child Nutrition Program = \$5.5 million. These expenditures benefit OPSB students, OPSB charter school students and non-public students.
- Principal payment on the General Obligation Bonds totaled \$10.4 million. The Qualified School Construction Bond (QSCB) is required to make an annual deposit to a sinking fund for maturation. The contribution in fiscal year 2017 was \$11.4 million. Interest payments for both bonds totaled \$2.5 million.
- As of June 30, 2017, the School Board had total Long-Term debt of \$225.5 million. This is comprised of the following: (1) Bonds totaling \$120.3 million; (2) Bond Premiums of \$2.7 million; (4) OPEB Obligation payable of \$0.3 million; (5) Net Pension Liability of \$68.7 million; (6) Compensated Absences of \$2.2 million and (7) Claims Payable of \$31.3 million.

- As of June 30, 2017, the School Board had a fund balance of \$65.0 million in its Debt Service funds. The components are as follows: (1) General Obligation Bonds = \$19.3 million and (2) QSCB Bonds = \$45.7 million. These funds are dedicated by Board action to the repayment of the related outstanding debt.
- As of June 30, 2017, the School Board had net capital assets, book value less accumulated depreciation, of \$439.5 million, which does not include property transfers from the RSD. The long-term debt plus accrued interest on these capital assets totaled \$123.8 million.
- Capital project expenditures during fiscal year 2017, for both major construction and repair and maintenance projects totaled \$15.6 million.
- At June 30, 2017 the component units (i.e., the seventeen charter schools) had a net position of \$(1.1) million. Additionally, revenue for the current fiscal year totaled \$144.8 million.

Using this Annual Financial Report

This discussion and analysis is intended to serve as an introduction to the School Board's Annual Financial Report (AFR). The basic financial statements consist of the following: (1) Government-Wide Financial Statements; (2) Fund Financial Statements; (3) Notes to the Financial Statements and (4) Supplementary Financial Information.

Government-Wide Financial Statements (pages 13 through 16) include the Statement of Net Position and Statement of Activities, which provide information about the activities of the School Board as a whole and present a longer-term view of the School Board's finances. In summary, the Government-Wide Financial Statements show the results of operations and financial position using the total economic resources measurement focus and the accrual basis of accounting which emphasizes the long-term financial picture and are very similar to the financial statements of the private sector.

The Fund Financial Statements (pages 18 through 28) represent information for three fund categories - governmental, proprietary and fiduciary. Financial statements for governmental funds tell how we financed our services in the short-term as well as what remains for future spending. These fund statements provide the reader with some insight into the School Board's overall financial health. In short, the fund-level financial statements show the results of operations and financial position using the current financial resources measurement focus and the modified accrual basis of accounting, emphasizing the change in fund balances as a result of the current year's operations, as well as the amount of resources available to spend.

Fund Financial Statements also report the School Board's operations in more detail than the Government-Wide Financial Statements by providing information about the School Board's most significant funds - such as the General Fund, Pass Through Fund, General Obligation Bond Fund, QSCB Fund, Hurricane Katrina Restoration Fund, Capital Projects Fund, QSCB Construction Fund, Master Plan Fund, Facilities Preservation Fund and the Federal Grant Fund. The Governmental Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances include the major funds as well as an aggregate of the remaining funds that report general government operations.

The School Board maintains two types of Proprietary Funds. The Enterprise Fund is used to report the same functions presented as business-type activities in the Government-Wide Financial Statements. An enterprise fund was established to account for the rental receipts and operating costs of a five story building purchased. Another enterprise fund, which represents a blended component unit, was established to facilitate tax credit financing for the construction and renovation of school buildings as described in Note 21. The Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the School Board's major functions / funds. The School Board uses internal service funds for its employee health insurance, retiree health insurance and workers' compensation. Because these services predominantly benefit the governmental rather than business-type functions, they are included within governmental activities in the Government-Wide Financial Statements.

The Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position provide financial information about activities for which the School Board acts solely as an agent for the benefit of students and parents.

Other sections include Notes to the Financial Statements (pages 30 through 84) and certain Required Supplementary Information (pages 86 through 93). Included in the Required Supplementary Information is a comparison of the General Fund budget with actual results on pages 86 through 87. Over the course of the year, the School Board revises its budget as it attempts to deal with unexpected changes in revenues and expenditures.

Reporting on School Board as a Whole

Government-Wide Financial Analysis

The following analysis focuses on the Statement of Net Position (Table 1) and Statement of Activities (Table 2) of the School Board's governmental and business-type activities:

	Governmental Activities		Business-Type Activities		Total		Increase (Decrease) Amount	Increase (Decrease) Percent
	2017	2016	2017	2016	2017	2016		
Current and Other Assets	\$ 258,880	\$ 257,199	\$ 11,134	\$ 5,260	\$ 270,014	\$ 262,459	\$ 7,555	2.88 %
Capital Assets, Net	432,482	429,525	7,020	7,080	439,502	436,605	2,897	0.66 %
Loan Receivable and Accrued Interest	-	-	80,811	67,834	80,811	67,834	12,977	19.13 %
Long-Term Receivable RSD	109,898	109,899	-	-	109,898	109,899	-	- %
Total Assets	801,260	796,623	98,965	80,174	900,225	876,797	23,429	2.67 %
Deferred Outflows of Resources	14,621	14,443	-	-	14,621	14,443	178	nm
Current and Other Liabilities	96,605	96,615	515	217	97,120	96,832	288	0.30 %
Long-Term Liabilities	225,530	234,538	-	-	225,530	234,538	(9,008)	(3.84) %
Total Liabilities	322,135	331,153	515	217	322,650	331,370	(8,720)	(2.63) %
Deferred Inflows of Resources	1,638	2,951	-	-	1,638	2,951	(1,313)	nm
Net Position:								
Net Investment in Capital								
Assets	418,617	404,272	7,020	7,080	425,637	411,352	14,285	3.47 %
Restricted	95,544	131,787	-	-	95,544	131,787	(36,243)	(27.50) %
Unrestricted	(22,053)	(59,097)	91,430	72,877	69,377	13,780	55,597	403.46 %
Total Net Position	\$ 492,108	\$ 476,962	\$ 98,450	\$ 79,957	\$ 590,558	\$ 556,919	\$ 33,640	6.04 %

The School Board's net position was \$590.6 million at June 30, 2017, and \$556.9 million at June 30, 2016. Of which, \$69.4 million and \$13.8 million were unrestricted at June 30, 2017 and 2016, respectively. Restricted net position is reported separately to show legal constraints from debt covenants, capital projects and enabling legislation that limit the School Board's ability to use the net position for day-to-day operations. As of June 30, 2017 and 2016, the restricted net position amounted to \$95.5 million and \$131.8 million, respectively.

Current and other assets increased from June 30, 2016 to June 30, 2017, by \$7.6 million.

Net capital assets increased from June 30, 2016 to June 30, 2017, by \$2.9 million primarily due to the completion of construction on school sites to accommodate the city's master plan. (See Notes 2 and 6, Capital Assets in the accompanying financial statements for additional discussion regarding depreciation methods and related accumulated depreciation). The June 30, 2017 and 2016, financial statements reflect \$109.9 million in capital assets transferred to the RSD as a long-term receivable. No transfers occurred during fiscal year 2017. Transfers are expected over the next few years as the enactment of school re-unification progresses.

Liabilities decreased by \$8.7 million reflecting an improved accounts payable process. Long-term liabilities decreased by \$9 million. This net change is composed of a decrease in Bonds Payable by \$10.4 million, and decreases in OPEB Obligation Payable, Accrued Compensated Absences and Liability for Claims Payable by a negligible amount. These decreases were offset by an increase in Net Pension Liability of \$3.2 million.

Table 2
Condensed Comparative Statement of Activities (in Thousands)
For the Years Ended June 30, 2017 and 2016

	Governmental Activities		Business-Type Activities		Total		Variance Increase (Decrease) Amount	Variance Increase (Decrease) Percent
Governmental Activities	2017	2016	2017	2016	2017	2016		
Revenues								
Program Revenues								
Charges for Services	\$ 330	\$ 685	\$ 1,272	\$ 1,433	\$ 1,602	\$ 2,118	\$ (516)	(24.36) %
Operating Grants	32,790	33,570	-	-	32,790	33,570	(780)	(2.32) %
Capital Grants	25,742	75,236	-	-	25,742	75,236	(49,494)	(65.78) %
Total Program Revenues	58,862	109,491	1,272	1,433	60,134	110,924	(50,789)	(45.79) %
General Revenues								
Ad Valorem Taxes	165,149	158,311	-	-	165,149	158,311	6,838	4.32 %
Sales and Use Taxes	132,079	127,844	-	-	132,079	127,844	4,235	3.31 %
State Revenue Sharing	2,830	2,691	-	-	2,830	2,691	139	5.16 %
Interest and Investment Earnings	237	76	1,428	868	1,665	944	721	76.40 %
Internal Service Funds Net Operating (Loss)	1,684	-	-	-	1,684	-	1,684	nm
Minimum Foundation Program (MFP)	66,456	64,378	-	-	66,456	64,378	2,078	3.23 %
Donation of Capital Assets	-	43,359	-	-	-	43,359	(43,359)	(100.00) %
Gain on Disposal of Capital Assets	-	-	-	22,839	-	22,839	(22,839)	(100.00) %
Contributions and Donations	-	-	19,415	5,670	19,415	5,670	13,745	100.00 %
Judgments	1,090	20,499	-	-	1,090	20,499	(19,409)	100.00 %
Other General Revenues	7,524	14,756	-	-	7,524	14,756	(7,232)	(49.01) %
Total General Revenues	377,048	431,914	20,843	29,377	397,891	461,291	(63,399)	(13.74) %
Total Revenues	\$ 435,911	\$ 541,405	\$ 22,115	\$ 30,810	\$ 458,026	\$ 572,215	\$ (114,188)	(19.96) %

Table 2 (Continued)
Condensed Comparative Statement of Activities (in Thousands)
For the Years Ended June 30, 2017 and 2016

Governmental Activities	Governmental Activities		Business-Type Activities		Total		Variance Increase (Decrease) Amount	Variance Increase (Decrease) Percent
	2017	2016	2017	2016	2017	2016		
Functions/Program								
Instruction								
Regular Education Programs	\$ 16,174	\$ 21,519	\$ -	\$ -	\$ 16,174	\$ 21,519	\$ (5,345)	(24.84) %
Special Education Programs	7,053	7,265	-	-	7,053	7,265	(212)	(2.92) %
Other Educational Programs	18,880	18,790	-	-	18,880	18,790	90	0.48 %
Support Services								
Student Services	8,153	8,684	-	-	8,153	8,684	(531)	(6.12) %
Instructional Staff Support	7,405	7,488	-	-	7,405	7,488	(83)	(1.11) %
General Administration	16,100	17,642	-	-	16,100	17,642	(1,542)	(8.74) %
School Administration	4,281	3,377	-	-	4,281	3,377	904	26.78 %
Business Services	1,956	2,638	-	-	1,956	2,638	(682)	(25.85) %
Student Transportation Services	5,460	5,307	-	-	5,460	5,307	153	2.88 %
Central Services	3,088	3,011	-	-	3,088	3,011	77	2.56 %
Plant Services	9,623	11,033	-	-	9,623	11,033	(1,410)	(12.78) %
Other	2,837	10,707	-	-	2,837	10,707	(7,870)	(73.50) %
Food Services	5,035	6,050	-	-	5,035	6,050	(1,015)	(16.78) %
Transfer to RSD Schools - Local MFP	190,497	161,061	-	-	190,497	161,061	29,436	18.28 %
Transfer to Charter Schools - Local and State MFP	121,911	106,540	-	-	121,911	106,540	15,371	14.43 %
Interest on Long-Term Debt	1,470	1,962	-	-	1,470	1,962	(492)	(25.07) %
Transfer to Other LEA	-	-	2,014	4,570	2,014	4,570	(2,556)	(55.93) %
Rental Properties	-	-	1,671	1,179	1,671	1,179	492	41.69 %
Total Expenses	419,924	393,074	3,685	5,749	423,608	398,822	24,786	6.21% %
Changes in Net Position Before Transfers	15,987	148,333	18,430	25,061	34,417	173,393	(138,976)	(80.15) %
Transfers	(63)	(21,721)	63	21,721	-	-	-	- %
Changes in Net Position	15,924	126,611	18,493	46,782	34,417	173,393	(138,976)	(80.15) %
Net Position - June 30, 2016	476,962	350,351	79,957	33,175	556,919	383,526		
Prior Period Adjustment - Pension Liability Payable	(778)	-	-	-	(778)	-		
Net Position - June 30, 2017	\$ 492,108	\$ 476,962	\$ 98,450	\$ 79,957	\$ 590,558	\$ 556,919		

Total revenues for all governmental and business-type activities for the fiscal years ended June 30, 2017 and June 30, 2016, were \$458 million and \$572.2 million, respectively. The decrease in total revenue in 2017 compared to 2016 is due to significant decreases in Capital Grants, Donations of Capital Assets and Judgments revenues. There was no Gain on the Disposal of Capital Assets as there was significantly in 2016. These decreases were offset somewhat by increases in Ad Valorem and Sales & Use Taxes revenue.

As reported in the Statement of Activities (Table 2) the total cost of all governmental and business-type activities for the fiscal years ended June 30, 2017 and June 30, 2016, were \$423.6 million and \$398.8 million, respectively. The overall increase is mainly due to Transfers to the RSD and charter schools. The transfer to the RSD schools represents their share of local revenues for the fiscal year based on the ratio of students serviced by each entity. The transfers to charter schools represent their share of state MFP and local revenue share based on their student population. The School Board continues to focus on the provisions of instructional and related support services aimed at all of its student population.

Some of the costs were funded by those who benefited from the programs or by other governments and organizations who subsidized certain programs as reflected in operating grants revenues. The School Board funded the remaining "public benefit" portion of our governmental costs with revenues from Ad Valorem and Sales Taxes of \$297.2 million for 2017 and \$286.2 million for 2016. MFP funding provided \$66.5 million for 2017 versus \$64.4 million for 2016. State revenue sharing funded the remaining "public benefit" governmental costs.

Table 3, Comparable Governmental and Business-Type Activities, reflects the gross cost of program services and the net costs after taking into account the program revenues for the governmental and business-type activities. General revenues (including tax revenues), investment earnings and unrestricted State revenues are used to support the net remaining costs of the School Board activities.

Table 3
Comparable Governmental and Business-Type Activities (in Thousands)

Description	For the Years Ended June 30,			
	2017		2016	
	Gross Cost of Services	Net Cost of Services	Gross Cost of Services	Net Cost of Services
GOVERNMENTAL ACTIVITIES				
Regular Education Programs	\$ 16,174	\$ 11,244	\$ 21,519	\$ 5,367
Special Education Programs	7,053	2,786	7,265	(43)
Other Education Programs	18,880	(104)	18,790	(8,821)
Student Services	8,153	1,813	8,684	(1,827)
Instructional Staff Support	7,405	627	7,488	(2,068)
General Administration	16,100	11,481	17,642	4,839
School Administration	4,281	3,053	3,377	926
Business Services	1,956	1,389	2,638	716
Student Transportation Services	5,460	3,671	5,307	1,295
Central Services	3,088	2,151	3,011	784
Plant Services	9,623	6,862	11,033	3,025
Other	2,837	2,837	10,707	10,707
Food Services	5,035	(627)	6,050	(882)
Transfer to RSD Schools - Local MFP	190,497	190,496	161,061	161,061
Transfer to Charter Schools - Local and State MFP	121,911	121,911	106,540	106,540
Interest on Long-Term Debt	1,470	1,470	1,962	1,962
	<u>\$ 419,924</u>	<u>\$ 361,060</u>	<u>\$ 393,074</u>	<u>\$ 283,581</u>
BUSINESS-TYPE ACTIVITIES				
Rental Properties	\$ 1,671	\$ 399	\$ 1,179	\$ (254)
Transfers to Other LEA	2,014	2,014	4,570	4,570
	<u>\$ 3,685</u>	<u>\$ 2,413</u>	<u>\$ 5,749</u>	<u>\$ 4,316</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 423,608</u>	<u>\$ 363,474</u>	<u>\$ 398,823</u>	<u>\$ 287,898</u>

Overall, the net cost of services in fiscal 2017 increased by \$75.5 million, primarily due to the MFP Transfers to RSD and Charter Schools.

Reporting on the Individual Funds

Fund Financial Analysis

Our analysis of the School Board's major funds begins on page 18 of the basic financial statements. The Fund Financial Statements provide detailed information about the most significant funds - not the School Board as a whole. Some funds are required to be established by State law and by bond covenants. However, the School Board has established other funds for particular purposes (such as the Child Nutrition) to help it control, manage and reflect legal responsibilities for using certain taxes, grants and other funds (such as grants from the Department of Education). The School Board's funds (governmental, proprietary and fiduciary) use the following accounting approach:

Governmental Funds - All of the School Board's services are reported in governmental funds. Governmental fund reporting focuses on funds flowing into and out of funds and the balances left at year-end that are available for spending. Said funds are reported using an accounting method called modified accrual accounting. The governmental fund statements provide a detailed short-term view of the School Board's operations and the services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the School Board's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds, through reconciliation to the basic financial statements, is described on page 22 of the financial statements.

Proprietary Funds - Proprietary funds for the School Board use the accrual basis of accounting, the same as on the government-wide statements. The Internal Service funds are used to account for the financing services provided by the School Board's departments (such as employee health, retiree health and workers' compensation). The Enterprise Fund is used to account for the rental receipts and operating costs of a five story building owned by the School Board as well as a blended component unit that facilitates new market tax credit financing for the construction and renovation of school buildings. The Balance Sheet, Statement of Revenues Expenses and Changes in Net Position and Statement of Cash Flows reports are presented on pages 23 through 26 of the basic financial statements.

Fiduciary Funds - The School Board is the trustee, or fiduciary, for its student activities funds. All of the School Board's fiduciary activities are reported in the separate Statements of Assets and Liabilities and Changes in Assets and Liabilities on pages 27 and 28 of the basic financial statements, respectively. We exclude these activities from the School Board's other financial statements because the assets cannot be utilized by the School Board to finance its operations.

Capital Asset and Debt Administration

Capital Assets

The School Board's capital assets include land, buildings and improvements, furniture and equipment, transportation equipment and construction-in-progress. A comparative analysis of capital assets as of June 30, 2017 and 2016, is as follows:

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 25,480,923	\$ 25,349,188	\$ 1,440,992	\$ 1,440,992	\$ 26,921,915	\$ 26,790,180
Buildings and Improvements	459,685,536	454,806,281	6,372,157	6,309,639	466,057,693	461,115,920
Furniture and Equipment	13,444,500	13,389,660	-	-	13,444,500	13,389,660
Construction in Progress	15,293,369	11,613,990	-	-	15,293,369	11,613,990
	513,904,328	505,159,119	7,813,149	7,750,631	521,717,477	512,909,750
Accumulated Depreciation	(81,421,037)	(75,633,905)	(792,755)	(670,846)	(82,213,792)	(76,304,751)
Total	\$ 432,483,291	\$ 429,525,214	\$ 7,020,394	\$ 7,079,785	\$ 439,503,685	\$ 436,604,999

Overall net capital assets increased from June 30, 2016 to June 30, 2017, by \$2.9 million. This increase reflects construction in progress pursuant to the City of New Orleans' master plan to re-build schools. Additional information on Capital Assets can be found in Note 2, Summary of Significant Accounting Policies and Note 6, Capital Assets.

On November 6, 2008, the School Board approved a Master Plan for Orleans Parish school facilities. The Master Plan provides a blueprint for determining which school facilities will be rebuilt and which sites will be renovated. During October 2011, the School Board and RSD completed a revised Master Plan that incorporated cost savings made possible through the standardization of systems across all school facilities that will be constructed or rehabilitated. A complete copy of the Master Plan is available on the School Board's web site: www.opsb.us.

Long-Term Debt

Obligations include bonds and other long-term obligations (accrued vacation and sick leave pay). More detailed information about long-term liabilities is presented in Note 9 in the notes to the accompanying financial statements and in earlier sections of this Management's Discussion and Analysis (MD&A).

Pursuant to the requirements of LSA-R.S. 39:562, the School Board is legally restricted from incurring long-term bonded debt in excess of 35% of the assessed value of the taxable property (including homestead exempt and non-exempt property) within the Parish of Orleans. At June 30, 2017, the statutory debt limit for general obligation bonds is \$915,056,822 with a net legal debt margin of \$893,157,137.

Economic Factors and Next Year's Budget

The economic viability of the School Board is related primarily to the Ad Valorem and Sales Tax Revenues and MFP. For fiscal year 2017, the School Board reflected increased Ad Valorem and Sales Tax Revenues. Ad Valorem Tax increases reflect higher assessments. The Sales Tax base growth is attributable to commercial development inclusive of the Louisiana State University's medical complex center near the central business district, new retail developments including a high-end retail outlet and increased population.

Contacting the School Board's Financial Management

This financial report is designed to provide the citizens, taxpayers, parents, students, investors and creditors with a general overview of the School Board's finances and to provide accountability for the funds it receives. If you have questions about this report or wish to request additional financial information, please call Eric Seling at 504-304-4185, 3520 General DeGaulle Dr., Ste. 5055, New Orleans, LA 70114-4000.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA
Statement of Net Position
June 30, 2017

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and Cash Equivalents	\$ -	\$ 9,475,258	\$ 9,475,258	\$ 54,261,750
Investments	-	-	-	17,903,296
Taxes Receivable				
Sales Taxes	21,591,448	-	21,591,448	-
Ad Valorem Taxes	4,969,144	-	4,969,144	-
Due from Other Governments	15,499,290	-	15,499,290	9,486,382
Internal Balances	323,226	(323,226)	-	-
Equity in Pooled Cash	170,234,200	1,979,063	172,213,263	-
Prepaid Items	2,626,747	-	2,626,747	1,197,956
Inventory	70,617	-	70,617	5,017
Other Receivables	9,684,149	2,500	9,686,649	1,048,020
Other	-	-	-	371,316
Long-Term Accounts Receivable - RSD	109,898,303	-	109,898,303	-
Loan Receivable and Accrued Interest	-	80,810,549	80,810,549	-
Restricted Investments	33,880,714	-	33,880,714	-
Capital Assets				
Land	25,480,923	1,440,992	26,921,915	-
Construction in Progress	15,293,369	-	15,293,369	3,225
Capital Assets, Net of Accumulated Depreciation	391,708,999	5,579,402	397,288,401	7,912,866
Total Assets	801,261,129	98,964,538	900,225,667	92,189,828
Deferred Outflows of Resources				
Deferred Outflows on Pension Obligation	14,621,119	-	14,621,119	63,123,933
Total Deferred Outflows of Resources	14,621,119	-	14,621,119	63,123,933
Liabilities				
Accounts Payable	10,645,711	466,057	11,111,768	2,729,063
Payroll Withholdings	1,475,952	-	1,475,952	-
Salaries Payable	266,904	-	266,904	1,996,135
Other Payables	1,616,929	48,476	1,665,405	3,093,614
Accrued Interest Payable	769,837	-	769,837	-
Due to Fiduciary Funds	390,613	-	390,613	-
Due to Other Governments	16,115,325	-	16,115,325	241,482
Unearned Revenues	54,959,701	-	54,959,701	268,788
Funds Held for Future Distribution	10,364,231	-	10,364,231	-
Long-Term Liabilities				
Bonds, Notes and Loans Due Within One Year	11,724,095	-	11,724,095	557,334
Bonds, Notes and Loans Due in More Than One Year	111,270,573	-	111,270,573	125,000
Compensated Absences Due Within One Year	-	-	-	50,462
Compensated Absences Due in More Than One Year	2,199,421	-	2,199,421	-
OPEB Obligation Payable	255,000	-	255,000	-
Net Pension Liability	68,777,206	-	68,777,206	137,468,766
Claims Payable Due Within One Year	-	-	-	-
Claims Payable Due in More Than One Year	31,304,774	-	31,304,774	-
Total Liabilities	322,136,272	514,533	322,650,805	146,530,644

The accompanying notes are an integral part of these financial statements.

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA
Statement of Net Position (Continued)
June 30, 2017

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Deferred Inflows of Resources				
Deferred Inflows on Pension Obligation	1,638,434	-	1,638,434	9,923,210
Total Deferred Inflows of Resources	1,638,434	-	1,638,434	9,923,210
Net Position				
Net Investment in Capital Assets	418,617,089	7,020,394	425,637,483	7,912,866
Restricted - Nonspendable	-	-	-	139,801
Restricted for:				
School Food Service	70,617	-	70,617	-
Debt Service	65,040,281	-	65,040,281	-
Capital Projects	30,432,591	-	30,432,591	38,591
Instructional Services	-	-	-	658,766
Student Activities	-	-	-	666,247
Scholarships	-	-	-	15,410
Other	-	-	-	598,517
Unrestricted	(22,053,036)	91,429,611	69,376,575	(11,170,291)
Total Net Position	\$ 492,107,542	\$ 98,450,005	\$ 590,557,547	\$ (1,140,093)

The accompanying notes are an integral part of these financial statements.

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA
Statement of Activities
Fiscal Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
Governmental Activities								
Instruction								
Regular Education Programs	\$ 16,174,134	\$ -	\$ 689,134	\$ 4,241,078	\$ (11,243,922)	\$ -	\$ (11,243,922)	\$ -
Special Education Programs	7,052,908	-	2,417,834	1,849,369	(2,785,705)	-	(2,785,705)	-
Other Education Programs	18,880,160	-	14,033,887	4,950,635	104,362	-	104,362	-
Support Services								
Student Services	8,152,528	203,639	3,997,927	2,137,704	(1,813,259)	-	(1,813,259)	-
Instructional Staff Support	7,405,242	-	4,836,223	1,941,756	(627,263)	-	(627,263)	-
General Administration Services	16,100,470	-	397,710	4,221,763	(11,480,997)	-	(11,480,997)	-
School Administration Services	4,281,376	-	105,758	1,122,635	(3,052,983)	-	(3,052,983)	-
Business Services	1,956,006	-	53,853	512,891	(1,389,262)	-	(1,389,262)	-
Student Transportation Services	5,459,981	-	357,111	1,431,681	(3,671,189)	-	(3,671,189)	-
Central Services	3,087,937	5,052	122,280	809,699	(2,150,905)	-	(2,150,905)	-
Plant Services	9,622,990	-	237,705	2,523,279	(6,862,006)	-	(6,862,006)	-
Other	2,837,248	-	-	-	(2,837,248)	-	(2,837,248)	-
Food Services	5,034,815	120,955	5,540,683	-	626,823	-	626,823	-
Transfer to RSD Schools	190,496,425	-	-	-	(190,496,425)	-	(190,496,425)	-
Transfer to Charter Schools	121,911,362	-	-	-	(121,911,362)	-	(121,911,362)	-
Interest on Long-Term Debt	1,470,071	-	-	-	(1,470,071)	-	(1,470,071)	-
Total Governmental Activities	419,923,653	329,646	32,790,105	25,742,490	(361,061,412)	-	(361,061,412)	-
Business-Type Activities								
Rental Properties	1,671,536	1,272,433	-	-	-	(399,103)	(399,103)	-
Transfer to Other LEA	2,014,162	-	-	-	-	(2,014,162)	(2,014,162)	-
Total Business-Type Activities	3,685,698	1,272,433	-	-	-	(2,413,265)	(2,413,265)	-
Total Primary Government	423,609,351	1,602,079	32,790,105	25,742,490	(361,061,412)	(2,413,265)	(363,474,677)	-
Component Units								
Audubon Charter School	9,127,065	-	-	-	-	-	-	(9,127,065)
Hynes Charter School Corporation	7,684,520	-	-	-	-	-	-	(7,684,520)
Lake Forest Elementary Charter School	7,453,348	-	-	-	-	-	-	(7,453,348)
Lusher Charter School	18,626,333	-	-	-	-	-	-	(18,626,333)
Einstein Charter School	20,683,954	-	-	-	-	-	-	(20,683,954)
Encore Learning	6,300,097	-	-	-	-	-	-	(6,300,097)
Robert Russa Moton Charter School	3,019,689	-	-	-	-	-	-	(3,019,689)
Warren Easton Senior High School	11,700,749	-	-	-	-	-	-	(11,700,749)
Benjamin Franklin High School	10,111,939	-	-	-	-	-	-	(10,111,939)
InspireNOLA Charter Schools	41,043,323	-	-	-	-	-	-	(41,043,323)
Homer A. Plessy Community School	3,104,155	-	-	-	-	-	-	(3,104,155)
Bricolage Academy	4,127,377	-	-	-	-	-	-	(4,127,377)
Cypress Academy	1,882,494	-	-	-	-	-	-	(1,882,494)
Foundation Preparatory	1,481,681	-	-	-	-	-	-	(1,481,681)
New Orleans Charter Science and Math High School	6,889,294	-	-	-	-	-	-	(6,889,294)
Total Component Units	153,236,018	-	-	-	-	-	-	(153,236,018)

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA
Statement of Activities (Continued)
Fiscal Year Ended June 30, 2017

Functions/Programs	Program Revenues				and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-Type Activities	Total	
Net Expenses from Previous Page					(361,061,412)	(2,413,266)	(363,474,677)	(153,236,018)
General Revenues								
Taxes								
Ad Valorem (Property) Taxes					165,148,640	-	165,148,640	-
Sales and Use Taxes					132,079,437	-	132,079,437	-
State Revenue Sharing					2,829,764	-	2,829,764	-
Minimum Foundation Program (MFP)					66,456,119	-	66,456,119	-
Minimum Foundation Program and Local Share					-	-	-	103,617,859
Orleans Parish School Board, State and Other Grants and Contracts					-	-	-	24,737,852
Interest and Investment Earnings					236,795	1,428,416	1,665,211	485,995
Internal Service Funds Net Operating Loss					1,684,019	-	1,684,019	-
Contributions and Donations					-	19,415,169	19,415,169	-
Judgments					1,089,834	-	1,089,834	-
Miscellaneous					7,523,709	-	7,523,709	12,539,367
Transfers					(62,518)	62,518	-	3,441,739
Total General Revenues, Transfers and Special Items					376,985,799	20,906,103	397,891,902	144,822,812
Change in Net Position					15,924,387	18,492,838	34,417,225	(8,413,206)
Net Position - June 30, 2016					476,961,658	79,957,167	556,918,825	7,273,113
Prior Period Adjustment - Pension Obligation Payable					(778,503)	-	(778,503)	-
Net Position - June 30, 2016 - Restated					476,183,155	79,957,167	556,140,322	7,273,113
Net Position - June 30, 2017					\$ 492,107,542	\$ 98,450,005	\$ 590,557,547	\$ (1,140,093)

The accompanying notes are an integral part of these financial statements.

BASIC FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA
Balance Sheet
Governmental Funds
June 30, 2017

	General Fund	Pass-Through Fund	General Obligation Bond Fund	QSCB Fund	Hurricane Katrina Restoration Fund	Capital Projects Fund	QSCB Construction Fund	Master Plan Fund	Facilities Preservation Fund	Federal Grant Fund	Other Governmental Funds	Total
Assets												
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes Receivable												
Sales Taxes	-	21,591,448	-	-	-	-	-	-	-	-	-	21,591,448
Ad Valorem Taxes	-	4,969,144	-	-	-	-	-	-	-	-	-	4,969,144
Due from Other Funds	-	-	-	-	-	-	-	2,014,162	-	-	-	2,014,162
Due from Other Governments	1,680,706	-	-	-	548,312	-	-	-	-	12,116,384	1,153,888	15,499,290
Equity in Pooled Cash	60,824,324	-	19,340,315	11,921,865	11,617,606	39,346,938	-	2,745,325	29,882,269	-	16,795,896	192,474,538
Prepaid Items and Other Assets	1,947,309	-	-	-	-	-	-	-	-	-	-	1,947,309
Inventory	-	-	-	-	-	-	-	-	-	-	70,617	70,617
Other Receivables	9,390,290	-	-	-	-	51,000	-	-	-	-	-	9,441,290
Restricted Investments	-	-	-	33,880,714	-	-	-	-	-	-	-	33,880,714
Total Assets	\$ 73,842,629	\$ 26,560,592	\$ 19,340,315	\$ 45,802,579	\$ 12,165,918	\$ 39,397,938	\$ -	\$ 4,759,487	\$ 29,882,269	\$ 12,116,384	\$ 18,020,401	\$ 281,888,512
Liabilities and Fund Balances												
Liabilities												
Accounts Payable	\$ 4,525,666	\$ 257,835	\$ -	\$ 102,613	\$ 822,516	\$ 1,085,456	\$ -	\$ -	\$ 224,588	\$ 1,459,747	\$ 1,681,924	\$ 10,160,345
Payroll Withholdings	1,475,952	-	-	-	-	-	-	-	-	-	-	1,475,952
Salaries Payable	266,904	-	-	-	-	-	-	-	-	-	-	266,904
Due to Other Funds	390,613	-	-	-	-	-	-	1,690,936	-	-	-	2,081,549
Due to Other Governments	2,510,196	567,182	-	-	-	-	-	5,000,000	8,007,833	30,114	-	16,115,325
Equity in Pooled Cash	-	15,371,344	-	-	-	-	-	-	-	10,829,527	660,135	26,861,006
Unearned Revenues	-	-	-	-	-	-	-	53,105,337	-	-	97,712	53,203,049
Funds Held for Future Distribution	-	10,364,231	-	-	-	-	-	-	-	-	-	10,364,231
Total Liabilities	9,169,331	26,560,592	-	102,613	822,516	1,085,456	-	59,796,273	8,232,421	12,319,388	2,439,771	120,528,361
Fund Balances (Deficit)												
Nonspendable:												
Prepaid Items	1,947,309	-	-	-	-	-	-	-	-	-	-	1,947,309
Inventory	-	-	-	-	-	-	-	-	-	-	70,617	70,617
Restricted for:												
Debt Service	-	-	19,340,315	45,699,966	-	-	-	-	-	-	-	65,040,281
Capital Projects	-	-	-	-	-	-	-	-	21,649,848	-	8,782,743	30,432,591
Committed for:												
Capital Projects	-	-	-	-	-	38,312,482	-	-	-	-	-	38,312,482
Assigned to:												
Special Programs	2,945,137	-	-	-	-	-	-	-	-	-	6,754,762	9,699,899
Unassigned	59,780,852	-	-	-	11,343,402	-	-	(55,036,786)	-	(203,004)	(27,492)	15,856,972
Total Fund Balances (Deficit)	64,673,298	-	19,340,315	45,699,966	11,343,402	38,312,482	-	(55,036,786)	21,649,848	(203,004)	15,580,630	161,360,151
Total Liabilities and Fund Balances	\$ 73,842,629	\$ 26,560,592	\$ 19,340,315	\$ 45,802,579	\$ 12,165,918	\$ 39,397,938	\$ -	\$ 4,759,487	\$ 29,882,269	\$ 12,116,384	\$ 18,020,401	\$ 281,888,512

The accompanying notes are an integral part of these financial statements.

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2017

Total Fund Balances at June 30, 2017 - Governmental Funds		\$ 161,360,151
Cost of Capital Assets at June 30, 2017	513,904,328	
Less: Accumulated Depreciation as of June 30, 2017		
Buildings	(70,004,385)	
Movable Property	<u>(11,416,652)</u>	432,483,291
Accounts Receivable - RSD		109,898,303
Deferred Outflows on Pension Obligation	14,621,119	
Deferred Inflows on Pension Obligation	<u>(1,638,434)</u>	12,982,685
Short-Term Interest Payable		(769,838)
Long-Term Liabilities at June 30, 2017		
Bonds Payable	(120,295,000)	
Bond Premium	(2,699,668)	
Claims Payable	(31,304,774)	
OPEB Obligation Payable	(255,000)	
Pension Obligation Payable	(68,777,206)	
Compensated Absences Payable	<u>(2,199,421)</u>	<u>(225,531,069)</u>
Total Net Position at June 30, 2017 - Governmental Activities		<u>\$ 492,107,542</u>

The accompanying notes are an integral part of these financial statements.

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
Fiscal Year Ended June 30, 2017

	General Fund	Pass-Through Fund	General Obligation Bond Fund	QSCB Fund	Hurricane Katrina Restoration Fund	Capital Projects Fund	QSCB Construction Fund	Master Plan Fund	Facilities Preservation Fund	Federal Grant Fund	Other Governmental Funds	Total
Revenues												
Local Sources												
Ad Valorem Taxes	\$ 9,724,207	\$ 137,470,758	\$ 10,717,213	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,236,462	\$ -	\$ -	\$ 165,148,640
Sales and Use Tax	8,168,129	103,270,267	-	11,735,260	-	-	-	-	8,905,781	-	-	132,079,437
Earnings on Investments	189,585	-	6,274	-	-	-	14,058	26,878	-	-	-	236,795
Food Services	-	-	-	-	-	-	-	-	-	-	120,955	120,955
Donations	80,640	-	-	-	-	-	-	-	-	-	4,187,456	4,268,096
Other	6,138,983	7,525	-	-	78,157	-	-	-	-	-	1,507,733	7,732,398
State and Federal Sources												
Minimum Foundation Program	15,934,574	50,521,545	-	-	-	-	-	-	-	-	110,243	66,566,362
State Revenue Sharing	2,829,764	-	-	-	-	-	-	-	-	-	-	2,829,764
Other	553,516	311,395	-	-	-	-	-	-	-	178,480	1,381,679	2,425,070
Federal Sources	248,961	-	-	-	20,856,616	-	-	-	-	24,357,294	6,376,558	51,839,429
Total Revenues	43,868,359	291,581,490	10,723,487	11,735,260	20,934,773	-	14,058	26,878	16,142,243	24,535,774	13,684,624	433,246,946
Expenditures												
Current												
Instruction												
Regular Programs	13,655,371	-	-	-	21,816	-	-	-	-	269,403	155,235	14,101,825
Special Programs	4,062,121	-	-	-	-	-	-	-	-	2,087,134	-	6,149,255
Other Programs	2,549,970	-	-	-	-	-	-	-	-	12,621,248	1,289,924	16,461,142
Support												
Student Services	3,546,025	-	-	-	-	-	-	-	-	3,531,756	30,206	7,107,987
Instructional Staff Support	2,023,129	-	-	-	70,538	-	-	-	-	4,328,756	34,024	6,456,447
General Administration	3,822,539	9,163,174	429,867	190,015	-	-	-	-	432,004	-	-	14,037,599
School Administration	3,247,948	-	-	-	-	-	-	-	-	-	484,878	3,732,826
Business Services	1,557,336	-	-	-	-	-	-	-	-	5,150	142,907	1,705,393
Student Transportation Services	4,553,681	-	-	-	-	-	-	-	-	206,740	-	4,760,421
Central Services	2,638,823	-	-	-	-	10,678	-	-	-	42,794	-	2,692,295
Plant Services	7,259,427	-	-	-	-	913,346	-	-	170,239	-	47,032	8,390,044
Food Services	-	-	-	-	-	-	-	-	-	-	5,034,816	5,034,816
Capital Outlay	-	-	-	-	2,548,911	11,138,781	-	-	595,701	-	1,310,079	15,593,472
Other	2,837,248	-	-	-	-	-	-	-	-	-	-	2,837,248
Debt Service												
Principal Retirement	-	-	10,375,000	-	-	-	-	-	-	-	-	10,375,000
Interest and Bank Charges	-	-	2,243,475	238,271	-	-	-	-	-	-	-	2,481,746
Total Expenditures	51,753,618	9,163,174	13,048,342	428,286	2,641,265	12,062,805	-	-	1,197,944	23,092,981	8,529,101	121,917,516
Excess (Deficiency) of Revenues												
Over (Under) Expenditures	(7,885,259)	282,418,316	(2,324,855)	11,306,974	18,293,508	(12,062,805)	14,058	26,878	14,944,299	1,442,793	5,155,523	311,329,430

The accompanying notes are an integral part of these financial statements.

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA
Statement of Revenues, Expenditures and
Changes in Fund Balances (Continued)
Governmental Funds
Fiscal Year Ended June 30, 2017

	General Fund	Pass-Through Fund	General Obligation Bond Fund	QSCB Fund	Hurricane Katrina Restoration Fund	Capital Projects Fund	QSCB Construction Fund	Master Plan Fund	Facilities Preservation Fund	Federal Grant Fund	Other Governmental Funds	Total
Other Financing Sources (Uses)												
Judgments	1,089,834	-	-	-	-	-	-	-	-	-	-	1,089,834
Other	-	(110,243)	-	-	-	-	-	-	-	-	-	(110,243)
Transfers In	2,164,818	-	-	-	10,910,614	52,256,061	-	-	-	-	2,505,979	67,837,472
Transfers Out	-	-	-	-	(879,365)	(12,599,746)	(52,256,061)	-	-	(1,453,460)	(711,358)	(67,899,990)
Transfers Out - Charter Schools	-	(118,723,456)	-	-	-	-	-	-	-	-	(3,187,906)	(121,911,362)
Transfers Out - Recovery School District	-	(163,584,617)	-	-	-	-	-	(18,868,212)	(8,007,833)	(35,763)	-	(190,496,425)
Total Other Financing Sources (Uses)	3,254,652	(282,418,316)	-	-	10,031,249	39,656,315	(52,256,061)	(18,868,212)	(8,007,833)	(1,489,223)	(1,393,285)	(311,490,714)
Net Change in Fund Balances	(4,630,607)	-	(2,324,855)	11,306,974	28,324,757	27,593,510	(52,242,003)	(18,841,334)	6,936,466	(46,430)	3,762,238	(161,284)
Fund Balances, June 30, 2016	69,303,905	-	21,665,170	34,392,992	(16,981,355)	10,718,972	52,242,003	(36,195,452)	14,713,382	(156,574)	11,818,392	161,521,435
Fund Balances, June 30, 2017	\$ 64,673,298	\$ -	\$ 19,340,315	\$ 45,699,966	\$ 11,343,402	\$ 38,312,482	\$ -	\$ (55,036,786)	\$ 21,649,848	\$ (203,004)	\$ 15,580,630	\$ 161,360,151

The accompanying notes are an integral part of these financial statements.

ORLEANS PARISH SCHOOL BOARD
 NEW ORLEANS, 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, 2017

Excess of Expenditures and Other Uses Over Revenues and		
Other Financing Sources - Total Governmental Funds		\$ (161,284)
Capital Assets		
Capital Outlay and Other Expenditures Capitalized	8,745,209	
Depreciation Expense for Year Ended June 30, 2017	<u>(5,787,132)</u>	2,958,077
Change in Net Assets of Internal Service Funds		1,684,019
Long-Term Debt		
Bond Premium, Net	844,095	
Principal Portion of Debt Service and Capital Lease Payments	10,375,000	
Excess of Interest Paid Over Interest Accrued	167,584	
Decrease in Estimate of Long-Term Claims Payable	379,160	
Decrease in OPEB Obligation Payable	234,000	
Excess of Actual Employer Contributions Over Pension Expense	(959,119)	
Excess of Compensated Absences Earned Over Amounts Used	<u>402,855</u>	<u>11,443,575</u>
Change in Net Position - Governmental Activities		<u>\$ 15,924,387</u>

The accompanying notes are an integral part of these financial statements.

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA
Statement of Net Position
Proprietary Funds
June 30, 2017

	Business-Type Activities			Governmental
	Enterprise Funds			Activities
	Orleans Schools			Internal
	Timbers	Facility Foundation	Totals	Service
Assets				
Current				
Cash and Cash Equivalents	\$ -	\$ 9,475,258	\$ 9,475,258	\$ -
Equity in Pooled Cash	1,979,063	-	1,979,063	4,903,919
Other Receivables	2,500	-	2,500	242,859
Due from Other Funds	-	1,690,936	1,690,936	-
Loan Receivable and Accrued Interest	-	1,719,029	1,719,029	-
Prepaid Items and Other Assets	-	-	-	679,438
Noncurrent				
Loan Receivable	-	79,091,520	79,091,520	-
Capital Assets				
Land	1,440,992	-	1,440,992	-
Net Investment in Capital Assets	5,579,402	-	5,579,402	-
Total Assets	9,001,957	91,976,743	100,978,700	5,826,216
Liabilities and Net Position				
Liabilities				
Current				
Accounts Payable	466,057	-	466,057	485,365
Deposit Payable	48,476	-	48,476	-
Due to Other Funds	-	2,014,162	2,014,162	-
Equity in Pooled Cash	-	-	-	283,251
Noncurrent				
Claims Payable	-	-	-	1,616,929
Unearned Revenue	-	-	-	1,756,652
Total Liabilities	514,533	2,014,162	2,528,695	4,142,197
Net Position				
Unrestricted	8,487,424	89,962,581	98,450,005	1,684,019
Total Net Position	\$ 8,487,424	\$ 89,962,581	\$ 98,450,005	\$ 1,684,019

The accompanying notes are an integral part of these financial statements.

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA
Statement of Revenues, Expenses
and Changes in Net Position
Proprietary Funds
Fiscal Year Ended June 30, 2017

	Business-Type Activities			Governmental
	Enterprise Funds			Activities
	Orleans Schools			Internal
	Timbers	Facility Foundation	Totals	Service
Operating Revenues				
Employer Contributions	\$ -	\$ -	\$ -	\$ 7,219,356
Retiree Contributions	-	-	-	940,240
Employee Contributions	-	-	-	16,087
Workers Compensation Reimbursement	-	-	-	1,735,055
Rental Income	1,263,901	65	1,263,966	-
Other Miscellaneous	8,467	-	8,467	-
Total Operating Revenues	1,272,368	65	1,272,433	9,910,738
Operating Expenses				
Business Services	121,909	-	121,909	-
Central Services	-	-	-	7,710,079
Plant Services	1,510,751	99	1,510,850	-
General Administrative	9,789	-	9,789	516,640
Capital Outlay	28,988	-	28,988	-
Total Operating Expenses	1,671,437	99	1,671,536	8,226,719
Operating Loss	(399,069)	(34)	(399,103)	1,684,019
Nonoperating Revenues				
Investment Income	44	1,428,372	1,428,416	-
Contributions and Donations	-	19,415,169	19,415,169	-
Transfers In	62,518	-	62,518	-
Transfers Out	-	-	-	-
Transfers Out - Other LEA	-	(2,014,162)	(2,014,162)	-
Total Nonoperating Revenues	62,562	18,829,379	18,891,941	-
Change in Net Position	(336,507)	18,829,345	18,492,838	1,684,019
Net Position, June 30, 2016	8,823,931	71,133,236	79,957,167	-
Net Position, June 30, 2017	\$ 8,487,424	\$ 89,962,581	\$ 98,450,005	\$ 1,684,019

The accompanying notes are an integral part of these financial statements.

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA
Statement of Cash Flows
Proprietary Funds
Fiscal Year Ended June 30, 2017

	Business-Type Activities			Governmental
	Enterprise Funds			Activities
	Timbers	Orleans Schools Facility Foundation	Totals	Internal Service
Cash Flows from Operating Activities				
Cash Premiums Received	\$ -	\$ -	\$ -	\$ 10,440,836
Receipts from Customers	1,255,982	65	1,256,047	-
Payments for Claims and Benefits	-	-	-	(10,440,836)
Payments to Suppliers	(839,103)	(99)	(839,202)	-
Payments to Employees and for Employee Benefits	(416,923)	-	(416,923)	-
Net Cash Provided by (Used in) Operating Activities	(44)	(34)	(78)	-
Cash Flows from Capital and Related Financing Activities				
Contributions and Donations	-	19,415,170	19,415,170	-
Receipts from Other Funds	-	-	-	-
Purchase of Capital Assets	-	-	-	-
Net Cash Provided by Capital and Related Financing Activities	-	19,415,170	19,415,170	-
Cash Flows from Investing Activities				
Cash Receipts from Loan Collections	-	998,657	998,657	-
Cash Payments for Loans to Others	-	(13,868,214)	(13,868,214)	-
Interest Income	44	1,321,845	1,321,889	-
Net Cash Provided by (Used in) Investing Activities	44	(11,547,712)	(11,547,668)	-
Net Increase in Cash	-	7,867,424	7,867,424	-
Cash at Beginning of Year	-	1,607,833	1,607,833	-
Cash at End of Year	\$ -	\$ 9,475,257	\$ 9,475,257	\$ -

The accompanying notes are an integral part of these financial statements.

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA
Statement of Cash Flows (Continued)
Proprietary Funds
Fiscal Year Ended June 30, 2017

	Business-Type Activities			Governmental
	Enterprise Funds			Activities
	Orleans Schools			Internal
	Timbers	Facility Foundation	Totals	Service
Reconciliation of Operating Loss to Net Cash Used in Operating Activities				
Operating Loss	\$ (399,069)	\$ (34)	\$ (399,103)	\$ 1,684,019.00
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:				
Depreciation	121,909	-	121,909	-
Changes in:				
Equity in Pooled Cash	(27,559)	-	(27,559.00)	754,858
Other Receivables	7,238	-	7,238	268,690
Prepaid Items and Other Assets	-	-	-	(28,140)
Accounts Payable	293,502	-	293,502	(823,118)
Unearned Revenue	-	-	-	(751,402)
Deposits Payable	3,935	-	3,935	-
Claims Payable	-	-	-	(1,104,907)
Net Cash Used in Operating Activities	\$ (44)	\$ (34)	\$ (78)	\$ -

The accompanying notes are an integral part of these financial statements.

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Trust Funds	Agency Funds
Assets		
Cash	\$ -	\$ 356,408
Investments	282,875	-
Due from Other Funds	389,700	913
Equity in Pooled Cash	373,902	-
Total Assets	1,046,477	357,321
Liabilities		
Accounts Payable	215,348	-
Due to Student Groups	-	357,321
Total Liabilities	215,348	357,321
Net Position		
Held in Trust for Various Purposes	\$ 831,129	\$ -

The accompanying notes are an integral part of these financial statements.

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Fiscal Year Ended June 30, 2017

	Trust Funds
Additions	
Other Miscellaneous	\$ 1,300,000
Interest and Investment Loss	(13,745)
Total Additions	<u>1,286,255</u>
Deductions	
Instruction	
Special Programs	1,257,787
Support	
Business Services	<u>10,353</u>
Total Deductions	1,268,140
Change in Net Position	<u>18,115</u>
Net Position - Beginning	<u>813,014</u>
Net Position - Ending	<u><u>\$ 831,129</u></u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

**ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 1. General Information

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

As of the report date, the School Board has 568 full-time or part-time employees of which 290 are involved in the instructional process.

In November 2005, Louisiana House Bill 121 (Act 35) transferred control of each School Board school deemed to be in academic crisis, as determined by standardized student testing results, resulting in approximately 83% (106 schools) of the School Board's former schools being transferred to the Louisiana State Department of Education's Recovery School District (RSD). The RSD is responsible for providing all educational services to students attending the School Board transferred schools. Act 35 provided for the transfer of operational and managerial control of the transferred schools for a period of not less than five years. Further, Act 35 provides the RSD with authorization to manage and retain funding under the Minimum Foundation Program corresponding to the students attending the transferred schools. While the School Board retains ownership of each School Board transferred school, all rights and responsibilities associated with property ownership were transferred to the RSD.

As of the report date, the School Board is operating six schools and two programs with approximately 3,500 students. The School Board also has seventeen charter schools opened and operating that have approximately 11,900 students. The School Board is working collaboratively with the RSD to ensure that a sufficient number of additional schools are opened to provide educational services to the New Orleans student population.

The regular school term begins in mid-August and runs through late May.

Note 2. Summary of Significant Accounting Policies

The School Board complies with accounting principles generally accepted in the United States of America (GAAP). The School Board's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

This financial report has been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. The following is a summary of the School Board's significant accounting policies:

Financial Reporting Entity

The accompanying financial statements present the School Board and its component units, as determined under the guidelines established by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*.

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Financial Reporting Entity (Continued)

GASB has set forth criteria to be considered in determining when a potential component unit should be included in the financial statements of a primary government. These criteria include:

1. The primary government is financially accountable if it appoints a voting majority of the organization's governing, and
 - a. It is able to impose its will on that organization.
 - b. There is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.
2. The primary government is financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government regardless of whether the organization has (a) a separately elected governing board, (b) a governing board appointed by a higher level of government, or (c) a jointly appointed board.
3. The primary government may determine, through exercise of management's judgment, that an organization that does not meet the specific financial accountability criteria should be included as a component unit to prevent the reporting entity's financial statements from being misleading. This determination should be based on the nature and significance of the organization's relationship with the primary government.

Under provisions of this Statement, the School Board is considered a *primary government*, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. The School Board has seventeen discretely presented component units, defined by GASB Statement No. 61 as other legally separate organizations for which the School Board is financially accountable. Copies of submitted audited financial statements are available on the legislative auditor's web site at www.lfa.state.la.us. The School Board also has one component unit blended with the primary government due to the closeness of their relationship with the primary government. This component unit is the Orleans Schools Facility Foundation (OSFF), a non-profit organization, reported as an enterprise fund. Separate financial statements for OSFF are not issued.

There are no other primary governments with which the School Board has a significant relationship. Certain units of local government over which the School Board exercises no authority, such as the City-Parish government and other independently elected officials, are excluded from the accompanying financial statements. These units of government are considered separate from those of the School Board. The School Board is not a component unit of any other entity.

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Financial Reporting Entity (Continued)

Discretely presented component units which require inclusion in the basic financial statements are as follows:

Component Units	Number of Students
Charter Schools	
* Audubon Charter School	868
* Benjamin Franklin High School	945
* Bricolage Academy	335
* Cypress Academy	105
* Einstein Charter School	1,413
* Encore Learning	516
* Foundation Preparatory	111
* Homer A. Plessy Community School	252
* Hynes Charter School	707
* InspireNOLA Charter Schools	
Alice M. Harte Elementary	767
Edna Karr High School	1,098
Wilson Charter School	582
* Lake Forest Elementary Charter School	622
* Lusher Charter School	1,740
* New Orleans Charter Science and Math High School	454
* Robert Russa Moton Charter School	382
* Warren Easton Senior High School	1,007
	<hr/>
Total Charter Student Enrollment	11,904

* Submitted June 30, 2017 audited financial statements.

Primary Government	Number of Students
Orleans Parish School Board (OPSB) Schools	
Schools:	
Bethune Elementary School	615
McDonogh No. 35 High School	842
Eleanor McMain High School	851
Benjamin Franklin Elementary Math and Science	796
Mahalia Jackson Elementary School	275
McDonogh No. 35 Career Academy	47
Programs:	
Alternative Learning Center	32
Youth Study Center	36
	<hr/>
Total OPSB Student Enrollment	3,494

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Basis of Presentation

The School Board's *Basic Financial Statements* consist of the government-wide statements on all of the non-fiduciary activities and the fund financial statements (individual major funds and combined non-major funds). Separate financial statements are provided for governmental funds and proprietary funds. The statements are prepared in accordance with accounting principles generally accepted in the United States of America, as applied to governmental units.

Government-Wide Financial Statements

The Government-Wide Financial Statements (GWFS) were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability has been incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Program revenues include 1) charges for services provided, 2) operating grants and contributions, and 3) capital grants and contributions; program revenues reduce the cost of the function to be financed from the School Board's general revenues. Operating grants and contributions consist of the many educational grants received from the federal and state government.

As a general rule, the effect of interfund activity has been removed from these statements. Exceptions to the general rule are advances between fiduciary funds and the various functions of the School Board. The government-wide presentation focuses primarily on the sustainability of the School Board as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

The internal service funds provide services to the governmental funds. Accordingly, the internal service funds activities were rolled up into the governmental activities in the GWFS. Pursuant to GASB Statement No. 34, the internal activities have been eliminated in order to avoid the "grossing-up" effect of a straight inclusion.

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, which can be specifically identified by function, is included in the direct expenses 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

The Fund Financial Statements (FFS) are very similar to the traditional government fund statements as presented by governments prior to the issuance of GASB Statement No. 34. Emphasis is on the major funds in either the governmental or business-type categories. Non-major funds (by category or fund type) are summarized into a single column.

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Fund Financial Statements (Continued)

The daily accounts and operations of the School Board are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The funds of the School Board are classified into three broad categories: Governmental, Proprietary and Fiduciary. In turn, each category is divided into separate fund types.

Governmental Fund Types

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

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes. These funds account for the revenues and expenditures related to federal, state and local grant and entitlement programs for various educational objectives and child nutrition services.

Debt Service Funds - Debt Service Funds, established to meet requirements of bond ordinances and other long-term borrowing, are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs and some capitalized leases. A separate Debt Service Fund is maintained for each similar bond issue type (e.g., General Obligation Bonds, Refunding Bonds) or each refunding, unique issue, or long-term loan currently outstanding.

Capital Projects Funds - Capital Projects Funds are used to account for the receipt and disbursement of the proceeds of general bond issues and other special or designated revenues used for the acquisition or construction of major capital facilities, renovations and major repairs (other than General Fund capital outlays, and Special Revenue Fund capital outlays).

Proprietary Fund Types

Enterprise Fund - Timbers - An enterprise fund established to account for the rental receipts and operating costs of three buildings located in New Orleans, LA. The Timbers Enterprise Fund is reported as a major fund.

Enterprise Fund - Orleans Schools Facility Foundation - An enterprise fund established to account for the activity of the Orleans Schools Facilities Foundation (OSFF), a public benefit corporation of the School Board organized under the provisions of the Public School Facilities Financing Act contained in LA. R.S. 17:100.10. The purpose of OSFF is to assist in facilitating tax credit financing for the construction and renovation school buildings as described in Note 21. The Orleans Schools Facility Foundation Enterprise Fund is reported as a major fund.

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Proprietary Fund Types (Continued)

Internal Service Funds - Internal Service Funds are used to account for the financing of services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis. The Employee Health Insurance Fund, Retiree Health Insurance Fund, Workers' Compensation Insurance Fund and E-Rate Fund are reported as Internal Service Funds.

Fiduciary Fund Types

Agency Funds - Agency Funds are used to account for assets held by the School Board as an agent for individuals, private organizations or other governmental units and/or other funds. The School Board has one agency fund which is used to account for those monies collected by pupils and school personnel for school and school-related purposes.

Trust Funds - Trust Funds are created to account for cash, investments and other resources contributed by various individuals to the School Board to be expended for purposes for which the trusts were established.

In accordance with GASB, the Fiduciary Funds information is presented separately within this report and is not included in the Government-Wide Financial Statements or Fund Financial Statements.

Major Funds

The School Board reports the following major governmental funds:

General Fund – The General Fund is the primary operating fund of the School Board. It is used to account for all financial resources except those required to be accounted for in another fund.

Pass-Through Fund – Special revenue fund established to account for the collection of ad valorem taxes, sales taxes and certain state funding. These revenues are then transferred to the appropriate funds or other entities.

General Obligation Bond Fund – Debt service fund established to account for the accumulation of resources for and payment of long-term debt principal, interest and related costs on outstanding general obligation bonds issued by the School Board. Fund revenues include receipt of ad valorem taxes from constitutional millage and interest earned on cash balances. Additionally, the School Board may transfer from the General Fund amounts to cover deficiencies, if any, or to provide additional reserves to service future obligations.

Qualified School Construction Bond (QSCB) Fund – Established to account for the accumulation of resources for and payment of long-term debt principal, interest and related costs on outstanding bonds issued by the School Board. Fund revenues include receipt of sales and use taxes and interest earned on cash balances. Effective fiscal year 2014, sales and use tax revenues were transferred to fund debt service obligations that commenced in fiscal year 2015. Additionally, the School Board may transfer additional sales and use tax amounts to cover deficiencies, if any, or to provide additional reserves to service future obligations.

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Major Funds (Continued)

Hurricane Katrina Restoration Fund – Capital projects fund established to account for receipts and expenditures for projects funded by FEMA grant monies for reimbursement of allowable expenditures. Fund expenditures are used for mold remediation inside flooded schools, repairs and major construction to hurricane damaged schools, school facilities and administrative facilities.

Capital Projects Fund – Capital projects fund established to account for the receipts and disbursements for projects funded from the sales of surplus properties and insurance proceeds. Fund expenditures are used for both new construction and the renovation of existing facilities.

QSCB Construction Fund – Capital projects fund established to account for the construction, rehabilitation and repair of public school facilities funded through the Qualified School Construction Bonds (QSCB).

Master Plan Fund – Capital projects fund established to account for the receipts and disbursements for the rebuilding of schools funded by insurance proceeds.

Facilities Preservation Fund – Capital projects fund established pursuant to Act 543. It is to provide the allocation and dedication of certain local tax revenues to the replacement, repair and improvement of school facilities.

Federal Grant Fund – Special revenue fund established to account for revenues from federal sources which are legally restricted to expenditures for specified purposes.

Basis of Accounting/Measurement Focus

Government-Wide Financial Statements (GWFS)

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

Fund Financial Statements (FFS)

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

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Fund Financial Statements (FFS) (Continued)

The Proprietary Fund and Fiduciary Fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The Proprietary Fund type's operating statement presents increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. For the Enterprise Fund – Timbers, the principal operating revenues are charges to tenants for rent, and operating expenses include costs to maintain and operate the building. For the Enterprise Fund – Orleans Schools Facility Foundation, there are no significant operating revenues or expenses as the activity is principally collection of payments related to the loan receivable. In the Internal Service Funds, current premium and claims expenses or increases in claims estimates occurring in the current period are considered operating expenses.

Contributions received which are related to these operating expenses are considered operating revenues. Interest earned on bank accounts or monies received from other funds which exceed their allocated share of the current operating expenses of the Proprietary Fund are considered non-operating revenues or transfers in to the fund.

The Governmental Fund type is accounted for on the modified accrual basis of accounting. The following paragraphs describe the revenue recognition practices under that basis.

Revenues

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Charges for services, fines and forfeits, and most governmental miscellaneous revenues, including investment earnings are recorded as earned since they are measurable and available. The School Board's definition of available means expected to be received within sixty days of the end of the fiscal year for property taxes and generally the next twelve months for other revenues. Revenues not considered available are recorded as unearned revenues.

Non-exchange transactions, in which the School Board receives value without directly giving value in return, include sales taxes, property taxes, special assessments, grants, entitlements, and donations. Property taxes are considered measurable in the calendar year of the tax levy if collected soon enough to meet the availability criteria. Sales taxes are considered measurable when the underlying transaction occurs and meets the availability criteria. Anticipated refunds of such taxes are recorded as fund liabilities and reductions of revenue when they are measurable and valid. Special assessments are recognized as revenues only to the extent that individual installments are considered current assets in the governmental fund types. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources can be used.

Expenditures

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

The Proprietary Fund and Trust Funds are accounted for using the accrual basis of accounting; revenues are recognized when earned and expenses are recognized when incurred.

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Budget and Budgetary Accounting

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

The General Fund and the Special Revenue Funds are the only funds with legally required budgets. The General Fund budget and the Special Revenue Funds' budgets are adopted on an annual basis. These budgets include proposed expenditures and the means of financing them.

Annually, the Superintendent submits to the School Board a proposed annual appropriated budget for the General Fund and Special Revenues Funds. Public hearings are advertised and conducted to obtain taxpayer comments and the proposed budgets are published. The budget is adopted by the School Board and, as required, is submitted no later than September 30th to the State Department of Education for approval. The Superintendent is authorized to move budgeted items within the functional categories, the legal level of control, but may not increase the total amount authorized.

Expenditures for Special Revenue Fund budgets, except for the Child Nutrition Program, may not exceed budgeted amounts by more than five percent unless a budget revision is approved by the State Department of Education. For the Child Nutrition Program, budget amendments follow the same requirements as the General Fund.

The Capital Projects Funds' budgets are adopted on a project basis, since such projects may be started and completed at any time during the year or may extend beyond one fiscal year. Capital Projects Funds are allocated by project using architectural and engineering estimates. All projects remain programmed and funded until completed or until the School Board decides to eliminate the project. Accordingly, budget and actual comparisons are not reported in the basic financial statements for those funds.

Budgets are prepared on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Unencumbered appropriations lapse at the end of the fiscal year. Encumbered appropriations at year end that have been approved by the Board are generally expended during the next fiscal year's operations, assuming that the underlying liability is ultimately incurred. Budgeted amounts are as originally adopted or as amended by the Board. Legally, the Board must adopt a balanced budget; that is, total budgeted revenues and other financing sources including fund balance must equal or exceed total budgeted expenditures and other financing uses. State statutes require the School Board to amend its budgets when revenues plus projected revenues within a fund are expected to be less than budgeted revenues by five percent or more and/or expenditures within a fund are expected to exceed budgeted expenditures by five percent or more.

Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services; they are reported as restricted, committed or assigned fund balance.

Cash, Cash Equivalents and Investments

Cash and cash equivalents include interest-bearing demand deposits and short-term investments as described below, with a maturity date within three months of the date of acquisition. The School Board maintains an accounting record reflecting the equity or deficit of each participating fund's interest in a pooled operating cash account.

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Cash, Cash Equivalents and Investments (Continued)

State statutes authorize the School Board to invest in United States bonds, treasury notes, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. The School Board's Cash Management and Investment Policy requires that cash balances of all funds are combined and invested to the extent possible in direct obligations of the U.S. Government or its agencies, certificates of deposit and other short-term obligations. Interest earned on these investments is distributed to the individual funds on the basis of invested balances of the participating funds during the year.

Investments for the School Board are reported at fair value.

Accounts Receivable

Management has recorded a \$253,159 allowance for Federal Grant Fund receivables. Management considers all other receivables outstanding at June 30, 2017, to be fully collectible and as such, has no provision for uncollectible receivables recorded related to these receivables.

Inventory - Government-Wide Level

Inventory is stated at first-in, first-out (FIFO) cost and consists of food items held for consumption at the various schools. The cost of inventory items is recognized as an expense when used.

Inventory - Fund Level

Inventory of the Child Nutrition Special Revenue Fund consists of food, lunchroom materials, and supplies purchased by the School Board and commodities granted by the United States Department of Agriculture (USDA) through the Louisiana Department of Agriculture and Forestry. Inventory items purchased are valued at FIFO cost. Costs are recorded as expenditures at the time individual items are consumed (consumption method). Commodities are valued at the market value at the date of donation based on market values provided by the USDA. The amount of commodity inventory is included in unearned revenue until consumed.

Long-Term Accounts Receivable - RSD and Return of Capital Assets from the RSD

As disclosed in Note 1, Act 35 transferred 106 schools from the School Board to the RSD. For the schools transferred to the RSD, the School Board recognized a receivable for the net book value of the land, buildings and equipment for the schools transferred.

For those schools that are returned to and accepted by the School Board from the RSD, Long-Term Accounts Receivable - RSD is reduced and capital assets are increased by the net book value of the land, buildings and equipment that were initially transferred to the RSD. Management will then perform an assessment to determine whether the land, buildings and equipment (the facilities) have incurred impairment, as well as perform an assessment to determine whether any significant enhancements or improvements have been made to the facilities.

For facilities deemed to be impaired, an impairment charge is recorded to the GWFS. For facilities which significant improvements or enhancements have been made, the value of the enhancements or improvements are recorded for the actual costs incurred for the new structure or improvements, net of the amount of depreciation calculated for the period from when the enhancements or improvements were initially placed in service by the RSD to the date in which the facilities were returned to the School Board. For those instances in which cost information is not available, a professional appraisal shall be obtained.

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Long-Term Accounts Receivable - RSD and Return of Capital Assets from the RSD (Continued)

For facilities transferred to the School Board, depreciation resumes/initiates once the facilities are placed into service by the School Board. The remaining useful lives of facilities transferred to the School Board are evaluated for reasonableness. Depreciation on the facilities is recognized on a straight-line basis over the estimated remaining useful life.

During the year ended June 30, 2017, there were no properties were transferred from the RSD to the School Board.

Capital Assets

All capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The School Board maintains threshold levels for capitalizing capital assets as follows: movable capital assets with a cost of \$5,000 or more per unit, all land and land improvements with a cost of \$50,000 or more, and buildings and building improvements that extend the useful life of a building with a cost of \$50,000 or more.

Capital assets are recorded in the GWFS, but are not reported in the FFS. All capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purposes by the School Board, no salvage value is taken into consideration for depreciation purposes. Useful lives are as follows: from 3 to 10 years for furniture and equipment, 5 to 8 years for transportation equipment, 5 to 20 years for equipment, 25 years for building improvements, 10 to 20 years for improvements other than building, and 20 to 40 years for buildings. Costs of assets damaged by Hurricane Katrina were reduced by the impairment and the adjusted cost depreciated over the assets' remaining useful life.

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the GWFS as "internal balances."

Fund Equity

The School Board follows GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* which provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which the resources can be used.

Nonspendable - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Fund Equity (Continued)

Restricted - amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government) through constitutional provisions, or by enabling legislation.

Committed - amounts constrained to specific purposes by a government itself, using its highest level of decision making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Assigned - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or an official or body which the governing body delegates the authority.

Unassigned - amounts that are available for any purpose.

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

Interfund Transactions

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

Compensated Absences

Under School Board policy, each employee is entitled to ten days of sick leave per year. Sick leave may be accumulated without limit; however, employees or their heirs are only reimbursed for accumulated sick leave up to twenty-five days upon death or retirement at the employees' current rate of pay. The accrual computation for earned sick leave is calculated on a 25-day maximum per employee. Sick leave is not payable upon discharge or termination (non-retirement). Upon retirement, accumulated sick leave in excess of reimbursement may be used in the retirement benefit computation as earned service.

Full-time employees who work year-round are granted vacation in varying amounts (maximum of 22 days per year) as established by School Board policy. Such leave is credited on a pro rata basis at the end of each payroll reporting period and accumulates. All leave earned during any fiscal year must be taken within the following six month period or it is forfeited. Any unused leave may be paid to the employee at termination.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Compensated Absences (Continued)

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

Unearned Revenues

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

Funds Held For Future Distribution

Funds held for future distribution represent funds for which the School Board has not made a determination as to the amount or who may have a legal claim to the funds, such as RSD or charter schools. Once the School Board has determined that either it or another entity has a legal claim to the resources, the amounts identified are reclassified as either revenue or as an obligation due to another entity.

Long-Term Obligations

For government-wide reporting, the issuance costs associated with the bonds are considered an outflow of resources in the reporting period in which they are incurred in accordance with GASB Statement No. 65.

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as other financing sources, net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Restricted Net Position

For the government-wide statement of net position, net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

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

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Pension Plans (Plans)

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the Plans, and additions to/deductions from the Plans' fiduciary net positions have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Adoption of New Accounting Principles

For the year ended June 30, 2017, the following statements were implemented:

GASB Statement No. 77, *Tax Abatement Disclosures*, improves financial reporting by providing financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs. As a result of implementation of this statement, additional disclosures related to tax abatements is included in Note 22.

GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73 amends Statements 67 and 68* requires the presentation of covered payroll instead of covered-employee payroll. Covered payroll is defined as the payroll on which contributions to a pension plan are based. Other provisions of this Statement do not impact financial reporting of the School Board. As a result of the implementation of this statement, the pension-related schedules in the required supplementary information have been adjusted to reflect covered payroll amounts for all years presented.

Note 3. Deposits and Investments

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Under state law, all deposits are secured by federal depository insurance or the pledge of securities held by the pledging banks agent in the School Board's name. At June 30, 2017, the carrying amount of the School Board's deposits (demand deposits) was \$181,688,521 and the related bank balances were \$184,348,688. The bank balance of \$184,348,688 was covered by federal depository insurance or secured by bank owned securities specifically pledged to the School Board and held in joint custody by an independent bank or trust department.

In addition, six schools maintained Student Activity Funds with book and bank balances at June 30, 2017 of \$356,409 and \$365,207, respectively. The bank balances of these accounts were secured by federal depository insurance and the pledge of securities held by the pledging bank's agent in the School Board's name. These funds are not assets of the School Board, but rather assets held for the benefit of the students attending those schools and are reported as Agency Funds in the Other Supplementary Information section and not included in the GWFS.

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA

Notes to Financial Statements

Note 3. Deposits and Investments (Continued)

Investments

As of June 30, 2017, assets classified as investments exist in the QSCB Fund and in the Fiduciary Trust Fund. The assets in each fund are invested in accordance with the investment policies of each plan. The assets are as follows:

	2017
U.S. Treasury Notes	\$ 33,600,000
Marketable Securities	282,875
Total Investments	\$ 33,882,875

As of June 30, 2017, the debt maturities of the QSCB Fund's investments in debt securities were as follows:

	Investment Maturities (in Years)				
	Fair Value	Less than 1	1 - 5	6 - 10	More than 10
U.S. Treasury Notes	\$ 33,600,000	\$ -	\$ 33,600,000	\$ -	\$ -
Total	\$ 33,600,000	\$ -	\$ 33,600,000	\$ -	\$ -

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. In general, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The School Board has a formal investment policy that limits investment of amounts in excess of immediate cash requirements only to statutorily permitted investments.

Credit risk. State law limits investments to the following:

1. Direct United States Treasury obligations
2. Bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by federal agencies and provided such obligations are backed by the full faith and credit of the United States of America
3. Bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by U.S. government instrumentalities, which are federally sponsored
4. Direct security repurchase agreements of any federal book entry only securities
5. Time certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana, savings accounts or shares of savings and loan associations and savings banks
6. Mutual or trust fund institutions which are registered with the SEC and which have underlying investments consisting solely of and limited to securities of the United States government or its agencies
7. Guaranteed investment contracts issued by a bank, financial institution, insurance company, or other entity having one of the two highest short-term rating categories of either Standard & Poor's Corporation or Moody's Investors Service
8. Investment grade commercial paper of domestic United States corporations

The School Board has no investment policy that would further limit its investment choices.

**ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 3. Deposits and Investments (Continued)

Fair Value Measurement

The investments measured and reported at fair value are classified according to the following hierarchy:

- Level 1 - Investments reflect prices quoted in active markets.
- Level 2 - Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3 - Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk. Debt, equities, and investment derivatives classified in Level 1 of the fair value hierarchy are valued directly from a predetermined primary external pricing vendor. Assets classified in Level 2 are subject to pricing by an alternative pricing source due to lack of information available by the primary vendor. Mortgage and asset backed securities classified in Level 3, due to lack of an independent pricing source, are valued using an internal fair value as provided by the investment manager.

The following table sets forth by level, within the fair value hierarchy, the assets at fair value as of June 30, 2017:

	Fair Value Measurements Using:			
	Quoted Prices In Active Markets for Identical Assets (Level 1)			Total June 30, 2017
		Significant Other Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Investments by Fair Value Level				
U.S. Treasury Notes	\$ -	\$ 33,600,000	\$ -	\$ 33,600,000
Marketable Securities	282,875	-	-	282,875
Total Investments by Fair Value Level	\$ 282,875	\$ 33,600,000	\$ -	\$ 33,882,875

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA

Notes to Financial Statements

Note 4. Ad Valorem Taxes and Sales Taxes

Ad valorem taxes were levied by the School Board on October 18, 2016 for the calendar year 2017 based on the assessed valuation of property as of October 2016. Values are established by the Orleans Parish Assessors' Offices each year based on 10% of the assessed market value of residential property and commercial land and on 15% of the assessed market value of commercial buildings, public utilities and personal property. The taxes become due on January 1 of each year, and become delinquent on February 1. Before the taxes can be collected, the assessment list (tax roll) must be submitted to the Louisiana Tax Commission for approval. From the day the tax roll is filed in the Board of Tax Commission, it shall act as a lien on each specific piece of real estate thereon assessed, which shall be subject to a legal mortgage after the year for the payment of the tax due on it. Ad valorem taxes are collected by the City of New Orleans and remitted to the School Board on a periodic basis. The taxes are generally collected in December, January, and February of the fiscal year. A list of property on which taxes have not been paid is published in the official journal by the City of New Orleans. If taxes are not paid within the period stipulated in the public notice, the property is sold for taxes due at a tax sale held by the City of New Orleans. The tax sale is usually held prior to the end of the School Board's fiscal year.

The following is a summary of authorized and levied ad valorem taxes:

		Authorized Millage	Levied Millage	Expires
Constitutional Millage		27.65	27.65	Not Applicable
Dedicated Millage				
Purpose A	School Books, Materials and Supplies	1.550	1.550	2018
Purpose B	Early Childhood, Discipline and Dropout Programs	1.550	1.550	2018
Purpose C	Employee Salary, Benefits and Incentives	7.270	7.270	2018
Purpose D	Air Conditioning, Asbestos Removal and Facilities	2.320	2.320	2028
School Board General Obligation Bond Taxes		2.950	2.950	2025
School Board Capital Repair Millage		2.020	2.020	2035
Total Millage		45.31	45.31	

**ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 4. Ad Valorem Taxes and Sales Taxes (Continued)

All ad valorem taxes are recorded on the basis explained in Note 2. For governmental funds, revenues 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. Available means due, or past due, and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. The remaining property taxes receivable are considered available because they are substantially collected within 60 days subsequent to year end. The School Board records these taxes gross of the Assessor's and City's collection fees, which amounted to \$3,311,208 and \$3,237,137, respectively, for the year ended June 30, 2017.

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

Sales taxes are assessed and due on the first day of the month subsequent to the month of sale of any retail sales of goods used or consumed within Orleans Parish, including leases and rentals of movable tangible property. The rate of sales tax dedicated to the School Board is one and one-half percent. Revenues arising from the one percent sales tax authorized by the voters of Orleans Parish in 1966 are used exclusively for the payment of salaries of teachers and/or for the general operations of the School Board. The proceeds of the one-half percent sales tax, which was authorized in 1980, are used for the payment of salaries of teachers and other educational employees of the School Board, for the expenses of maintaining and operating schools and for providing funds to pay for capital improvements.

Sales taxes which remain uncollected on the twenty-first day of the month due are classified as delinquent. Sales taxes are collected by the City of New Orleans and the State of Louisiana and are remitted monthly to the School Board. The School Board records these taxes in the period that the underlying transaction occurred, including the City's collection fees, which amounted to \$1,987,715, for the year ended June 30, 2017.

Note 5. Loans Receivable

On April 1, 2013, as part of a New Market Tax Credit (NMTC) transaction, further described in Note 21, the OSFF advanced \$6,948,587 to Wheatley NMTC Investment Fund, LLC in the form of a subordinate loan note. The note accrues interest at 1.40% and the maturity date is March 11, 2048. Interest only payments are due quarterly for the first seven years of the note, with principal and interest payments due quarterly for the remainder of the note. At maturity, final payment of all outstanding principal, accrued interest and any and all unpaid fees and others charges are due. Interest earned for the year ended June 30, 2017 totaled \$97,450. The loan is collateralized by a grant of a first position security interest in all of Wheatley NMTC Investment Fund LLC rights, title and interest in its 100% membership interest in the Sub-CDE.

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA

Notes to Financial Statements

Note 5. Loans Receivable (Continued)

Future maturities are as follows:

Fiscal Year Ending June 30,	Principal
2018	\$ -
2019	-
2020	81,833
2021	166,238
2022	171,434
Thereafter	6,529,082
Total	\$ 6,948,587

On October 22, 2013, as part of a NMTC transaction, further described in Note 21, the OSFF advanced \$6,849,000 to McDonogh Elementary Investment Fund, LLC in the form of a subordinate loan note. The note accrues interest at 0.78% and the maturity date is October 23, 2045. Interest only payments are due quarterly for the first seven years of the note, with principal and interest payments due quarterly for the remainder of the note. At maturity, final payment of all outstanding principal, accrued interest and any and all unpaid fees and others charges are due. Interest earned for the year ended June 30, 2017 totaled \$53,444. The loan is collateralized by a grant of a first position security interest in all of McDonogh Elementary Investment Fund, LLC rights, title and interest in its 99.99% membership interest in the Sub-CDE.

Future maturities are as follows:

Fiscal Year Ending June 30,	Principal
2018	\$ -
2019	-
2020	23,458
2021	148,191
2022	250,444
Thereafter	6,426,907
Total	\$ 6,849,000

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA

Notes to Financial Statements

Note 5. Loans Receivable (Continued)

On May 19, 2015, as part of a tax credit transaction, further described in Note 21, the OSFF advanced \$6,296,500 to COCRF Investor 41, LLC in the form of a subordinate loan note. The note accrues interest at 1.43% and the maturity date is June 10, 2040. Interest only payments are due quarterly for the first seven years of the note, with principal and interest payments due quarterly for the remainder of the note. At maturity, final payment of all outstanding principal, accrued interest and any and all unpaid fees and other charges are due. Interest earned for the year ended June 30, 2017 totaled \$89,993. The loan is collateralized by a multiple indebtedness leasehold mortgage, pledge of leases and rents and security agreement under Uniform Commercial Code covering certain assets.

Future maturities are as follows:

Fiscal Year Ending June 30,	Principal
2018	\$ -
2019	-
2020	-
2021	-
2022	39,764
Thereafter	6,256,736
Total	\$ 6,296,500

On February 27, 2015, as part of a tax credit transaction, further described in Note 21, the OSFF advanced \$18,997,332 to Drew Elementary School Facility (DESF) in the form of a subordinate loan note. The note accrues interest at 3.0% and the maturity date is February 27, 2045. Interest only payments are due monthly through April 30, 2015, with principal and interest payments due annually for the remainder of the note. At maturity, final payment of all outstanding principal, accrued interest and any and all unpaid fees and other charges are due. Interest earned for the year ended June 30, 2017 totaled \$549,823. The loan is collateralized by a grant of a first position security interest in the leasehold estate, including the land and building.

Future maturities are as follows:

Fiscal Year Ending June 30,	Principal
2018	\$ 569,700
2019	465,750
2020	480,900
2021	501,204
2022	516,012
Thereafter	15,664,266
Total	\$ 18,197,832

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA

Notes to Financial Statements

Note 5. Loans Receivable (Continued)

On April 28, 2016, as part of a tax credit transaction, further described in Note 21, the OSFF advanced \$28,952,908 to SBW School Facility L.L.C. (SBWSF) in the form of a subordinate loan note. The note accrues interest at 2.23% and the maturity date is April 27, 2046. Principal and interest payments are due annually for the remainder of the note. At maturity, final payment of all outstanding principal, accrued interest and any and all unpaid fees and other charges are due. Interest earned for the year ended June 30, 2017 totaled \$637,362. The loan is collateralized by a grant of a first position security interest in the leasehold estate, including the land and building.

Future maturities are as follows:

Fiscal Year Ending June 30,	Principal
2018	\$ 821,312
2019	721,175
2020	737,423
2021	754,036
2022	771,024
Thereafter	24,517,431
Total	\$ 28,322,401

On June 14, 2017, as part of a tax credit transaction, further described in Note 21, the OSFF advanced \$13,868,212 to COCRF Investor 82, LLC in the form of a subordinate loan note. The note accrues interest at 1.43% and the maturity date is June 13, 2047. Principal and interest payments are due annually for the remainder of the note. At maturity, final payment of all outstanding principal, accrued interest and any and all unpaid fees and other charges are due. No interest was earned for the year ended June 30, 2017. The loan is collateralized by a grant of a first position security interest in the leasehold estate, including the land and building.

Future maturities are as follows:

Fiscal Year Ending June 30,	Principal
2018	\$ -
2019	-
2020	-
2021	-
2022	-
Thereafter	13,868,212
Total	\$ 13,868,212

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA

Notes to Financial Statements

Note 6. Capital Assets

Capital assets and depreciation activity as of and for the year ended June 30, 2017, are as follows:

	Land*	Buildings and Improvements	Furniture and Equipment	Construction in Progress*	Total
<u>Governmental Activities</u>					
Assets at Cost					
Balance at June 30, 2016	\$ 25,349,188	\$ 454,806,281	\$ 13,389,660	\$ 11,613,990	\$ 505,159,119
Additions	131,735	4,879,255	54,840	3,679,379	8,745,209
Deletions	-	-	-	-	-
Transfers	-	-	-	-	-
Transfers from RSD	-	-	-	-	-
Balance at June 30, 2017	25,480,923	459,685,536	13,444,500	15,293,369	513,904,328
Accumulated Depreciation					
Balance at June 30, 2016	-	64,792,555	10,841,350	-	75,633,905
Additions	-	5,211,830	575,302	-	5,787,132
Deletions	-	-	-	-	-
Balance at June 30, 2017	-	70,004,385	11,416,652	-	81,421,037
Total Governmental Activities					
Capital Assets, Net of Accumulated					
Depreciation at June 30, 2017	\$ 25,480,923	\$ 389,681,151	\$ 2,027,848	\$ 15,293,369	\$ 432,483,291
<u>Business-Type Activities</u>					
Assets at Cost					
Balance at June 30, 2016	\$ 1,440,992	\$ 6,309,639	\$ -	\$ -	\$ 7,750,631
Additions	-	62,518	-	-	62,518
Deletions	-	-	-	-	-
Transfers	-	-	-	-	-
Transfers from RSD	-	-	-	-	-
Balance at June 30, 2017	1,440,992	6,372,157	-	-	7,813,149
Accumulated Depreciation					
Balance at June 30, 2016	-	670,846	-	-	670,846
Additions	-	121,909	-	-	121,909
Deletions	-	-	-	-	-
Balance at June 30, 2017	-	792,755	-	-	792,755
Total Business-Type Activities					
Capital Assets, Net of Accumulated					
Depreciation at June 30, 2017	\$ 1,440,992	\$ 5,579,402	\$ -	\$ -	\$ 7,020,394
Total Primary Government					
Capital Assets, Net of Accumulated					
Depreciation at June 30, 2017	\$ 26,921,915	\$ 395,260,553	\$ 2,027,848	\$ 15,293,369	\$ 439,503,685

* Not being depreciated

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA

Notes to Financial Statements

Note 6. Capital Assets (Continued)

The School Board reviewed its capital assets and noted no impairment as of June 30, 2017.

Depreciation expense for the year ended June 30, 2017, was charged to the following governmental functions:

	Depreciation
Instruction	
Regular Education Programs	\$ 953,432
Special Education Programs	415,754
Other Education Programs	1,112,945
Support	
Student Services	480,574
Instructional Staff Services	436,523
General Administration	949,088
School Administration	252,378
Business and Central Services	115,302
Transportation Services	321,854
Central Services	182,027
Plant Services	567,255
Total	\$ 5,787,132

Note 7. Pension Plans

As discussed in Note 2, substantially all school system employees are participants in a statewide pension plan. The plans are all cost-sharing, multiple-employer defined benefit pensions plans administered by separate boards of trustees. In general, professional employees (such as teachers and administrators) and lunchroom workers are members of the Teachers' Retirement System of Louisiana (TRSL). Other employees are members of the Louisiana School Employees' Retirement System (LSERS) or the Louisiana State Employees' Retirement System (LASERS).

Following are descriptions of the plans and their respective benefits. The descriptions are provided for general informational purposes only. Participants should refer to the appropriate statutes for more complete information.

Teachers' Retirement System of Louisiana

Plan Description - Employees of the School Board are provided with pensions through a cost-sharing multiple-employer defined benefit plan administered by the Teachers' Retirement System of Louisiana (TRSL). Chapter 2 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) grants to TRSL Board of Trustees and the Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the plan. TRSL issues a publicly available financial report that can be obtained at www.trsl.org.

Benefits Provided

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

Notes to Financial Statements

Note 7. Pension Plans (Continued)

Benefits Provided (Continued)

Normal Retirement

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

Plan B - Members may retire with a 2.0% benefit factor at age 55 with 30 years of service, or age 60 (first employed between January 1, 2011 – June 30, 2015) with 5 years of service, or age 62 (first employed after July 1, 2015) with 5 years of service, or an actuarially reduced benefit with 20 years of service at any age.

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

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

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

Deferred Retirement Option Program (DROP)

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

ORLEANS PARISH SCHOOL BOARD
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Notes to Financial Statements

Note 7. Pension Plans (Continued)

Benefits Provided (Continued)

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

Disability Benefits

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

Survivor Benefits

A surviving spouse with minor children of a deceased active member with at least five years of creditable service (2 years immediately prior to death) but less than 10 years of creditable service is entitled to a benefit equal to the greater of (a) \$600 per month, or (b) 50% of the member's benefit calculated at the 2.5% accrual rate for all creditable service. When a minor child(ren) is no longer eligible to receive survivor benefits, the surviving spouse's benefit ceases.

A surviving spouse with minor children of a deceased active member with at least 10 years of creditable service (2 years immediately prior to death) or 20 years of creditable service (regardless when earned) is entitled to a benefit equal to the greater of (a) \$600 per month, or (b) the option 2 equivalent of the benefit calculated at the 2.5% benefit factor for all creditable service. If a surviving spouse remarries before the age of 55 and the deceased active member had less than 20 years of creditable service, the surviving spouse's benefit will cease.

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

A surviving spouse without minor children of a deceased active member with at least 10 years of creditable service (2 years immediately prior to death) or 20 years of creditable service (regardless when earned) is entitled to a benefit equal to the greater of (a) \$600 per month, or (b) the option 2 equivalent of the benefit calculated at the 2.5% benefit factor for all creditable service. If a surviving spouse remarries before the age of 55 and the deceased active member had less than 20 years of creditable service, the surviving spouse's benefit will cease.

Permanent Benefit Increases/Cost-of-Living Adjustments

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

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA

Notes to Financial Statements

Note 7. Pension Plans (Continued)

Optional Retirement Plan (ORP)

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

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

Contributions

The employer contribution rate is established annually under La. R.S. 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the System's actuary. Each sub plan pays a separate actuarially determined employer contribution rate. However, all assets of TRSL are used for the payment of benefits for all classes of members, regardless of their plan. For ORP, only the UAL portion of the employer contribution is retained by the plan. Therefore, only the UAL projected rates were used in the projection of future contributions in determining an employer's proportionate share. The rates in effect during the fiscal year ended June 30, 2017 are as follows:

2017 TRSL Sub Plan	Employer Contributions
K-12 Regular Plan	25.50%
Plan B	28.20%

ORP	Employer UAL
2017	21.2%

The School Board's contractually required composite contribution rate for the year ended June 30, 2017 was 25.5% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the School Board were \$7,345,326 for the year ended June 30, 2017.

ORLEANS PARISH SCHOOL BOARD
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Notes to Financial Statements

Note 7. Pension Plans (Continued)

Louisiana School Employees' Retirement System (LSERS)

Plan Description

Chapter 3 of Title 11 of the Louisiana Revised Statutes (L.R.S. 11:1001) grants to LSERS Board of Trustees and the Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the plan. LSERS issues a publicly available financial report that can be obtained at www.lservers.net.

Benefits Provided

The following is a description of the plan and its benefits and is provided for general information purposes only. LSERS provides retirement, disability, and survivor's benefits. Participants should refer to the appropriate statutes for more complete information.

Normal Retirement

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

Benefit Formula

For members who joined the School Board prior to July 1, 2006, the maximum retirement benefit is an amount equal to 3 1/3% of the average compensation for the three highest consecutive years of membership service, subject to the 10% salary limitation, multiplied by the number of years of service limited to 100% of final average compensation plus a supplementary allowance of \$2.00 per month for each year of service. Members who joined the School Board on or after July 1, 2006 through June 30, 2010, 3 1/3% of the average compensation is used to calculate benefits. However, the calculation consists of the five highest consecutive years of membership service, subject to the 10% salary limitation. For members who joined the School Board on or after July 1, 2010, 2 1/2% of the average compensation is used to calculate benefits and consists of the five highest consecutive years' average salary, subject to the 15% salary limitation. The supplemental allowance was eliminated for members entering the plan on or after July 1, 1986. Effective January 1, 1992, the supplemental allowance was reinstated to all members whose service retirement became effective after July 1, 1971.

Disability Benefits

A member is eligible to retire and receive disability benefits if he has at least 5 years of creditable service, is not eligible for normal retirement, and has become totally and permanently disabled, and is certified as disabled by the Medical Board. A vested person with 20 or more years of creditable service, who has withdrawn from active service prior to the age at which he is eligible for retirement benefits, is eligible for a disability benefit until normal retirement age. A member who joined the School Board on or after July 1, 2006, must have at least 10 years of service to qualify for disability benefits. Upon the death of a member with five or more years of creditable service, the system provides benefits for surviving spouses and minor children. Under certain conditions outlined in the statutes, a spouse is entitled to 75% of the member's benefits.

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA

Notes to Financial Statements

Note 7. Pension Plans (Continued)

Survivor Benefits

Upon the death of a member with 5 or more years of creditable service, the plan provides benefits for surviving spouses and minor children. Under certain conditions outlined in the statutes, a spouse is entitled to 75% of the member's benefit.

Deferred Retirement Option Program (DROP) and Initial Benefit Retirement Plan (IBRP)

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

The plan maintains subaccounts within this account reflecting the credit attributed to each participant in the plan. Interest credited and payments from the DROP account are made in accordance with L.R.S. 11:1152(f)(3). Upon termination of both participation in the plan and employment, a participant may receive his DROP monies either in a lump sum payment from the account or systematic disbursements. The plan also provides for deferred benefits for vested members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable.

Deferred Retirement Option Program (DROP) and Initial Benefit Retirement Plan (IBRP)

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

Permanent Benefit Increases/Cost-of-Living Adjustments

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

Contributions

Contributions for members are established by state statute at 7.5% of their annual covered salary for members employed prior to July 1, 2010 and 8.0% for members employed subsequent to July 1, 2010. Contributions for all participating school boards are actuarially determined as required by Act 81 of 1988 but cannot be less than the rate required by the State Constitution. The actual employer rate for the year ended June 30, 2017, was 27.4%. A difference may exist due to the state statute that requires the rate to be calculated in advance. Contributions to LSERS from the School Board were \$35,770 for the year ended June 30, 2017.

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA

Notes to Financial Statements

Note 7. Pension Plans (Continued)

Louisiana State Employees' Retirement System (LASERS)

Title 11 of the Louisiana Revised Statutes (L.R.S. 11:1001) grants to LASERS Board of Trustees and the Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the plan. LASERS issues a publicly available financial report that can be obtained at www.lasersonline.org.

Benefits Provided

The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. Our rank and file members hired prior to July 1, 2006, may either retire with full benefits at any age upon completing 30 years of creditable service or at age 60 upon completing ten years of creditable service depending on their plan. Those members hired between July 1, 2006 and June 30, 2015, may retire at age 60 upon completing five years of creditable service and those hired on or after July 1, 2015 may retire at age 62 upon completing five years of creditable service. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit.

Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. As an alternative to the basic retirement benefits, a member may elect to receive their retirement throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in a new regular plan. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans. Regular members are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment. Members in the regular plan will receive a 2.5% accrual rate.

Act 226 of the 2014 Louisiana Regular Legislative Session established new retirement eligibility for members of LASERS hired on or after July 1, 2015. Regular members under the new plan are eligible to retire at age 62 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment. Members in the regular plan will receive a 2.5% accrual rate.

A member leaving employment before attaining minimum retirement age, but after completing certain minimum service requirements, becomes eligible for a benefit provided the member lives to the minimum service retirement age, and does not withdraw their accumulated contributions. The minimum service requirement for benefits varies depending upon the member's employer and service classification.

ORLEANS PARISH SCHOOL BOARD
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Notes to Financial Statements

Note 7. Pension Plans (Continued)

Deferred Retirement Benefits

The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than the School Board's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account. Members who enter DROP on or after January 1, 2004, are required to participate in LASERS Self-Directed Plan (SDP) which is administered by a third-party provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. For members who selected the IBO option prior to January 1, 2004, such amount may be withdrawn or remain in the IBO account earning interest at a rate of one-half percent less than LASER's realized return on its portfolio (not to be less than zero). Those members who select the IBO on or after January 1, 2004, are required to enter the SDP as described above.

Disability Benefits

Generally, active members with ten or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age. Upon reaching age 60, the disability retiree may receive a regular retirement benefit by making application to the Board of Trustees.

Survivor's Benefits

Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased regular member hired before January 1, 2011 who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of twenty years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The aforementioned minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

The deceased regular member hired on or after January 1, 2011, must have a minimum of five years of service credit regardless of when earned in order for a benefit to be paid to a minor child. The aforementioned minimum service credit requirements for a surviving spouse are 10 years, 2 years being earned immediately prior to death, and active state service at the time of death, or a minimum of 20 years of service credit regardless of when earned. A deceased member's spouse must have been married for at least one year before death.

**ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 7. Pension Plans (Continued)

Permanent Benefit Increases/Cost-of-Living Adjustments

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

Contributions

Members are required by state statute to contribute 7.5% of their annual covered salaries if hired before July 1, 2006 (closed plan) and 8.0% of their annual covered salaries if hired after July 1, 2006, and the School Board is required to make employer contributions based on an actuarially determined rate. The employer contribution rate for the fiscal year ended June 30, 2017, was 35.8% of annual covered payroll. The School Board's contributions paid to LASERS for the year ended June 30, 2017, was \$133,222.

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

The following schedule lists the School Board's proportionate share of the net pension liability allocated by each of the pension plans based on the June 30, 2016 measurement date, and the total pension liabilities used to calculate the net pension obligations were determined by actuarial valuations as of that date. The School Board's proportionate share of the Plans' net pension liabilities were based on projections of the School Board's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

	Net Pension Liability at	Rate at	Increase (Decrease) on
	June 30, 2016	June 30, 2016	June 30, 2016 Rate
TRSL	\$ 67,385,420	0.57413%	-0.03550%
LASERS	1,391,786	0.01772%	0.00417%
	<u>\$ 68,777,206</u>		

For the year ended June 30, 2017, the School Board recognized pension expense of \$6,874,708 and \$143,053, for TRSL and LASERS, respectively, plus employer's amortization of the change in proportionate share and differences between employer contributions and proportionate share of contributions of \$1,312,517 and \$100,828, for TRSL and LASERS, respectively.

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA

Notes to Financial Statements

Note 7. Pension Plans (Continued)

At June 30, 2017, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>TRSL</u>	<u>LASERS</u>	<u>TRSL</u>	<u>LASERS</u>
Differences between expected and actual experience	\$ -	\$ -	\$ 1,330,367	\$ 12,102
Changes of assumptions	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	4,905,469	173,349	-	-
Changes in proportion and differences between School Board contributions and proportionate share of contributions	1,862,097	201,656	295,965	-
School Board contributions subsequent to the measurement date	7,345,326	133,222	-	-
Total	<u>\$ 14,112,892</u>	<u>\$ 508,227</u>	<u>\$ 1,626,332</u>	<u>\$ 12,102</u>

An amount of \$14,621,119 is reported as deferred outflows of resources related to pensions resulting from School Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. The following schedule lists the pension contributions made subsequent to the measurement period for each pension plan:

	<u>Subsequent Contributions</u>
TRSL	\$ 7,345,326
LASERS	133,222
	<u>\$ 7,478,548</u>

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA

Notes to Financial Statements

Note 7. Pension Plans (Continued)

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

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

Year Ended June 30:	Amortization Amounts	
	TRSL	LASERS
2018	\$ 1,447,963	\$ 127,495
2019	\$ 1,447,963	\$ 126,420
2020	\$ 1,817,549	\$ 67,637
2021	\$ 427,759	\$ 41,351

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2016 are as follows:

	TRSL	LASERS
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization approach	Closed	Closed
Actuarial assumptions:		
Expected remaining service lives	5 years	3 years
Investment rate of return	7.75%	7.75%
Inflation rate	2.5% per annum	3.00%
Projected salary increases	3.5% - 10.0% (varies depending on duration of service)	Varies from 3.0% - 14.5% (Based on a 2009-2013 experience study of the plan's members)
Cost-of-living adjustments	None	None
Mortality	RP-2000 Mortality Table with projection to 2025 using Scale AA	RP-2000 Combined Healthy Mortality Table
Disability	Based on a five year (2008-2012) experience study of the System's members	Based on a five year (2009-2013) experience study of the System's members
Termination	Based on a five year (2008-2012) experience study of the System's members	Based on a five year (2009-2013) experience study of the System's members

**The investment rate of return used in the actuarial valuation for funding purposes was 8.10%, recognizing an additional 25 basis points for the experience account and 10 basis points to offset administrative expenses.*

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA

Notes to Financial Statements

Note 7. Pension Plans (Continued)

Actuarial Assumptions (Continued)

TRSL Investments

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return was 8.23% for 2016. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	17%	4.50%
International Equity	19%	5.31%
Domestic Fixed Income	9%	2.45%
International Fixed Income	12%	3.28%
Private Equity	25%	6.80%
Other Private Assets	18%	4.82%
	100.00%	

LASERS Investments

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016, are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Cash	0%	-0.24%
Domestic Equity	25%	4.31%
International Equity	32%	5.48%
Domestic Fixed Income	8%	1.63%
International Fixed Income	6%	2.47%
Alternative Investments	22%	7.42%
Global Tactical Asset Allocation	7%	2.92%
	100%	

**ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 7. Pension Plans (Continued)

Discount Rate

The discount rates used to measure the total pension liabilities of TRSL and LASERS were 7.75% for each plan. For TRSL and LASERS, the projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the School Board's proportionate share of the net pension liabilities using the discount rates of 7.75%, as well as what the School Board's proportionate share of the net pension obligations would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	1.0% Decrease	Current Discount Rate	1.0% Increase
School Board's Proportionate Share of the TRSL Net Pension Liability	\$ 84,049,690	\$ 67,385,420	\$53,204,430
School Board's Proportionate Share of the LASERS Net Pension Liability	\$ 1,709,938	\$ 1,391,786	\$ 1,121,457
		<u>\$ 68,776,762</u>	

Support of Non-Employer Contributing Entities

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The School Board recognizes revenue in an amount equal to their proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended June 30, 2017, the School Board recognized revenue as a result of support received from non-employer contributing entities of \$197,190 (TRSL) and \$0- (LASERS) for its participation in the Plans.

Pension Plan Fiduciary Net Position

Detailed information about the pension plans' fiduciary net positions is available in the separately issued 2016 Comprehensive Annual Financial Report at www.trsl.org and www.lasersonline.org.

Payables to the Pension Plans

As of June 30, 2017, the School Board had payables to the TRSL plans of \$547,946, \$37,959, and \$6,297 for the TRSL Regular Plan, TRSL Plan B, and TRSL ORP, respectively, and to the LASERS plan of \$5,647.

**ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 8. Other Post Employment Benefits (OPEB)

In accordance with state statutes, the School Board provides certain post employment health care to its retired employees. Substantially all of the School Board's employees may become eligible for such benefits upon reaching retirement age, if they are currently participating in the active health plan. Starting on February 1, 2006, the School Board paid approximately 25% of the health insurance costs for retired employees and their covered dependents. Retirees contribute 75% of the retiree and dependent coverage premiums. Retirees who are eligible for Parts A and B of Medicare pay a reduced premium for health coverage. Prior to February 1, 2006, the School Board had a traditional fully-insured Health Insurance Plan and recorded expenditures as premiums were paid. On February 1, 2006, the School Board changed to a self insured Health Insurance Plan and records expenditures as amounts are remitted to Blue Cross Blue Shield Louisiana, a third party administrator that reimbursed medical providers for participant claims. For the year ended June 30, 2017, the School Board's cost for providing all health care benefits to the 301 retired employees and their dependents amounted to \$940,270.

The School Board follows Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions (GASB 45)*.

Annual OPEB Cost

The School Board's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities (UAL) over a period not to exceed thirty years. A level dollar, closed amortization period has been used.

The total ARC for the fiscal year beginning July 1, 2016 is \$819,000, as set forth below.

Normal Cost	\$ 74,000
Interest on Normal Cost	3,000
Amortization Payment	713,000
Interest on Amortization Payment	<u>29,000</u>
Annual Required Contribution (ARC)	<u>\$ 819,000</u>

The following table shows the School Board's OPEB Obligation for the fiscal year 2017:

Beginning Net OPEB Obligation, July 1, 2016	\$ 489,000
Annual Required Contribution	819,000
Interest on Net OPEB Obligation	19,000
ARC Adjustment	<u>(17,000)</u>
Annual OPEB Cost	821,000
Contributions Made	-
Current Year Retiree Premium	<u>1,055,000</u>
Change in Net OPEB Obligation	<u>(234,000)</u>
Ending Net OPEB Obligation, June 30, 2017	<u>\$ 255,000</u>

**ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 8. Other Post Employment Benefits (OPEB)

Annual OPEB Cost (Continued)

The following table shows the School Board's annual Post-Employment Benefits (PEB) cost, percentage of the cost contributed, and the net unfunded Post-Employment Benefits (PEB) liability:

Fiscal Year Ended	Annual OPEB Cost	Annual Cost Contributed	Net OPEB Liability (Asset)
June 30, 2017	\$ 821,000	128.50%	\$ 255,000
June 30, 2016	\$ 825,000	123.64%	\$ 489,000
June 30, 2015	\$ 731,000	127.50%	\$ 684,000
June 30, 2014	\$ 733,000	118.01%	\$ 885,000

Funded Status and Funding Progress

In the fiscal year ended June 30, 2017, the School Board made no contributions to its post employment benefits plan trust since such a trust had not been established. The plan was not funded at all, has no assets, and hence has a funded ratio of zero. As of July 1, 2016, the most recent actuarial valuation, the Actuarial Accrued Liability (AAL) was \$19,974,000, which is defined as that portion, as determined by a particular actuarial cost method (the School Board uses 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. Since the plan was not funded in fiscal year 2016-2017, the entire actuarial liability of \$19,974,000 was unfunded. Below is the schedule of funding progress for the year ended June 30, 2017:

Fiscal Year	Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL as a Percentage of Covered Payroll
2017	7/1/2016	\$ -	\$ 19,974,000	\$ 19,974,000	0%	\$ 28,977,901	69%
2016	7/1/2015	-	20,136,000	20,136,000	0%	31,824,242	63%
2015	7/1/2014	-	17,439,000	17,439,000	0%	33,109,777	53%
2014	7/1/2013	-	17,508,000	17,508,000	0%	31,380,631	56%

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) termination probabilities; (2) retirement rate; (3) health care cost trend rate; (4) participation assumption; (5) mortality rate and age based morbidity; (6) discount rate (investment return assumption); (7) non-claim expenses; and (8) salary increase assumption. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA

Notes to Financial Statements

Note 8. Other Post Employment Benefits (OPEB) (Continued)

Actuarial Methods and Assumptions (Continued)

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the School Board and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the 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 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 with benefits attributed from the date of hire to expected retirement age. 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.

Actuarial Value of Plan Assets

Since the ARC has not yet been funded, there are not any assets. It is anticipated that, if funding should take place in the future, a smoothed market value consistent with Actuarial Standards Board Actuarial Standards of Practice Number 6 (ASOP 6) would be used, as provided in paragraph number 125 of GASB Statement No. 45.

Termination

The rate of withdrawal for reasons other than death and retirement were developed from the Teachers' Retirement System of Louisiana (TRSL) Actuarial Valuation as of June 30, 2015. Sample termination probabilities are as follows:

Age	Years of Service			
	< 1 Year	1 - 2 Years	2 - 3 Years	4+ Years
20	20.0%	20.0%	9.5%	18.0%
25	18.0%	12.6%	9.5%	9.0%
30	19.0%	12.0%	10.9%	5.3%
35	18.0%	11.7%	9.5%	4.0%
40	16.5%	12.3%	9.0%	3.7%
45	16.3%	9.9%	9.0%	4.0%
50	17.5%	11.2%	9.0%	4.0%
55	17.5%	10.6%	9.0%	4.0%
60	20.0%	10.6%	9.0%	4.0%

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA

Notes to Financial Statements

Note 8. Other Post Employment Benefits (OPEB) (Continued)

Eligibility Criteria

To be eligible for retiree health benefits, a retired employee must have met the requirements for retirement eligibility through the Teachers' Retirement System of Louisiana (TRSL):

- Employees hired on or after July 1, 2015:
 - Age 62 with 5 years of service, or
 - 20 years of service at any age (actuarially reduced benefit)
- Employees hired on or after July 1, 2011 and before July 1, 2015:
 - Age 60 with 5 years of service, or
 - 20 years of service at any age (actuarially reduced benefit)
- Employees hired on or after July 1, 1999 and before July 1, 2011:
 - Age 60 with 5 years of service, or
 - Age 55 with 25 years of service, or
 - 30 years of service at any age, or
 - 20 years of service at any age (actuarially reduced benefit)
- Employees hired before July 1, 1999:
 - Age 60 with 5 years of service, or
 - 20 years of service at any age

Investment Return Assumption (Discount Rate)

GASB Statement No. 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. Based on the assumption that the ARC will be funded, a 4.0% annual investment return has been used in this valuation.

Amortization Method

The unfunded actuarial accrued liability is amortized over the period of 30 years on an open basis. It is calculated assuming a level percentage of projected payroll.

Health Care Cost Trend Rate

The following annual trend rates are applied on a select and ultimate basis:

Benefit	Select	Ultimate
Pre 65 Medical/Rx Benefits	7.5%	4.5%
Post Medicare Benefits	6.5%	4.5%
Administrative Fees	4.5%	4.5%

Select trends are reduced 0.5% each year until reaching the ultimate trend.

Participation Assumption

The participation assumption is the assumed percentage of future retirees that participate and enroll in the health plan. The participation assumption used in this valuation is 25% for pre-65 retirees and 70% of pre-65 enrollees continuing coverage beyond age 65, and is based on data provided by the School Board.

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA

Notes to Financial Statements

Note 8. Other Post Employment Benefits (OPEB) (Continued)

Per Capita Health Claim Cost

Per capita health claim costs for the School Board's plan are developed using a blend of historical claims experience and manual claim costs. The annual age 60 and age 70 per capita health claim costs by plan are show below:

Age 60	\$8,548
Age 70	\$11,221

Age Based Morbidity

The assumed per capita health claim costs are adjusted to reflect expected increases related to age. The increase in per capita health claim costs related to age are assumed to be the following:

Age	Increase	Age	Increase
42 - 46	3.19%	65 - 69	3.00%
47 - 51	3.89%	70 - 74	2.50%
52 - 56	3.58%	75 - 79	2.00%
57 - 61	4.52%	80 - 84	1.00%
62 - 64	5.06%	85 - 89	0.05%

Post-65 Plan Election

It is assumed that all future post-65 retirees elect the fully-insured Humana plan.

Pre-65 Plan Costs

The current annual plan costs assumed in the valuation of excise tax are based on the School Board's current premium information and plan enrollment and are estimated to be \$11,300 per year for retirees and \$11,500 per year for spouses.

Contributions

Premiums and employer contributions are assumed to increase with healthcare cost trend in future years.

Mortality

RP-2014 Generational Table with MP-2015 Projection Scale and applied on a gender-specific basis.

**ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 8. Other Post Employment Benefits (OPEB) (Continued)

Retirement Age

Annual retirement probabilities were development from the TRSL Actuarial Valuation as of June 30, 2015. Sample retirement ages and associated probabilities are as follows:

Age	Years of Service (Teachers)		
	< 25 Years	25 - 29 Years	30+ Years
50	3%	5%	30%
55	15%	75%	30%
60	25%	30%	20%
65	20%	20%	30%
70	20%	30%	40%
71	20%	30%	20%
72	20%	30%	25%
73	20%	30%	25%
74	20%	30%	25%
75	100%	100%	100%

Salary Increase Assumption

The salary increase assumption is 3.5% per annum.

Census Data

The census data was provided by the School Board as of September 2016.

CPI Trend

Health CPI is assumed to increase at a rate of 3% each year.

Inflation Rate

Inflation rate is assumed a rate of 3% per year.

Excise Tax Threshold

The 2018 annual threshold costs for excise tax, trended by CPI to 2020, are as follows:

Active Single	\$	10,200
Active Family	\$	27,500
Pre-65 Retiree Single	\$	11,850
Pre-65 Retiree Family	\$	30,950

Spousal Coverage

The assumed number of eligible dependents is based on the current proportions of single and family contracts. If spouse date of birth information was not available, then males were assumed to be 3 years older than their spouse.

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA

Notes to Financial Statements

Note 8. Other Post Employment Benefits (OPEB) (Continued)

Medicare Eligibility

All future retirees are assumed to be eligible for Medicare at age 65.

Non-Claim Expenses

Non-claim expenses are based on the current amounts charged per retired employee. These amounts are provided in the table below:

Expense Type	Cost Per Retired Employee Per Month
	PPO
Stop Loss - Specific (Single)	\$18.27
Stop Loss - Specific (Family)	\$48.76
Administrative Fee	\$35.84

Note 9. Long-Term Obligations

All of the bonds and notes payable of the School Board are reported in the GWFS and are serviced by the debt service funds with revenues as described below.

Bonds Payable	Range of Interest in Remaining Years	Final Maturity	Balance as of June 30, 2017
Refunding Bonds			
Series 2010 - Issued September 1, 2010	2.50 - 5.00%	9/1/2020	\$ 41,240,000
Revenue Bonds			
QSCB 2011 - Issued December 20, 2011	4.40%	2/1/2021	<u>79,055,000</u>
Total			<u><u>\$ 120,295,000</u></u>

Refunding Bonds

The Refunding Bond is a special limited School Board obligations payable from and secured by pledge of and lien on ad valorem taxes, sales taxes and revenue sharing. The bonds do not constitute general indebtedness or pledge of the general credit of the School Board.

\$97,005,000 Public School Refunding Bonds, dated September 1, 2010 – The purpose of the bonds was to refund the outstanding (a) General Obligation School Bonds Series 1995, (b) General Obligation School Bonds, Series 1996, (c) General Obligation School Bonds, Series 1997, (d) General Obligation School Bonds, Series 1997A, (e) General Obligation School Bonds, Series 1998A, and (f) General Obligation School Bonds, Series 1998B. The debt will be paid from the unlimited ad valorem taxation.

**ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 9. Long-Term Obligations (Continued)

Revenue Bonds

\$79,055,000 Public School Revenue Bonds (Taxable QSCB), Series 2011B – The Qualified School Construction Bonds (QSCB) were issued for the purpose of construction, rehabilitation, and repair of public school facilities, including the equipping of school facilities. The bonds are secured by and payable from the revenues from the ad valorem tax and the ½% sales and use tax.

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

The QSCB Revenue Bonds Sinking Fund issued on December 20, 2011 mature on February 1, 2021. The School Board is required to establish and make annual deposits to a sinking fund in order to pay the bonds when they mature. The required sinking fund minimum value at June 30, 2017 was \$33,880,714. The actual balance of the sinking fund at June 30, 2017, was \$33,880,714, which equals the required deposit.

Defeased Bonds

In March 1988, the School Board entered into an \$8,155,000 refunding transaction (Series 1998B) for a portion of the School Board’s Series 1995 General Obligations maturing September 2020. At June 30, 2017, the outstanding principle balance of the 1995 bonds, which are not included in the School Board’s balance sheet, as they are considered defeased, totaled \$7,140,000.

Debt Service Requirements

The annual requirements to amortize all long-term debt outstanding at June 30, 2017, excluding capital leases, accrued compensated absences and claims payable is as follows:

Year Ending June 30,	Refunding Bonds		Revenue Bonds		Total - All Debt	
	Principal	Interest	Principal	Interest *	Principal	Interest
2018	\$ 10,880,000	\$ 1,730,000	\$ -	\$ 3,478,420	\$ 10,880,000	\$ 5,208,420
2019	11,420,000	1,196,600	-	3,478,420	11,420,000	4,675,020
2020	9,240,000	705,150	-	3,478,420	9,240,000	4,183,570
2021	9,700,000	242,500	79,055,000	3,478,420	88,755,000	3,720,920
Total	\$ 41,240,000	\$ 3,874,250	\$ 79,055,000	\$ 13,913,680	\$ 120,295,000	\$ 17,787,930

* The School Board received a federal borrowing subsidy related to the interest payments.

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA

Notes to Financial Statements

Note 9. Long-Term Obligations (Continued)

Long-Term Obligations	Beginning Balance	Additions/ Change in Estimates	Retirements/ Debt Forgiveness	Ending Balance	Balance Due Within One Year
Refunding Bonds					
Series 2010	\$ 51,615,000	\$ -	\$ 10,375,000	\$ 41,240,000	\$ 10,880,000
Unamortized Premium on 2010 Bond	3,250,075	-	780,017	2,470,058	780,017
Revenue Bonds					
QSCB 2011 Bond	79,055,000	-	-	79,055,000	-
Unamortized Premium on QSCB 2011 Bond	293,688	-	64,078	229,610	64,078
OPEB Obligation Payable	489,000	(234,000)	-	255,000	-
Net Pension Liability	65,549,001	3,228,205	-	68,777,206	-
Accrued Compensated Absences	2,602,276	(402,855)	-	2,199,421	-
Liability for Claims Payable	31,683,934	(379,160)	-	31,304,774	-
Total Long-Term Obligations	\$ 234,537,974	\$ 2,212,190	\$ 11,219,095	\$ 225,531,069	\$ 11,724,095

Bond Indentures

There are a number of limitations and restrictions contained in the various bond indentures. The School Board is in compliance with all significant covenants.

Statutory Debt Limit

As of June 30, 2017, the statutory debt limit for general obligation bonds was \$915,056,822, and the net legal debt margin was \$893,157,137.

At June 30, 2017, the primary government has accumulated \$65,040,281 in the debt service funds for future debt requirements.

Note 10. Leases

Operating Leases

The School Board owns the building located at 3520 General DeGaulle Drive in New Orleans, LA. The School Board leases space to tenants and charges itself internally for leasing occupied space for its offices. The School Board created the Enterprise Fund - Timbers Fund to account for the lease activity associated with this building. For the year ended June 30, 2017, lease revenues recognized by the School Board totaled \$1,179,030. Future annual lease payments to be received are as follows:

Fiscal Year Ending June 30,	Amount
2018	\$ 520,482
2019	141,318
2020	32,071
2021	26,964
2022	27,772
Thereafter	298,580
Total	\$ 1,047,187

**ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 10. Leases (Continued)

Operating Leases (Continued)

The following are the amounts expected to be charged internally to the School Board for rent and utilities:

Fiscal Year Ending June 30,	Amount
2018	\$ 826,364
2019	68,864
Total	\$ 895,228

The School Board also leases various equipment under operating leases which have varying terms, which include annual payments from \$15,210 to \$67,626 and maturities through 2019. For the year ended June 30, 2017, lease expense related to these leases totaled \$476,998. Total payments due for the years ending June 30, 2018 and 2019 are \$472,911, for each year respectively.

Note 11. Changes in Agency Funds - Deposits Due Others

Agency Fund	Balance at July 1, 2016	Additions	Deletions	Balance at June 30, 2017
Student Activity	\$ 280,184	\$ 1,172,257	\$ 1,095,120	\$ 357,321
Total	\$ 280,184	\$ 1,172,257	\$ 1,095,120	\$ 357,321

Note 12. Due To/From Other Funds

Individual balances due to/from other funds at June 30, 2017, are as follows:

	Due To Other Funds	Due From Other Funds
Governmental Funds		
General Fund	\$ 390,613	\$ -
Master Plan Fund	1,690,936	2,014,162
Enterprise Funds	2,014,162	1,690,936
Fiduciary Funds	-	390,613
Total	\$ 4,095,711	\$ 4,095,711

The primary purpose of interfund receivables/payables are to loan monies from the General Fund to individual funds through operating transfers. All interfund payables are expected to be repaid within the next fiscal year.

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA

Notes to Financial Statements

Note 12. Due To/From Other Funds (Continued)

Equity in Pooled Cash

To the extent possible, cash is pooled into common pooled accounts in order to maximize investment opportunities. Each fund whose funds are deposited in the pooled cash account has equity therein. Pooled cash at June 30, 2017, was as follows:

Governmental Activities	
General Fund	\$ 60,824,324
Pass-Through Fund	(15,371,344)
General Obligation Fund	19,340,315
QSCB Fund	11,921,865
Hurricane Katrina Restoration Fund	11,617,606
Capital Projects Fund	39,346,938
Master Plan Fund	2,745,325
Direct-Run Schools R&M Capital Projects	29,882,269
Federal Grant Fund	(10,829,527)
Other Governmental Funds, Net	16,135,761
Internal Service Fund, Net	4,620,668
	<u>\$ 170,234,200</u>
Business-Type Activities	
Timbers	<u>\$ 1,979,063</u>
Fiduciary Funds	
City-Wide Exceptional Needs	<u>\$ 373,902</u>

Note 13. Act No. 640

Act No. 640 of the 2010 Regular Session of the Louisiana Legislature allowed the School Board to exclude certain costs from the amount of local revenues that it would otherwise be required to transfer to the Recovery School District to fund certain legacy cost arising from Hurricane Katrina and Act 35 of the 2010 Extraordinary Legislative Session. The exclusion was limited to \$6 million each year, although any excess in cost could be carried over to the next fiscal year.

The exclusions provided for in Act No. 640 were to expire upon 1) extinguishment of the excluded costs, 2) any action of the School Board to reduce the constitutional millage from the level in effect for Fiscal Year 2009-2010, 3) twelve months following settlement of the Orleans Parish School Board Special Community Disaster Loans, or 4) twenty tax years from the roll forward millage adoption, whichever occurred first. On March 7, 2014, the Orleans Parish School Board Special Community Disaster Loans were forgiven, which triggered expiration of the exclusions, effective March 7, 2015.

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA

Notes to Financial Statements

Note 13. Act No. 640 (Continued)

Subsequently, the Louisiana Legislature enacted Act No. 151 of 2016 Regular Session, which retained the exclusions provided by Act No. 640, lowered the annual maximum amount of excluded local dollars from \$6 million to \$3 million, and modified the triggers for expiration of the exclusion. Act No. 151 provided for the expiration of the exclusions upon 1) extinguishment of the excluded costs, 2) any action of the School Board to reduce the constitutional millage from the level in effect for Fiscal Year 2009-2010, or 3) June 30, 2030, whichever occurs first. However, Act No. 151 did not become effective until July 1, 2016, which resulted in an approximately 16-month period – from March 7, 2015, through June 30, 2016 – during which the School Board could not deduct the exclusions.

Note 14. Act No. 543

Act 543 of the 2014 Regular Session of the Louisiana Legislature requires the establishment of a school facilities preservation program (the "program"). The program is to be funded by the following sources:

- The proceeds of local sales taxes at a rate equivalent to the rate being used as of July 1, 2014, by the OPSB to pay school facility debt.
- The proceeds from property taxes dedicated to capital outlay and authorized by voters after July 1, 2014.

Each year, OPSB is required to transfer to the RSD a proportion of the funds equal to the proportion of students attending school on campuses that are in the school district and that are controlled by the RSD to the total number of students attending school on campuses that are in the school district that are controlled by either OPSB or the RSD, based on the February 1st student enrollment counts.

Student enrollment for each campus are as follows:

OPSB Controlled Campuses	16,738
RSD Controlled Campuses	29,024
Total Students Enrolled in the School District	<u>45,762</u>
Percentage of Students Enrolled at OPSB Controlled Campuses	<u>37%</u>
Percentage of Students Enrolled at RSD Controlled Campuses	<u>63%</u>

A schedule of the amount of funds generated for the program, and the amount retained by the OPSB and the amount transferred to the RSD follows:

Source of Funds:	
Sales Taxes	\$ 8,669,251
Ad Valorem Taxes	<u>4,643,091</u>
Total Funds Available	<u>\$ 13,312,342</u>
Amount Retained by the OPSB (37%)	<u>\$ 4,869,149</u>
Amount Transferred to the RSD (63%)	<u>\$ 8,443,193</u>

**ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 15. Litigation and Contingencies

Claims

The School Board is a defendant in several workers' compensation, personal injury, personnel action and contractual lawsuits. Provisions for losses for these lawsuits are recorded in the financial statements, principally in long-term debt obligations. Management and legal counsel for the School Board believe that the potential claims against the School Board, not covered by insurance, are covered by the recorded liability. A summary of significant claims are as follows:

John Johnson, et al. vs. Orleans Parish School Board, et al., CDC No. 93-14333 c/w 94-5446, 94-12996, 95-13271 (Toxic Tort)

Plaintiffs filed this environmental class action law suit related to a school built on an allegedly contaminated site. Judgment was rendered in favor of the class and against the School Board (the Housing Authority of New Orleans, and the City of New Orleans were also cast in judgment). The district court approved a procedure for claims of unnamed class-members to be presented to the School Board to determine whether the facts of those claims are consistent with the Board's records. In February 2017, plaintiffs filed a motion for summary judgment in favor of 1,433 identified class claimants, which is still pending as of June 30, 2017. Subsequent to year end on October 11, 2017, the pending motion for summary judgment was granted in favor of the 1,433 class claimants in the amount of \$12,025,186, plus judicial interest.

Federal and State Grants

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

FEMA

On August 29, 2010, President Obama announced the Federal Emergency Management Agency's (FEMA) award of \$1.8 billion to the New Orleans Public Schools. This funding, plus an additional \$206 million not discussed in the announcement, represent FEMA's total funding to settle the School Board and the Recovery School District's (RSD) eligible disaster damage claim for school facilities and contents.

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

The majority of the FEMA funding awarded to the School Board and RSD has been structured into Alternative Projects under FEMA's Public Assistance program, which allows applicants to designate alternative ways to utilize FEMA funding to support the best interests of the community. This alternate funding vehicle will provide maximum flexibility to facilitate the implementation of the School Facilities Master Plan for Orleans Parish. The School Board has been issued in excess of 200 FEMA Project Worksheets which authorized or obligated \$426.4 million. As of June 30, 2017 the School Board has submissions to FEMA totaling \$276 million and has been reimbursed \$299 million. The School Board plans on using the majority of the remaining authorized monies to fund Phase One of the Master Plan, and to recover properly procured and executed work in the years immediately following the disaster.

**ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 15. Litigation and Contingencies (Continued)

Construction Contracts

At June 30, 2017, the School Board had construction commitments of approximately \$10.8 million. These commitments will be paid out of the Capital Projects Funds.

Note 16. Interfund Operating Transfers

Interfund operating transfers for the year ended June 30, 2017, were as follows:

	Transfers In	Transfers Out
Governmental Funds		
General Fund	\$ 2,164,818	\$ -
Hurricane Katrina Restoration Fund	10,910,614	879,365
Capital Projects Fund	52,256,061	12,599,746
QSCB Construction Fund	-	52,256,061
Federal Grant Fund	-	1,453,460
Non-Major Governmental Funds		
Non-Major Special Revenue Funds	-	581,358
Non-Major Capital Project Funds	2,505,979	130,000
Proprietary Funds		
Enterprise Funds	62,518	-
Total	\$ 67,899,990	\$ 67,899,990

Operating transfers between the General Fund and other funds are generally made to provide supplemental funds for program operations.

Note 17. Risk Management

The School Board is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; workers' compensation and health insurance for its employees. The School Board has established the following internal service funds to account for and finance these risks of loss:

Employee Health Insurance/Retiree Health Insurance

These funds are used to account for the employee, retiree and employer contributions to, and the payment of self-insured claims for the Health Insurance Plan. On February 1, 2006, the School Board offered a self-insured employee medical and Health Insurance Plan financed solely by employees and the School Board. The plan has a \$200,000 stop-loss provision, whereby any claims incurred in excess of the amount for a single insured is covered by reinsurance purchased by the School Board. Prior to February 1, 2006, the School Board offered a fully-insured Health Insurance plan.

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA

Notes to Financial Statements

Note 17. Risk Management (Continued)

Workers' Compensation Insurance

This fund is used to account for claims arising from employment related injuries prior to July 1, 2006. The School Board maintained a self-insurance plan, which included the purchase of insurance for claims in excess of \$500,000 per occurrence. The workers' compensation limit for each accident is the statutory amount. At June 30, 2017, there were 25 active claims.

Self-insured litigated claims are not reported in internal service funds, but the revenues and expenses for non-litigated claims are in the General Fund. The estimate for litigated claim liabilities is reported in the Government-Wide Financial Statements.

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

	Employee Health Insurance Fund	Retiree Health Insurance Fund	Workers' Compensation Fund	Litigated Claims	Total
Unpaid Claims, as Previously Reported June 30, 2016	\$ 5,824	\$ 483,177	\$ 2,806,948	\$ 31,683,934	\$ 34,979,883
Current Year Claims Incurred and Changes in Estimates	4,272,298	2,394,050	1,659,186	-	8,325,534
Claims Paid	(4,268,999)	(2,392,350)	(3,343,205)	(379,160)	(10,383,714)
Unpaid Claims as of Year Ended June 30, 2017	\$ 9,123	\$ 484,877	\$ 1,122,929	\$ 31,304,774	\$ 32,921,703

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

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA

Notes to Financial Statements

Note 18. Deficits in Fund Equity

The Master Plan Fund has a fund deficit of \$55,036,786. This fund deficit is expected to be funded through reimbursement from funding sources for allowable expenditures that have been incurred.

The Federal Grant Fund has a fund deficit of \$203,004. This fund deficit is expected to be funded through reimbursement from funding sources for allowable expenditures that have been incurred.

The CDBG Capital Projects Fund has a fund deficit of \$27,492. This fund deficit is expected to be funded through the General Fund.

Note 19. Contingency for Unbilled Federal Revenue

Included in Due from Other Governments are \$8,219,553 of amounts that are unbilled. At this time, it is uncertain whether all of these amounts will be recovered under the federal programs as they are recorded. Once the School Board has billed these amounts and received the reimbursements, adjustments will be recorded as required.

Note 20. Fund Balances

The nature and purpose of the fund balance designations are as follows:

Nonspendable for Prepaid Items – Represents property insurance which will be used in the future fiscal period.

Nonspendable for Inventory – Represents the purchased food inventories in the Child Nutrition Fund which will be used in the future fiscal period.

Restricted for Debt Service – This restriction represents the amounts restricted for payment of principal and interest maturing in future years on bonded debt.

Restricted for Capital Projects – This restriction was established by funding providers or by enabling legislation for capital purchases which will be used in future fiscal periods.

Committed for Capital Projects – This restriction was established by the School Board for capital purchases which will be used in future fiscal periods.

Assigned to Special Programs – This represents an assignment of funds that are designated for construction and renovation projects.

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA

Notes to Financial Statements

Note 21. Tax Credit Transactions

The School Board and OSFF have entered into various tax credit transactions to provide financing for the construction and development of charter schools located in New Orleans, Louisiana. OSFF is a public benefit corporation which will serve as leverage lender. OSFF is a blended component unit of the School Board as described in Note 1 to the financial statements. The following is a summary of relevant information pertaining to tax credit transactions effective as of June 30, 2017:

Phyllis S. Wheatley School

In April 2013, the School Board and the RSD signed a cooperative endeavor agreement (CEA) to approve the transfer of the Phillis S. Wheatley School to the OSFF through a 99 year ground lease. Rent under this lease is \$1 per year of the term. The CEA then required the transfer of the Phillis S. Wheatley School from OSFF to the Wheatley School Facility Foundation, Inc. (Wheatley QALICB) through the execution of a 65 year ground lease, with Wheatley QALICB obtaining debt and equity financing to complete construction of the Wheatley School. Rent under this lease is \$1 per year of the term. The CEA further required the School Board to provide sufficient funds to the OSFF, by either loan or grant, as necessary to complete construction of the Wheatley School. Pursuant to this requirement, the School Board advanced \$23,911,217 to OSFF, \$6,948,587 of which was loaned to Wheatley NMTC Investment Fund LLC, with OSFF as the leveraged lender. The remaining \$16,962,630 was provided to Wheatley QALICB as a grant to be used solely and exclusively to pay for the construction costs of the Wheatley School. See Note 5 for terms of the loan from OSFF to Wheatley NMTC Investment Fund LLC.

McDonogh 42 Elementary School

In October 2013, the School Board and the RSD entered into a CEA which provides for the transfer of McDonogh 42 Elementary School (McDonogh 42 School) to the OSFF through a 99 year ground lease. Rent under this lease is \$1 per year of the term. The CEA then required the transfer of the McDonogh 42 Elementary School from OSFF to the McDonogh 42 School Facility, LLC (McDonogh 42 QALICB) through the execution of a 65 year ground lease, with McDonogh 42 QALICB obtaining debt and equity financing to complete construction of the McDonogh 42 School. Rent under this lease is \$1 per year of the term. The CEA further required the School Board to provide sufficient funds to the OSFF, by either loan or grant, as necessary to complete construction of the McDonogh 42 School. Pursuant to this requirement, the School Board advanced \$15,499,000 to OSFF, \$6,849,000 of which was loaned to McDonogh Elementary Investment Fund, LLC, with OSFF as the leveraged lender. Of the remaining \$8,650,000, \$1,307,050 was provided to McDonogh 42 QALICB as a grant to be used solely and exclusively to pay for the construction costs of the McDonogh 42 School. See Note 5 for terms of the loan from OSFF to McDonogh Elementary Investment Fund LLC.

Avery Alexander School

In May 2015, the School Board and the RSD entered into a CEA which provides for the transfer of land to the OSFF through a 99 year ground lease. Rent under this lease is \$1 per year of the term. The CEA then required the transfer of the land from OSFF to Alexander School Facility, LLC through the execution of a 65 year ground lease, with Alexander School Facility, LLC obtaining debt and equity financing to complete the construction of the Alexander School. The CEA further required the School Board to provide funding to finance the construction of the Alexander School. Pursuant to this requirement, the School Board granted \$6,296,500 to OSFF which was then loaned to COCRF Investor 41, LLC, with OSFF as the leveraged lender. See Note 5 for terms of the loan from OSFF to COCRF Investor 41, LLC.

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA

Notes to Financial Statements

Note 21. Tax Credit Transactions (Continued)

Drew Elementary School

In February 2015, the School Board and the RSD entered into a CEA which provides for the sale of building improvements, and the transfer of land to the OSFF through a 99 year ground lease. Rent under this lease is \$1 per year of the term. The CEA then required the transfer of the land from OSFF to the Drew Elementary School Facility (DESF), LLC through the execution of a 65 year ground lease, and the sale of the building improvements to DESF, with DESF obtaining debt and equity financing to complete the construction of the Drew Elementary School. The CEA further required the School Board to provide funding to finance the purchase of the building improvements, costs for historic rehabilitation and renovation of the Drew Elementary School, and fees and expenses in connection with the project. Pursuant to this requirement, the School Board granted \$18,997,332 to OSFF which was then loaned to DESF, with OSFF as the leveraged lender. See Note 5 for terms of the loan from OSFF to DESF. In addition, under the charter lease subsidy agreement entered into as of June 1, 2015, OSFF is to provide a subsidy to the charter school operator, Arise Academy, to enable the operator to fulfill its lease payment obligation to DESF. For the year ended June 30, 2017, a total of \$725,804 was paid as a subsidy.

Sophie B. Wright High School

In April 2016, the School Board and the RSD entered into a CEA which provides for the sale of building improvements, and the transfer of land to the OSFF through a 99 year ground lease. Rent under this lease is \$1 per year of the term. The CEA then required the transfer of the land from OSFF to the SBW School Facility, L.L.C. (SBWSF) through the execution of a 65 year ground lease, and the sale of the building improvements to SBWSF, with SBWSF obtaining debt and equity financing to complete the construction of the Sophie B. Wright High School. The CEA further required the School Board to provide funding to finance the purchase of the building improvements, costs for historic rehabilitation and renovation of the Sophie B. Wright High School, and fees and expenses in connection with the project. Pursuant to this requirement, the School Board granted \$28,952,908 to OSFF which was then loaned to SBWSF, with OSFF as the leveraged lender. See Note 5 for terms of the loan from OSFF to SBWSF. In addition, under the charter lease subsidy agreement entered into as of April 28, 2016, OSFF is to provide a subsidy to the charter school operator, Institute for Academic Excellence, to enable the operator to fulfill its lease payment obligation to SBWSF. For the year ended June 30, 2017, a total of \$1,288,358 was paid as a subsidy.

Booker T. Washington School

In June 2017, the School Board and the RSD entered into a CEA which provides for the construction of a building, and the transfer of land to the OSFF through a 99 year ground lease. Rent under this lease is \$1 per year of the term. The CEA then required the transfer of the land from OSFF to the Booker T. Washington School Facility, L.L.C. (BTWSF) through the execution of a 65 year ground lease, obtaining debt financing to complete the construction of the Booker T. Washington High School. The CEA further required the School Board to provide funding to COCRF Investor 82, LLC (COCRF) to make certain investments to the Sub-CDE to ultimately fund the construction and development of Booker T. Washington School. Pursuant to this requirement, the School Board granted \$13,868,212 to OSFF which was then loaned to COCRF Investor 82, LLC (COCRF), with OSFF as the leveraged lender. See Note 5 for terms of the loan from OSFF to COCRF. In addition, under the charter lease subsidy agreement entered into as of June 13, 2017, OSFF is to provide a subsidy to the charter school operator, KIPP New Orleans, Inc., to enable the operator to fulfill its lease payment obligation. Payments are set to commence July 2017.

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA

Notes to Financial Statements

Note 21. Tax Credit Transactions (Continued)

Historic Tax Credits

During the year ended June 30, 2017, OSFF received \$1,551,651 through the sale of historic tax credits donated to OSFF by OPSB who earned them through the a project to rehabilitate a historic building known as the Audubon Montessori School.

During the year ended June 30, 2017, OSFF received \$3,995,307 through the sale of historic tax credits donated to OSFF by McDonogh 42 School Facility, LLC who earned them through the above mentioned "McDonogh 42 Elementary School" project.

Note 22. Tax Abatements

The City of New Orleans maintains a Restoration Tax Abatement Program that provides commercial property owners and homeowners who expand, restore, improve, or develop an existing structure in a downtown development district, economic development district, or historic district the right to pay ad valorem taxes based on the assessed valuation of the property for the year prior to the commencement of the project for five years after completion of the work. During the fiscal year ended June 30, 2017, there were fourteen tax abatements under the Restoration Tax Abatement Program with exemptions. During the fiscal year ended June 30, 2017, ad valorem taxes abated applicable to the School Board totaled \$617,438.

Note 23. Recent Reporting and Disclosure Developments

As of June 30, 2017, the Government Accounting Standards Board has issued several statements not yet implemented by the School Board. The Statements, which might impact the School Board, are as follows:

Governmental Accounting Standards Board Statement No. 75 (GASB 75)

The objective of GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, is to improve the usefulness of information for decisions made by the various users of the general purpose external financial reports (financial reports) of governments whose employees, both active employees and inactive employees, are provided with postemployment benefits other than pensions. This Statement is effective for fiscal years beginning after June 15, 2017.

Governmental Accounting Standards Board Statement No. 84 (GASB 84)

The objective of GASB 84, *Fiduciary Activities*, is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Governmental Accounting Standards Board Statement No. 85 (GASB 85)

The objective of GASB 85, *Omnibus 2017*, is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017.

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA

Notes to Financial Statements

Note 23. Recent Reporting and Disclosure Developments (Continued)

Governmental Accounting Standards Board Statement No. 87 (GASB 87)

The objective of GASB 87, *Leases*, is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2019.

Note 24. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 21, 2017, and determined that there were no events, except as noted above, which occurred which require disclosure. No subsequent events occurring after the date above have been evaluated for inclusion in these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION - (PART II)

ORLEANS PARISH SCHOOL BOARD
 NEW ORLEANS, LOUISIANA
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2017

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Local Sources				
Ad Valorem Taxes	\$ 11,520,669	\$ 11,519,344	\$ 9,724,207	\$ (1,795,137)
Sales and Use Tax (Including Vehicle)	9,556,481	9,057,806	8,168,129	(889,677)
Earnings on Investments	100,000	100,000	189,585	89,585
Donations	-	-	80,640	80,640
Other	5,444,528	5,619,002	6,138,983	519,981
State and Federal Sources				
Minimum Foundation Program	17,960,040	17,519,134	15,934,574	(1,584,560)
State Revenue Sharing	2,493,000	2,493,000	2,829,764	336,764
Other	598,000	592,862	553,516	(39,346)
Federal Sources	-	-	248,961	248,961
Total Revenues	47,672,718	46,901,148	43,868,359	(3,032,789)
Expenditures				
Current				
Instruction				
Regular Programs	13,106,666	12,991,784	13,655,371	(663,587)
Special Programs	3,695,937	3,726,145	4,062,121	(335,976)
Other Programs	2,629,529	2,549,679	2,549,970	(291)
Support				
Student Services	3,459,988	3,493,097	3,546,025	(52,928)
Instructional Staff Support	1,827,421	1,900,950	2,023,129	(122,179)
General Administration	3,919,928	3,798,036	3,822,539	(24,503)
School Administration	3,216,728	3,193,773	3,247,948	(54,175)
Business Services	1,843,140	1,542,436	1,557,336	(14,900)
Student Transportation Services	4,255,752	4,564,811	4,553,681	11,130
Central Services	2,547,509	2,633,534	2,638,823	(5,289)
Plant Services	7,917,152	7,255,034	7,259,427	(4,393)
Other	4,190,000	4,188,903	2,837,248	1,351,655
Total Expenditures	52,609,750	51,838,182	51,753,618	84,564
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,937,032)	(4,937,034)	(7,885,259)	(2,948,225)

ORLEANS PARISH SCHOOL BOARD
 NEW ORLEANS, LOUISIANA
 Budgetary Comparison Schedule (Continued)
 General Fund
 Fiscal Year Ended June 30, 2017

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Other Financing Sources (Uses)				
Judgments	-	-	1,089,834	1,089,834
Other	-	-	-	-
Transfers In	1,991,895	1,991,895	2,164,818	172,923
Transfers Out	-	-	-	-
Appropriations from Prior Year				
Budgetary Fund Balance	2,945,137	2,945,137	2,945,137	-
Total Other Financing Sources (Uses)	<u>4,937,032</u>	<u>4,937,032</u>	<u>6,199,789</u>	<u>1,262,757</u>
 Net Change in Fund Balance - Budgetary Basis	 <u>\$ -</u>	 <u>\$ (2)</u>	 (1,685,470)	 <u>\$ (1,685,468)</u>
 Fund Balance, June 30, 2016			 <u>69,303,905</u>	
Less: Appropriations from Beginning of Year				
Fund Balance			<u>(2,945,137)</u>	
 Fund Balance - Budgetary Basis, June 30, 2017			 <u>\$ 64,673,298</u>	

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA
Budgetary Comparison Schedule (Continued)
Pass-Through Fund
Fiscal Year Ended June 30, 2017

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Sources				
Ad Valorem Taxes	\$ 137,470,758	\$ 137,470,758	\$ 137,470,758	\$ -
Sales and Use Tax (Including Vehicle)	103,270,267	103,270,267	103,270,267	-
Other	7,525	7,525	7,525	-
State and Federal Sources				
Minimum Foundation Program	50,521,545	50,521,545	50,521,545	-
Other	311,395	311,395	311,395	-
Total Revenues	291,581,490	291,581,490	291,581,490	-
Expenditures				
Current				
Support				
General Administration	9,163,174	9,163,174	9,163,174	-
Total Expenditures	9,163,174	9,163,174	9,163,174	-
Excess of Revenues Over Expenditures	282,418,316	282,418,316	282,418,316	-
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Transfers Out - Charters and RSD	(282,308,073)	(282,308,073)	(282,308,073)	-
Total Other Financing Sources (Uses)	(282,418,316)	(282,418,316)	(282,418,316)	-
Net Change in Fund Balance	-	-	-	-
Fund Balance, June 30, 2016	-	-	-	-
Fund Balance, June 30, 2017	\$ -	\$ -	\$ -	\$ -

Budget amounts for the Pass Through Fund were set equal to actual revenues and expenditures incurred since the fund has no formal budget, all revenues recognized are fully expended or transferred out to other funds and to the Recovery School District and to charter schools.

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA
Budgetary Comparison Schedule (Continued)
Federal Grant Fund
Fiscal Year Ended June 30, 2017

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
State and Federal Sources				
Other	\$ 178,480	\$ 178,480	\$ 178,480	\$ -
Federal Sources	24,357,294	24,357,294	24,357,294	-
Total Revenues	24,535,774	24,535,774	24,535,774	-
Expenditures				
Current				
Instruction				
Regular Programs	269,403	269,403	269,403	-
Special Programs	2,087,134	2,087,134	2,087,134	-
Other Programs	12,621,248	12,621,248	12,621,248	-
Support				
Student Services	3,531,756	3,531,756	3,531,756	-
Instructional Staff Support	4,328,756	4,328,756	4,328,756	-
Business Services	5,150	5,150	5,150	-
Student Transportation Services	206,740	206,740	206,740	-
Central Services	42,794	42,794	42,794	-
Total Expenditures	23,092,981	23,092,981	23,092,981	-
Excess of Revenues Over Expenditures	1,442,793	1,442,793	1,442,793	-
Other Financing Sources				
Transfers In	-	-	-	-
Transfers Out	(1,453,460)	(1,453,460)	(1,453,460)	-
Transfers Out - Charters and RSD	(35,763)	(35,763)	(35,763)	-
Total Other Financing Sources (Uses)	(1,489,223)	(1,489,223)	(1,489,223)	-
Net Change in Fund Balance	(46,430)	(46,430)	(46,430)	-
Fund Balance, June 30, 2016	(156,574)	(156,574)	(156,574)	-
Fund Balance, June 30, 2017	\$ (203,004)	\$ (203,004)	\$ (203,004)	\$ -

The budgeted amounts of revenues and expenditures for the Federal Grant Fund were set equal to actual due to differences in grant periods compared to the fiscal period as well as extensions of grant periods.

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA
Other Post-Employment Benefits Information
Fiscal Year Ended June 30, 2017

Fiscal Year	Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL as a Percentage of Covered Payroll
2017	7/1/2016	\$ -	\$ 19,974,000	\$ 19,974,000	0%	\$ 28,977,901	69%
2016	7/1/2015	-	20,136,000	20,136,000	0%	31,824,242	63%
2015	7/1/2014	-	17,439,000	17,439,000	0%	33,109,777	53%
2014	7/1/2013	-	17,508,000	17,508,000	0%	31,380,631	56%

Actuarial Assumptions 2017

Actuarial Cost Method	Projected Unit Credit Cost
Amortization Method	Level Percentage of Payroll
Amortization Period	30 Years - Open Basis
Asset Valuation Method	Not Funded
Investment Rate of Return	4.0%
Projected Salary Increases	3.5%

Actuarial Assumptions 2016

Actuarial Cost Method	Projected Unit Credit Cost
Amortization Method	Level Percentage of Payroll
Amortization Period	30 Years - Open Basis
Asset Valuation Method	Not Funded
Investment Rate of Return	4.0%
Projected Salary Increases	3.5%

Actuarial Assumptions 2015

Actuarial Cost Method	Projected Unit Credit Cost
Amortization Method	Level Percentage of Payroll
Amortization Period	30 Years - Open Basis
Asset Valuation Method	Not Funded
Investment Rate of Return	4.5%
Projected Salary Increases	3.5%

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA
Schedule of the School Board's Proportionate Share of Net Pension Liability
For the Year Ended June 30, 2017

	2017		2016		2015	
	TRSL	LASERS	TRSL	LASERS	TRSL	LASERS
School Board's Proportion of the Net Pension Liability	0.57413%	0.01772%	0.60963%	0.01355%	0.58780%	0.01314%
School Board's Proportionate Share of the Net Pension Liability	\$ 67,385,420	\$ 1,391,786	\$ 65,549,001	\$ 921,741	\$ 60,078,661	\$ 821,567
School Board's Covered Payroll	\$ 28,825,542	\$ 385,050	\$ 27,306,350	\$ 321,035	\$ 26,191,785	\$ 265,843
School Board's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	233.8%	361.5%	240.1%	287.1%	229.4%	309.0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	59.9%	57.7%	62.5%	62.7%	63.7%	65.0%

*TRSL refers to the Teachers' Retirement System of Louisiana.

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

**GASB 68 requires this schedule to show information for 10 years. The School Board implemented GASB 68 in its 2015 fiscal year. Therefore, additional years will be displayed as they become available.

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA
Schedule of School Board Pension Contributions
For the Year Ended June 30, 2017

	2017		2016		2015	
	TRSL	LASERS	TRSL	LASERS	TRSL	LASERS
Contractually Required Contribution	\$ 7,345,326	\$ 133,222	\$ 7,655,504	\$ 143,239	\$ 7,683,825	\$ 118,394
Contributions in Relation to Contractually Required Contribution	\$ 7,345,326	\$ 133,222	\$ 7,655,504	\$ 143,239	\$ 7,683,825	\$ 118,394
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School Board's Covered-Employee Payroll	\$ 28,475,489	\$ 371,665	\$ 28,825,542	\$ 385,050	\$ 27,306,350	\$ 321,035
Contributions as a Percentage of Covered-Employee Payroll	25.8%	35.8%	26.6%	37.2%	28.1%	36.9%

*TRSL refers to the Teachers' Retirement System of Louisiana.

**GASB 68 requires this schedule to show information for 10 years. The School Board implemented GASB 68 in its 2015 fiscal year. Therefore, additional years will be displayed as they become available.

***Contributions as a Percentage of Covered-Employee Payroll for TRSL for each year displays a composite percentage for the three sub-plans: Regular, Plan B, and ORP.

Note 1. Budget and Budgetary Accounting

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

The General Fund and the Special Revenue Funds are the only funds with legally required budgets. The General Fund budget and the Special Revenue Funds' budgets are adopted on an annual basis. These budgets include proposed expenditures and the means of financing them.

Annually, the Superintendent submits to the School Board a proposed annual appropriated budget for the General Fund and Special Revenues Funds. Public hearings are advertised and conducted to obtain taxpayer comments and the proposed budgets are published. The budget is adopted by the School Board and, as required, is submitted no later than September 30th to the State Department of Education for approval. The Superintendent is authorized to move budgeted items within the functional categories, the legal level of control, but may not increase the total amount authorized.

Expenditures for Special Revenue Fund budgets, except for the Child Nutrition Program, may not exceed budgeted amounts by more than five percent unless a budget revision is approved by the State Department of Education. For the Child Nutrition Program, budget amendments follow the same requirements as the General Fund.

The Capital Projects Funds' budgets are adopted on a project basis, since such projects may be started and completed at any time during the year or may extend beyond one fiscal year. Capital Projects Funds are allocated by project using architectural and engineering estimates. All projects remain programmed and funded until completed or until the School Board decides to eliminate the project. Accordingly, budget and actual comparisons are not reported in the basic financial statements for those funds.

Budgets are prepared on the modified accrual basis of accounting, consistent with GAAP. Unencumbered appropriations lapse at the end of the fiscal year. Encumbered appropriations at year end that have been approved by the Board are generally expended during the next fiscal year's operations, assuming that the underlying liability is ultimately incurred. Budgeted amounts are as originally adopted or as amended by the Board. Legally, the Board must adopt a balanced budget; that is, total budgeted revenues and other financing sources including fund balance must equal or exceed total budgeted expenditures and other financing uses. State statutes require the School Board to amend its budgets when revenues plus projected revenues within a fund are expected to be less than budgeted revenues by five percent or more and/or expenditures within a fund are expected to exceed budgeted expenditures by five percent or more.

Note 2. Pension Plan Schedules

Changes of Benefit Terms

A change of benefit terms was enacted for TRSL. A 15% cost-of-living (COLA), effective July 1, 2014, was provided for TRSL by the 2014 Louisiana Regular Legislative Session.

Changes of Assumptions

There were no changes of benefit assumptions related to the TRSL plan for the year ended June 30, 2017.

OTHER SUPPLEMENTARY INFORMATION

ORLEANS PARISH SCHOOL BOARD
 NEW ORLEANS, LOUISIANA
 Combining Balance Sheet - By Fund Type
 Non-Major Governmental Funds
 June 30, 2017

	Special Revenue	Capital Projects	Total
Assets			
Due from Other Governments	\$ 1,153,888	\$ -	\$ 1,153,888
Equity in Pooled Cash	6,763,231	10,032,665	16,795,896
Inventory	70,617	-	70,617
Total Assets	\$ 7,987,736	\$ 10,032,665	\$ 18,020,401
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$ 432,002	\$ 1,249,922	\$ 1,681,924
Equity in Pooled Cash	632,643	27,492	660,135
Unearned Revenues	97,712	-	97,712
Total Liabilities	1,162,357	1,277,414	2,439,771
Fund Balances			
Nonspendable:			
Inventory	70,617	-	70,617
Restricted for:			
Capital Projects	-	8,782,743	8,782,743
Assigned to:			
Special Programs	6,754,762	-	6,754,762
Unassigned	-	(27,492)	(27,492)
Total Fund Balances	6,825,379	8,755,251	15,580,630
Total Liabilities and Fund Balances	\$ 7,987,736	\$ 10,032,665	\$ 18,020,401

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance - By Fund Type
Non-Major Governmental Funds
Fiscal Year Ended June 30, 2017

	Special Revenue	Capital Projects	Total
Revenues			
Local Sources			
Food Services	\$ 120,955	\$ -	\$ 120,955
Donations	137,456	4,050,000	4,187,456
Other	1,507,733	-	1,507,733
State and Federal			
Minimum Foundation Program	110,243	-	110,243
Federal Sources	5,540,683	835,875	6,376,558
Other	1,381,679	-	1,381,679
Total Revenues	8,798,749	4,885,875	13,684,624
Expenditures			
Instruction			
Regular Education Programs	155,235	-	155,235
Other Education Programs	1,289,924	-	1,289,924
Support			
Student Services	30,206	-	30,206
Instructional Staff Support	34,024	-	34,024
School Administration	484,878	-	484,878
Business Services	142,907	-	142,907
Plant Services	45,867	1,165	47,032
Food Services	5,034,816	-	5,034,816
Capital Outlay	-	1,310,079	1,310,079
Total Expenditures	7,217,857	1,311,244	8,529,101
Excess of Revenues			
Over Expenditures	1,580,892	3,574,631	5,155,523
Other Financing Sources and Uses			
Transfers In	-	2,505,979	2,505,979
Transfers Out	(581,358)	(130,000)	(711,358)
Transfers Out - Charter Schools	-	(3,187,906)	(3,187,906)
Total Other Financing Sources (Uses)	(581,358)	(811,927)	(1,393,285)
Net Change in Fund Balance	999,534	2,762,704	3,762,238
Fund Balance, June 30, 2016	5,825,845	5,992,547	11,818,392
Fund Balance, June 30, 2017	\$ 6,825,379	\$ 8,755,251	\$ 15,580,630

ORLEANS PARISH SCHOOL BOARD
 NEW ORLEANS, LOUISIANA
 Combining Balance Sheet
 Non-Major Special Revenue Funds
 June 30, 2017

	State and Local	Child Nutrition	Non-Recurring Operational	Total
Assets				
Due from Other Governments	\$ 632,643	\$ 521,245	\$ -	\$ 1,153,888
Equity in Pooled Cash	1,307,894	5,054,069	401,268	6,763,231
Inventory	-	70,617	-	70,617
Total Assets	\$ 1,940,537	\$ 5,645,931	\$ 401,268	\$ 7,987,736
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 42,851	\$ 389,151	\$ -	\$ 432,002
Equity in Pooled Cash	632,643	-	-	632,643
Unearned Revenues	97,712	-	-	97,712
Total Liabilities	773,206	389,151	-	1,162,357
Fund Balances				
Nonspendable:				
Inventory	-	70,617	-	70,617
Assigned to:				
Special Programs	1,167,331	5,186,163	401,268	6,754,762
Total Fund Balances	1,167,331	5,256,780	401,268	6,825,379
Total Liabilities and Fund Balances	\$ 1,940,537	\$ 5,645,931	\$ 401,268	\$ 7,987,736

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Non-Major Special Revenue Funds
Fiscal Year Ended June 30, 2017

	State and Local	Child Nutrition	Non-Recurring Operational	Total
Revenues				
Local Sources				
Food Services	\$ -	\$ 120,955	\$ -	\$ 120,955
Donations	137,456	-	-	137,456
Other	1,507,435	298	-	1,507,733
State and Federal				
Minimum Foundation Program	-	110,243	-	110,243
Federal Funds	-	5,540,683	-	5,540,683
Other	1,362,669	19,010	-	1,381,679
Total Revenues	3,007,560	5,791,189	-	8,798,749
Expenditures				
Instruction				
Regular Education Programs	155,235	-	-	155,235
Other Education Programs	1,289,924	-	-	1,289,924
Support				
Student Services	30,206	-	-	30,206
Instructional Staff Support	34,024	-	-	34,024
School Administration	484,878	-	-	484,878
Business Services	2,782	-	140,125	142,907
Plant Services	3,187	-	42,680	45,867
Food Services	-	5,034,816	-	5,034,816
Total Expenditures	2,000,236	5,034,816	182,805	7,217,857
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,007,324	756,373	(182,805)	1,580,892
Other Financing Sources and Uses				
Transfers In	-	-	-	-
Transfers Out	(17,339)	(564,019)	-	(581,358)
Total Other Financing Sources (Uses)	(17,339)	(564,019)	-	(581,358)
Net Change in Fund Balance	989,985	192,354	(182,805)	999,534
Fund Balance, June 30, 2016	177,346	5,064,426	584,073	5,825,845
Fund Balance, June 30, 2017	\$ 1,167,331	\$ 5,256,780	\$ 401,268	\$ 6,825,379

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA
Combining Balance Sheet
Non-Major Capital Projects Funds
June 30, 2017

	G.O. Bond Capital Project Fund	Harrah's Casino Capital Projects	CDBG Capital Projects	Total
Assets				
Equity in Pooled Cash	\$ 4,341,658	\$ 5,691,007	\$ -	\$ 10,032,665
Total Assets	<u>\$ 4,341,658</u>	<u>\$ 5,691,007</u>	<u>\$ -</u>	<u>\$ 10,032,665</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 357,936	\$ 891,986	\$ -	\$ 1,249,922
Equity in Pooled Cash	-	-	27,492	27,492
Total Liabilities	<u>357,936</u>	<u>891,986</u>	<u>27,492</u>	<u>1,277,414</u>
Fund Balances				
Restricted for Capital Projects	3,983,722	4,799,021	-	8,782,743
Unassigned	-	-	(27,492)	(27,492)
Total Fund Balances	<u>3,983,722</u>	<u>4,799,021</u>	<u>(27,492)</u>	<u>8,755,251</u>
Total Liabilities and Fund Balances	<u>\$ 4,341,658</u>	<u>\$ 5,691,007</u>	<u>\$ -</u>	<u>\$ 10,032,665</u>

ORLEANS PARISH SCHOOL BOARD
 NEW ORLEANS, LOUISIANA
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances
 Non-Major Capital Projects Funds
 Fiscal Year Ended June 30, 2017

	G.O. Bond Capital Project Fund	Harrah's Casino Capital Projects	CDBG Capital Projects	Total
Revenues				
Local Sources				
Donations	\$ -	\$ 4,050,000	\$ -	\$ 4,050,000
State and Federal				
Federal Funds	-	-	835,875	835,875
Total Revenues	-	4,050,000	835,875	4,885,875
Expenditures				
Support				
Plant Services	1,165	-	-	1,165
Capital Outlay	647,202	662,877	-	1,310,079
Total Expenditures	648,367	662,877	-	1,311,244
Excess (Deficiency) of Revenues Over (Under) Expenditures	(648,367)	3,387,123	835,875	3,574,631
Other Financing Sources and Uses				
Transfers In	640,365	-	1,865,614	2,505,979
Transfer Out	-	(130,000)	-	(130,000)
Transfers Out - Charter Schools	-	(3,187,906)	-	(3,187,906)
Total Other Financing Sources (Uses)	640,365	(3,317,906)	1,865,614	(811,927)
Net Change in Fund Balance	(8,002)	69,217	2,701,489	2,762,704
Fund Balance, June 30, 2016	3,991,724	4,729,804	(2,728,981)	5,992,547
Fund Balance, June 30, 2017	\$ 3,983,722	\$ 4,799,021	\$ (27,492)	\$ 8,755,251

ORLEANS PARISH SCHOOL BOARD
 NEW ORLEANS, LOUISIANA
 Combining Statement of Net Position
 Proprietary Fund Type - Internal Service Funds
 June 30, 2017

	Employee Health Insurance	Retiree Health Insurance	Workers' Compensation Insurance	E-Rate	Total Internal Service Funds
Assets					
Other Receivables	\$ -	\$ 81,769	\$ -	\$ 161,090	\$ 242,859
Equity in Pooled Cash	-	520,544	4,383,375	-	4,903,919
Prepaid Items and Other Assets	482,472	9,241	187,725	-	679,438
Total Assets	482,472	611,554	4,571,100	161,090	5,826,216
Liabilities and Net Position					
Liabilities					
Accounts Payable	274,911	126,677	7,500	76,277	485,365
Equity in Pooled Cash	198,438	-	-	84,813	283,251
Claims Payable	9,123	484,877	1,122,929	-	1,616,929
Unearned Revenue	-	-	1,756,652	-	1,756,652
Total Liabilities	482,472	611,554	2,887,081	161,090	4,142,197
Net Position					
Restricted	\$ -	\$ -	\$ 1,684,019	\$ -	\$ 1,684,019

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA
Combining Statement of Revenues, Expenses
and Changes in Net Position
Proprietary Fund Type - Internal Service Funds
Fiscal Year Ended June 30, 2017

	Employee Health Insurance	Retiree Health Insurance	Workers' Compensation Insurance	E-Rate	Total Internal Service Funds
Operating Revenues					
Employer Contributions	\$ 4,252,912	\$ 1,452,110	\$ 1,514,334	\$ -	\$ 7,219,356
Retiree Contributions	-	940,240	-	-	940,240
Employee Contributions	16,087	-	-	-	16,087
Workers Compensation Reimbursement	-	-	1,735,055	-	1,735,055
Total Operating Revenues	4,268,999	2,392,350	3,249,389	-	9,910,738
Operating Expenses					
General Administrative	-	-	516,640	-	516,640
Central Services	4,268,999	2,392,350	1,048,730	-	7,710,079
Total Operating Expenses	4,268,999	2,392,350	1,565,370	-	8,226,719
Operating Income	-	-	1,684,019	-	1,684,019
Nonoperating Revenues					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Change in Net Position	-	-	1,684,019	-	1,684,019
Net Position at June 30, 2016	-	-	-	-	-
Net Position at June 30, 2017	\$ -	\$ -	\$ 1,684,019	\$ -	\$ 1,684,019

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA
Combining Statement of Cash Flows
Proprietary Fund Type - Internal Service Funds
Fiscal Year Ended June 30, 2017

	Employee Health Insurance	Retiree Health Insurance	Workers' Compensation Insurance	E-Rate	Total Internal Service Funds
Cash Flows from Operating Activities					
Cash Premiums Received	\$ 4,268,999	\$ 2,989,722	\$ 3,343,205	\$ (161,090)	\$ 10,440,836
Payments for Claims and Benefits	(4,268,999)	(2,989,722)	(3,343,205)	161,090	(10,440,836)
Net Cash (Used in) Provided by Operating Activities	-	-	-	-	-
Cash Flows from Non-Capital Financing Activities					
Interfund Transfers	-	-	-	-	-
Net Cash (Used in) Provided by Non-Capital Financing Activities	-	-	-	-	-
Net Decrease in Cash	-	-	-	-	-
Cash, Beginning of Year	-	-	-	-	-
Cash, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -
Reconciliation of Operating Income to Net Cash (Used in) Provided by Operating Activities					
Operating Income	\$ -	\$ -	\$ 1,684,019	\$ -	\$ 1,684,019
Adjustments to Reconcile Operating Income to Net Cash (Used in) Provided by Operating Activities:					
Changes in:					
Other Receivables	-	44,725	-	223,965	268,690
Equity in Pooled Cash	321,541	915,371	(297,422)	(184,632)	754,858
Prepaid Items and Other Assets	(18,900)	(9,240)	-	-	(28,140)
Accounts Payable	(305,941)	(452,013)	(25,831)	(39,333)	(823,118)
Unearned Revenue	-	(500,543)	(250,859)	-	(751,402)
Claims Payable/Self-Insured	3,300	1,700	(1,109,907)	-	(1,104,907)
Net Cash (Used in) Provided by Operating Activities	\$ -	\$ -	\$ -	\$ -	\$ -

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA
Combining Statement of Assets and Liabilities
Fiduciary Fund Type - Trust Funds
June 30, 2017

	Expendable Trust	City-Wide Exceptional Needs	Trust Total
Assets			
Investments	\$ 282,875	\$ -	\$ 282,875
Due from Other Funds	389,700	-	389,700
Equity in Pooled Cash	-	373,902	373,902
Total Assets	672,575	373,902	1,046,477
Liabilities			
Accounts Payable	1,500	213,848	215,348
Total Liabilities	1,500	213,848	215,348
Net Position			
Held in Trust for Various Purposes	\$ 671,075	\$ 160,054	\$ 831,129

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA
Combining Statement of Changes in Assets and Liabilities
Fiduciary Fund Type - Trust Funds
June 30, 2017

	Expendable Trust	City-Wide Exceptional Needs	Trust Total
Additions			
Other Miscellaneous	\$ -	\$ 1,300,000	\$ 1,300,000
Interest and Investment Loss	(13,745)	-	(13,745)
Total Additions	(13,745)	1,300,000	1,286,255
Deductions			
Instruction			
Special Programs	-	1,257,787	1,257,787
Support			
Business Services	-	10,353	10,353
Total Deductions	-	1,268,140	1,268,140
Changes in Net Position	(13,745)	31,860	18,115
Net Position - Beginning	684,820	128,194	813,014
Net Position - Ending	\$ 671,075	\$ 160,054	\$ 831,129

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA
Combining Statement of Assets and Liabilities
Fiduciary Fund Type - Agency Funds
June 30, 2017

	Student Activity	Agency Total
Assets		
Cash	\$ 356,408	\$ 356,408
Due from Other Funds	913	913
Total Assets	\$ 357,321	\$ 357,321
Liabilities		
Due to Student Groups	\$ 357,321	\$ 357,321
Total Liabilities	\$ 357,321	\$ 357,321

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA
Combining Statement of Changes in Assets and Liabilities
Fiduciary Fund Type - Agency Funds
Fiscal Year Ended June 30, 2017

	Balance June 30, 2016	Additions/ Transfers to OPSB	Deductions	Balance June 30, 2017
Student Activity				
Assets				
Cash	\$ 279,271	\$ 1,172,257	\$ 1,095,120	\$ 356,408
Due from Other Funds	913	-	-	913
Total Assets	\$ 280,184	\$ 1,172,257	\$ 1,095,120	\$ 357,321
Liabilities				
Due to Student Groups	\$ 280,184	\$ 1,172,257	\$ 1,095,120	\$ 357,321
Total Liabilities	\$ 280,184	\$ 1,172,257	\$ 1,095,120	\$ 357,321
Total Agency Funds				
Assets				
Cash	\$ 279,271	\$ 1,172,257	\$ 1,095,120	\$ 356,408
Due from Other Funds	913	-	-	913
Total Assets	\$ 280,184	\$ 1,172,257	\$ 1,095,120	\$ 357,321
Liabilities				
Due to Student Groups	\$ 280,184	\$ 1,172,257	\$ 1,095,120	\$ 357,321
Total Liabilities	\$ 280,184	\$ 1,172,257	\$ 1,095,120	\$ 357,321

ORLEANS PARISH SCHOOL BOARD
 NEW ORLEANS, LOUISIANA
 Schedule of Compensation, Benefits and Other Payments
 to Agency Head
 For the Year Ended June 30, 2017

Agency Head
 Dr. Henderson Lewis, Jr.
 Superintendent

Purpose	Amount
Salary	\$ 192,323
Benefits-Insurance	\$ 21,517
Benefits-Retirement	\$ 50,373
Benefits-Other	\$ 4,961
Car Allowance	\$ 8,000
Per Diem	\$ 962
Reimbursements	\$ 291
Conference Travel	\$ 701
Total	\$ 279,128

STATISTICAL SCHEDULES

ORLEANS PARISH SCHOOL BOARD
 NEW ORLEANS, LOUISIANA
 Government-Wide Expenses by Function
 For the Three Years Ended June 30, 2017

(Unaudited)

Governmental Activities	2017	2016	2015
Instruction			
Regular Education Programs	\$ 16,174,134	\$21,518,727	\$17,578,429
Special Education Programs	7,052,908	7,264,584	7,419,801
Other Education Programs	18,880,160	18,789,952	22,087,652
Support Services			
Student Services	8,152,528	8,683,924	8,467,577
Instructional Staff Support	7,405,242	7,487,693	8,664,341
General Administration	16,100,470	17,641,687	15,567,842
School Administration Services	4,281,376	3,377,102	3,024,129
Business Services	1,956,006	2,638,366	2,694,690
Student Transportation Services	5,459,981	5,307,002	4,387,320
Central Services	3,087,937	3,010,617	4,133,550
Plant Services	9,622,990	11,033,319	10,028,975
Other	2,837,248	10,706,816	11,518,514
Food Services	5,034,815	6,050,027	6,382,602
Transfer to Charter Schools and RSD	312,407,787	267,601,648	242,472,608
Interest on Long-Term Debt	1,470,071	1,962,020	2,576,631
Total Governmental Activities	\$ 419,923,653	\$393,073,485	\$ 367,004,661

ORLEANS PARISH SCHOOL BOARD
 NEW ORLEANS, LOUISIANA
 Government-Wide Revenues
 For the Three Years Ended June 30, 2017

(Unaudited)

Governmental Activities	2017	2016	2015
Program Revenues			
Charges for Services	\$ 329,646	\$ 685,107	\$ 842,089
Operating Grants and Contributions	32,790,105	33,570,030	37,037,918
Capital Grants and Contributions	25,742,490	75,235,923	63,514,308
General Revenues			
Ad Valorem Taxes	165,148,640	158,311,016	148,298,545
Sales and Use Taxes	132,079,437	127,844,470	123,557,264
State Revenue Sharing	2,829,764	2,690,500	2,759,731
Minimum Foundation Program (MFP)	66,456,119	64,377,681	56,596,779
Interest and Investment Earnings	236,795	75,553	65,351
Donation of Capital Assets	-	43,359,340	70,628,578
Judgements	1,089,834	20,499,056	-
Miscellaneous	9,207,728	14,755,785	8,319,615
Total Governmental Activities	\$ 435,910,558	\$ 541,404,461	\$ 511,620,178

ORLEANS PARISH SCHOOL BOARD
 NEW ORLEANS, LOUISIANA
 General Fund Expenditures by Function (Continued)
 Last Ten Fiscal Years
 June 30, 2017

(Unaudited)

Governmental Activities	2016 - 2017	2015-2016	2014 - 2015	2013 - 2014	2012 - 2013
Instructional					
Regular Programs	\$ 13,655,371	\$13,554,994	\$12,410,465	\$11,266,628	\$13,027,746
Special Programs	4,062,121	3,958,191	3,656,783	3,239,265	3,183,692
Other Programs	2,549,970	1,571,703	1,820,091	1,950,512	1,967,446
Support Services					
Student Services	3,546,025	3,250,828	2,958,673	2,092,943	2,097,799
Instructional Staff Support	2,023,129	2,087,964	1,850,248	1,817,001	1,689,262
General Administration	3,822,539	3,836,725	3,482,791	2,705,463	2,389,186
School Administration	3,247,948	2,750,339	2,433,712	2,423,014	2,401,313
Business Administration					
Business Services	1,557,336	2,023,742	1,904,154	1,960,726	1,763,709
Plant Services	7,259,427	7,765,991	6,036,785	6,373,241	5,570,994
Student Transportation Services	4,553,681	4,171,244	3,393,135	3,165,738	3,206,358
Central Services	2,638,823	2,349,547	3,138,057	3,809,623	2,769,916
Capital Outlay	-	28,002	-	-	-
Other	2,837,248	1,300,000	1,300,000	-	-
Debt Service	-	-	-	-	-
Total	\$ 51,753,618	\$ 48,649,270	\$ 44,384,894	\$ 40,804,154	\$ 40,067,421

ORLEANS PARISH SCHOOL BOARD
 NEW ORLEANS, LOUISIANA
 General Fund Expenditures by Function (Continued)
 Last Ten Fiscal Years
 June 30, 2017

(Unaudited)

Governmental Activities	2011-2012	2010 - 2011	2009 - 2010	2008 - 2009	2007 - 2008
Instructional					
Regular Programs	\$ 10,783,639	\$ 9,708,233	\$ 11,741,153	\$ 12,293,081	\$ 13,135,211
Special Programs	3,029,204	2,881,996	2,224,169	2,297,469	2,248,217
Other Programs	2,051,161	2,411,786	1,485,948	1,682,444	1,896,083
Support Services					
Student Services	2,181,313	2,026,753	1,060,801	1,937,578	2,441,699
Instructional Staff Support	1,564,722	1,417,888	1,127,846	1,929,356	2,230,574
General Administration	4,076,291	4,262,910	3,000,371	3,249,389	12,816,283
School Administration	2,378,693	2,017,519	1,457,434	1,593,290	1,794,791
Business Administration					
Business Services	1,639,885	1,886,694	2,041,587	2,181,043	2,706,386
Plant Services	5,699,167	5,928,194	5,361,358	5,869,546	8,917,945
Student Transportation Services	3,468,801	3,159,234	2,551,994	2,837,647	2,567,773
Central Services	2,496,616	2,745,644	3,475,355	1,718,313	10,136,366
Capital Outlay	-	-	-	-	61
Other	5,783	5,412	370,000	5,911,773	-
Debt Service	-	-	-	-	-
Total	\$ 39,375,275	\$ 38,452,263	\$ 35,898,016	\$ 43,500,929	\$ 60,891,389

**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***

Independent Auditor's Report

To the Orleans Parish School Board
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Orleans Parish School Board (the School Board), as of and for the year ended June 30, 2017, 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 21, 2017. Our report includes a reference to other auditors who audited the financial statements of the following aggregate discretely presented component units: Bricolage Academy, Cypress Academy, Encore Learning, Foundation Preparatory, Homer A. Plessy Community School, Hynes Charter School, InspireNOLA Charter Schools - Alice M. Harte Elementary, Edna Karr High School and Wilson Charter School, Lusher Charter School, New Orleans Charter Science and Math High School, Robert Russa Moton Charter School, and Warren Easton Senior High School, as described in our report on the School Board's financial statements. The report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2017-001, that we consider to be a significant deficiency.

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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 matter that is required to be reported under *Government Auditing Standards*.

School Board's Response to Finding

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

Purpose of this Report

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

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



A Professional Accounting Corporation

Metairie, LA
December 21, 2017

**Report on Compliance For Each Major Federal Program; Report on Internal
Control Over Compliance; and Report on Schedule of Expenditures of
Federal Awards Required by the Uniform Guidance**

Independent Auditor's Report

To the Orleans Parish School Board
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the Orleans Parish School Board's (the School Board) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School Board's major federal programs for the year ended June 30, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the 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, 2017.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the School Board as of and for the year ended June 30, 2017, and have issued our report thereon dated December 21, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

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



A Professional Accounting Corporation

Metairie, LA
December 21, 2017

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor Program Title	CFDA Number	Pass-Through Grantor No.	School Board Expenditures	Charter Pass-Through Expenditures
United States Department of Agriculture				
Passed Through Louisiana Department of Agriculture				
Noncash Assistance (Commodities):				
National School Lunch Program	10.555	-	\$ 640,089	\$ -
Noncash Assistance Subtotal			640,089	-
Cash Assistance:				
School Breakfast Program	10.553	-	1,260,476	-
National School Lunch Program	10.555	-	3,565,470	-
Summer Food Service Program for Children	10.559	-	74,648	-
Cash Assistance Subtotal			4,900,594	-
Total United States Department of Agriculture			5,540,683	-
United States Department of Defense				
ROTC	12.998	-	121,060	-
Total United States Department of Defense			121,060	-
United States Department of Housing and Urban Development				
Passed through the Louisiana Office of Community Development				
Community Development Block Grant	14.228	-	835,875	-
Total United States Department of Housing and Urban Development			835,875	-
United States Department of Education				
Passed through the Louisiana Department of Education				
No Child Left Behind Act (NCLB)				
Title I	84.010A	28-17-T1-36	8,654,559	6,418,441
Title I - Striving Readers Comprehensive Literacy Program	84.371C	28-17-SO-36	314,140	-
Title II, Part A - Elementary and Secondary Education Act	84.367A	28-17-50-36	1,088,138	406,273
Title III	84.365A	28-17-60-36	3,538	27,403
Title IV - Twenty-First Century Community Learning Centers	84.287	28-17-C8-36	694	-
Individuals with Disabilities and Exceptionalities Act (IDEA)				
IDEA Part B	84.027A	28-17-B1-36	3,831,390	951,120
IDEA High Cost Services Grant-Round 1	84.027A	28-17-RK-36	100,075	190,388
IDEA High Cost Services Grant-Round 2	84.027A	28-17-RK-36	28,988	25,948
IDEA High Cost Services Grant	84.027A	28-17-RK-36	3,235	-
IDEA Preschool	84.173A	28-17-P1-36	72,722	-
Vocational Education				
Carl Perkins	84.048	28-17-02-36	14,265	127,688
Advanced Placement Test Fee Reimbursement	84.330B		16,148	111,753
Direct Funding				
PBIS Improvement Initiative	84.184G		205,613	300,162
Literacy for Life Project	84.215G		101,449	261,091
McKinney-Vento Homeless	84.196A	28-17-H1-36	50,760	1,565
Total United States Department of Education			14,485,714	8,821,832

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor Program Title	CFDA Number	Pass-Through Grantor No.	School Board Expenditures	Charter Pass-Through Expenditures
United States Department of Health and Human Services				
Passed through the Louisiana Department of Education				
Temporary Assistance for Needy Families (TANF) After School For All	93.558B	28-17-36-36	316,490	861,159
Total United States Department of Health and Human Services			316,490	861,159
United States Department of Homeland Security				
Passed through the Louisiana Department of Education				
Disaster Grants - Public Assistance	97.036	-	20,856,616	-
Total United States Department of Homeland Security			20,856,616	-
Total Expenditures of Federal Awards			42,156,438	9,682,991
				\$ 51,839,429

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Orleans Parish School Board and is presented on the modified accrual basis of accounting. Commodities received, which are non-cash revenue are valued at prices provided by the U.S. Department of Agriculture. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 2. Reconciliation to the Basic Financial Statements

The expenditures listed in the accompanying schedule are reported in the following funds in either the governmental funds statement of revenues, expenditures and changes in fund balances (basic statement) or the non-major special revenue funds combining statement of revenues, expenditures and changes in fund balance, (supplementary information) of the Orleans Parish School Board's June 30, 2017, financial statements.

General Fund	\$ 248,961
Hurricane Katrina Restoration Fund	20,856,616
Federal Grant Fund	24,357,294
CDBG Capital Projects Fund	835,875
Child Nutrition Fund	<u>5,540,683</u>
Financial Statement Total	<u>\$ 51,839,429</u>
Schedule of Expenditures of Federal Awards Total	<u>\$ 51,839,429</u>

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

Section 1. Summary of Auditor's Results

Financial Statements

- | | | |
|----|--|------------|
| 1. | Type of auditors' report issued | Unmodified |
| 2. | Internal control over financial reporting | |
| a. | Material weaknesses identified | No |
| b. | Significant deficiencies identified | Yes |
| c. | Noncompliance material to the financial statements noted | No |

Federal Awards

- | | | |
|----|--|-------------------|
| 1. | Internal control over major programs | |
| a. | Material weaknesses identified | No |
| b. | Significant deficiencies identified | No |
| 2. | Type of auditors' report issued on compliance for major programs | Unmodified |
| 3. | Audit findings disclosed that are required in accordance with Section 2 CFR 200.516(a) | No |
| 4. | Identification of major programs | |
| | Child Nutrition Cluster | 10.553 – 10.559 |
| | Special Education Cluster (IDEA) | 84.027A – 84.173A |
| | Temporary Assistance for Needy Families (TANF) | 93.558B |
| 5. | Dollar threshold used to distinguish between Type A and B programs | \$1,555,183 |
| 6. | Auditee qualified as a low-risk auditee? | Yes |

Section 2. Findings – Financial Statement Audit

2017-001 – Oversight Over Financial Reporting

Condition: During the fiscal year, there were points in time where the accounting and reporting function did not have central oversight by someone in a CFO position. As a result, adjusting entries were needed to preliminary financial information and certain schedules had to be prepared by individuals that were not familiar with the schedules.

Criteria: Having an individual responsible for oversight of the entire accounting function, including ensuring that information needed from various departments within the organization to complete the audit is prepared timely and materially accurate, is a crucial element of internal control within an organization.

Effect: Potential significant misstatements in the financial statements or noncompliance may occur.

Section 2. Findings – Financial Statement Audit (Continued)

2017-001 – Oversight of Accounting Function (Continued)

Cause: The cause of the condition noted is the result of many factors, including: (1) significant turnover in key positions, including CFO, during the year, resulting in lack of overall oversight; (2) turnover in departments wherein audit information was derived, resulting in these reports being prepared by employees unfamiliar with the procedures to create the information; (3) reduction of staff with historical knowledge which resulted in tasks being assigned to others in the organization, causing a strain on those resources as well as requiring training for those taking on these tasks during the course of the audit; and (4) lack of training/cross training on full capabilities of accounting system for accounting personnel.

Auditor's Recommendation: We recommend that the School Board hire a CFO or Director of Finance that can oversee the accounting and financial reporting function.

Views of Responsible Officials: Management agrees that there has been turnover within the district, including the Deputy Chief of Finance and Operations position. This transitional phase, as was necessary through the Unification process, has led to many within the organization taking on new and expanded roles.

Management is happy to report that, as of December 5, 2017, we have fulfilled the auditor's recommendation of filling the Deputy Chief of Finance and Operations position. The individual has substantial financial experience and formerly served as CFO at a large school district. Additionally, we have started cross training for accounting, human resources and payroll personnel focused on understanding the full capabilities of the ERP. The finance team completed training on December 6th, 7th and December 12th while the HR team completed additional training on November 29th and November 30th. Finally, we have established a relationship with a MUNIS analyst who will serve as our point of contact and training partner for any future concerns.

Section 3. Findings and Questioned Costs – Major Federal Award Programs Audit

None.

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA
Corrective Action Plan
For the Year Ended June 30, 2017

ORLEANS PARISH SCHOOL BOARD

(504) 304-3520 • OPSB.us • 3520 General DeGaulle Drive • Suite 5055 • New Orleans, Louisiana 70114



Findings – Financial Statement Audit

2017-001 – Oversight Over Financial Reporting

Name of Contact Person: Eric Seling, COO

Corrective Action:

Management agrees that there has been turnover within the district, including the Deputy Chief of Finance and Operations position. This transitional phase, as was necessary through the Unification process, has led to many within the organization taking on new and expanded roles.

Management is happy to report that, as of December 5, 2017, we have fulfilled the auditor's recommendation of filling the Deputy Chief of Finance and Operations position. The individual has substantial financial experience and formerly served as CFO at a large school district. Additionally, we have started cross training for accounting, human resources and payroll personnel focused on understanding the full capabilities of the ERP. The finance team completed training on December 6th, 7th and December 12th while the HR team completed additional training on November 29th and November 30th. Finally, we have established a relationship with a MUNIS analyst who will serve as our point of contact and training partner for any future concerns.

Proposed Completion Date:

December 5, 2017

Eric Seling
Chief Operations Officer

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA
Schedule of Prior Audit Findings
For the Year Ended June 30, 2017

None

ORLEANS PARISH SCHOOL BOARD

* * * * *

SUMMARY OF CHARTER SCHOOL FINDINGS

**FRENCH AND MONTESSORI EDUCATION, INC.
D/B/A AUDUBON CHARTER SCHOOL**

Section I. Summary of Auditor's Results

Financial Statement Section

- | | |
|---|---------------|
| 1. Type of auditor's report | Unmodified |
| 2. Internal control over financial reporting and compliance and other matters | |
| a. Material weaknesses identified | No |
| b. Significant deficiencies identified not considered to be material weaknesses | None reported |
| c. Noncompliance noted | No |
| 3. Management letter comment provided | None |

Federal Awards

- | | |
|---|---------------|
| 4. Internal control over major programs | |
| a) Material weaknesses identified? | No |
| b) Significant deficiencies identified not considered to be material weaknesses? | None reported |
| 5. Type of auditor's report issued on compliance for major programs | Unmodified |
| 6. Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)? | No |
| 7. Identification of major programs | |
| 84.010A – Title I grants to Local Education Agencies | |
| 8. Dollar threshold used to distinguish between Type A and B programs | \$750,000 |
| 9. Auditee qualified as a low-risk auditee under Uniform Guidance | No |

Section II. Internal Control Over Financial Reporting

None.

Section III. Compliance and Other Matters

None.

**ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.
D/B/A BEN FRANKLIN HIGH SCHOOL**

Section I. Summary of Audit Results

Financial Statement Section

1. Type of auditor's report	Unmodified
2. Internal control over financial reporting and compliance and other matters	
a. Material weaknesses identified	None
b. Significant deficiencies identified not considered to be material weaknesses	None
c. Noncompliance noted	None

Section II. Internal Control Over Financial Reporting

None.

Section III. Compliance and Other Matters

None.

BRICOLAGE ACADEMY

No summary of findings included in stand-alone financial statements. Independent Auditors Report on Internal Control and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* did not report findings.

CYPRESS ACADEMY

A. Summary of Auditors' Results

1. The Independent Auditors' Report expresses an unmodified opinion on the financial statements of Cypress Charter School Association.
2. No control deficiencies were disclosed during the audit of the financial statements and are reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
4. A management letter was not issued for the year ended June 30, 2017.

B. Findings Related to the Financial Statements

There were no findings related to the financial statements for the year ended June 30, 2017.

C. Findings Related to Compliance and Other Matters

There were no findings related to compliance and other matters for the year ended June 30, 2017.

THE EINSTEIN GROUP, INC.

Section I. Summary of Audit Results

Financial Statements

- | | |
|---|------------|
| 1) Type of auditor's report | Unmodified |
| 2) Internal control over financial reporting and compliance and other matters | |
| a) Material weaknesses identified | None |
| b) Significant deficiencies identified not considered to be material weaknesses | None |
| c) Noncompliance noted | None |
| 3) Management letter comment provided | None |

Federal Awards

- | | |
|---|------------|
| 4) Internal control over major program | |
| a) Material weaknesses identified | None |
| b) Significant deficiencies identified not considered to be material weaknesses | None |
| 5) Type of auditor's report issued on compliance for major programs | Unmodified |
| 6) Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)? | None |
| 7) Identification of major programs | |
| 84.282 – Charter Schools | |
| 84.287 – Twenty-First Century Community Learning Centers | |
| 8) Dollar threshold used to distinguish between Type A and B programs | \$750,000 |
| 9) Auditee qualified as a low-risk auditee under Uniform Guidance | Yes |

Section II. Internal Control Over Financial Reporting

None.

Section III. Findings and Questioned Costs Related to Major Federal Award Programs

None.

ENCORE LEARNING

Summary of Auditor's Results

Financial Statements

- | | |
|--|-------------|
| • Type of auditor's report issued: | Unqualified |
| • Material weaknesses identified | No |
| • Significant deficiencies identified not considered to be material weaknesses | No |
| • Noncompliance material to the financial statements noted | No |

Finding – Financial Statement Audit

There are no findings for the year ended June 30, 2017.

Questioned Costs

There are no questioned costs for the year ended June 30, 2017.

FOUNDATION PREPARATORY, INC.

Summary of Auditor's Results

Financial Statements

- | | |
|---|-------------|
| • Type of auditor's report issued: | Unqualified |
| • Material weaknesses identified? | No |
| • Significant deficiencies identified not considered to be material weaknesses? | No |
| • Noncompliance material to the financial statements noted? | No |

Findings – Financial Statement Audit

There are no findings for the year ended June 30, 2017.

Questioned Costs

There are no questioned costs for the year ended June 30, 2017.

CITIZEN'S COMMITTEE FOR EDUCATION
D/B/A HOMER A. PLESSY COMMUNITY SCHOOL

Summary of Auditor's Results

Financial Statements

- | | |
|--|-------------|
| • Type of auditor's report issued: | Unqualified |
| • Material weaknesses identified | No |
| • Significant deficiencies identified not considered to be material weaknesses | No |
| • Noncompliance material to the financial statements noted | No |

Finding – Financial Statement Audit

There are no findings for the year ended June 30, 2017.

Questioned Costs

There are no questioned costs for the year ended June 30, 2017.

HYNES CHARTER SCHOOL CORPORATION

SECTION I – SUMMARY OF AUDITORS’ REPORTS

1. The auditors’ report expresses an unmodified opinion on the financial statements of Hynes Charter School Corporation (a nonprofit organization).
2. No instances of noncompliance material to the financial statements of Hynes Charter School Corporation were disclosed and identified during the audit.
3. No instances of noncompliance material to the financial statements of Hynes Charter School Corporation were reported in the Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements performed in Accordance with Government Auditing Standards.

SECTION II – FINDINGS RELATED TO FINANCIAL STATEMENTS

No findings noted.

SECTION III – FINDINGS RELATED TO COMPLIANCE AND OTHER MATTERS

No findings noted.

InspireNOLA CHARTER SCHOOLS

A. SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unmodified opinion on the financial statements of the InspireNOLA Charter Schools.
2. No control deficiencies relating to the audit of the financial statements are reported in the *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*.
3. No instances of noncompliance material to the financial were disclosed during the audit.
4. No control deficiencies relating to the audit of the major federal award programs are reported in the *Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Federal Award Program and on Internal Control Over Compliance Required by the Uniform Guidance*.
5. The auditors' report on compliance with requirements applicable to major federal award programs for InspireNOLA Charter Schools expresses an unmodified opinion.
6. The auditors' report disclosed no findings that were required to be reported in accordance with the Uniform Guidance.
7. A management letter was not issued for the year ended June 30, 2017.
8. The programs tested as major programs were:

	<u>CFDA No.</u>
National School Lunch Program	10.555
Special Education Grants to States	84.027

9. The threshold for distinguishing between type A and type B programs was \$750,000.
10. InspireNOLA Charter Schools was determined to be a low-risk auditee.

B. FINDINGS RELATED TO THE FINANCIAL STATEMENTS

There were no findings required to be reported in this section.

C. FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAMS

There were no findings required to be reported in this section.

LAKE FOREST ELEMENTARY CHARTER SCHOOL

Part I. Summary of Auditor's Results

Financial Statements

- | | |
|--|------------|
| 1) Type of auditor's report | Unmodified |
| 2) Internal control over financial reporting and compliance and other matters: | |
| a) Material weaknesses identified? | No |
| b) Significant deficiencies identified? | No |
| c) Noncompliance material to the financial statements? | No |

Federal Awards

Not applicable.

Part II. Findings Related to the Financial Statements

None.

Part III. Federal Award Findings

Not Applicable.

**ADVOCATES FOR ARTS-BASED EDUCATION CORPORATION
D/B/A LUSHER CHARTER SCHOOL**

Section I – Summary of Auditor’s Results

a) Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? No
- Significant deficiencies identified not considered to be material weaknesses? None reported

Noncompliance material to financial statements noted? No

b) Federal Awards

The School did not expend more than \$750,000 in federal awards during the year ended June 30, 2017, and therefore, is exempt from the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

Section II - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

No internal control over financial reporting findings were reported during the audit for the year ended June 30, 2017.

Compliance and Other Matters

No compliance findings material to the financial statements were reported during the audit for the year ended June 30, 2017.

Section III – Federal Award Findings and Questioned Costs

Internal Control / Compliance

The School did not expend more than \$750,000 in federal awards during the year ended June 30, 2017, and therefore, is exempt from the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

**ADVOCATES FOR SCIENCE AND MATHEMATICS EDUCATION, INC.
(NEW ORLEANS CHARTER SCIENCE AND MATH HIGH SCHOOL)**

I - SUMMARY OF AUDITORS' RESULTS

1. The independent auditors' report expresses an unmodified opinion on the financial statements of Advocates for Science and Mathematics Education, Inc.
2. No instances of noncompliance material to the financial statements of the School, which would be required to be disclosed under Government Auditing Standards, were disclosed and identified during the audit.
3. No significant deficiencies relating to the audit of the major federal award programs is reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
4. The *Independent Auditor's Report on Compliance for each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance* expresses an unmodified opinion on the major federal programs.
5. There was one (1) finding that is required to be reported in accordance with Uniform Guidance, see finding 2017-001.
6. A management letter was issued for the year ended June 30, 2017.
7. The programs tested as a major programs for the year ended June 30, 2017 were:

<u>Program Title</u>	<u>CFDA No.</u>
Child Nutrition Cluster	10.553/10.555

8. The threshold for distinguishing between Type A and Type B programs was \$750,000.
9. The School did not qualify as a low-risk auditee.

II – FINDINGS RELATED TO FINANCIAL STATEMENTS COMPLIANCE

None noted.

III – FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAMS

2017-001: Timely Submission of Data Collection Form

Condition: Advocates is required to submit the audit package and data collection form to the Federal Audit Clearinghouse by October 26, 2016.

Criteria: Uniform Guidance 2 CFR 200.512(a) states that the audit package and data collection form shall be submitted 30 days after receipt of the auditor's report(s), or 9 months after the end of the fiscal year, whichever comes first.

Effect: Late submission can result in withholding of federal pass-through funding to the auditee and precludes the auditee from being considered a low-risk auditee for the subsequent two (2) years.

Cause: A clerical oversight resulted in late submission of the audit package and data collection form.

ADVOCATES FOR SCIENCE AND MATHEMATICS EDUCATION, INC.
(NEW ORLEANS CHARTER SCIENCE AND MATH HIGH SCHOOL)
(Continued)

Recommendation: We recommend Advocates ensure timely certification of submission to the Federal Audit Clearinghouse.

Planned Corrective Action: Advocates will ensure timely certification of submission to the Federal Audit Clearinghouse.

Anticipated Completion Date: December 31, 2017

Responsible Contact Person: Claudia Kent, Director of Finance

ADVOCATES FOR INNOVATIVE SCHOOLS, INC.
(D/B/A ROBERT RUSSA MOTON CHARTER SCHOOL)

Section I – Summary of Auditor’s Results

Financial Statement

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified?	No
• Noncompliance material to financial statements noted?	No

Section II – Financial Statement Findings

No findings or questioned costs for the year ended June 30, 2017.

Section III – Federal Awards Findings

No findings or questioned costs for the year ended June 30, 2017.

WARREN EASTON SENIOR HIGH SCHOOL FOUNDATION, INC.

Section I – Summary of Auditors' Results

1. The auditors' report expresses an unmodified opinion on the financial statements of Warren Easton Senior High School Foundation, Inc. (a nonprofit organization) (the School).
2. No instances of noncompliance material to the financial statements of the School, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
3. No deficiencies in internal control over financial reporting considered to be material weaknesses or significant deficiencies were disclosed during the audit.
4. The *Independent Auditor's Report on Compliance for the Major Program and on Internal Control Over compliance Required by the Uniform Guidance* expresses an unmodified opinion on the major federal program.
5. Two findings required to be reported in accordance with the Uniform Guidance were disclosed during the audit.
6. No deficiencies in internal control over the major program considered to be material weaknesses or significant deficiencies were disclosed during the audit.
7. The program tested as a major program for the year ended June 30, 2017 was:

<u>Program Title</u>	<u>CFDA No.</u>
Title I Grants to Local Educational Agencies (LEAs)	84.010A

8. The threshold for distinguishing between Type A and Type B programs was \$750,000.
9. The School did not qualify as a low-risk auditee.

B. FINDINGS RELATED TO THE FINANCIAL STATEMENTS

None Noted.

C. FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAM

2017-001: PROCUREMENT SUSPENSION AND DEBARMENT

Applicable Federal Award Programs: Title I – Grants to Local Educational Agencies

Condition and Criteria: As described in 2 CFR Part 200, Appendix XI, Compliance Supplement, Department of Education requires educational institutions to check for Suspended or Debarred vendors before recording federal expenditures to the vendors. After discussion with management, we noted that no control exists over this compliance requirement. Although no control exists, CRI noted through testing that the School was in compliance with this requirement and therefore there were no questioned costs.

Cause: The School has no control in place over the compliance requirement of Procurement, Suspension and Debarment.

Effect: Lack of controls over this compliance requirement may impact future compliance.

Recommendation: Management should design, implement, and document policies and procedures to review that vendors are not suspended or debarred prior to disbursing federal funds.

Planned Corrective Action: Management will design, implement, and document process to review vendors are not suspended or debarred prior to disbursing federal funds.

Anticipated Completion Date: December 31, 2017

Responsible Contact Person: Mike Greer, Controller

2017-002: TIMELY SUBMISSION OF DATA COLLECTION FORM

Condition and Criteria: The School is required to submit the audit package and data collection form to the Federal Audit Clearinghouse within a specified time period. Uniform Guidance 2 CFR 200.512(a) states that the audit package and data collection form shall be submitted 30 days after receipt of the auditors' report(s), or 9 months after the end of the fiscal year, whichever comes first.

Cause: The auditor typically begins the submission process for the School. However, a clerical oversight of the auditor resulted in late submission of the audit package and data collection form.

Effect: Late submission can result in withholding of federal pass-through funding to the auditee and precludes the auditee from being considered a low-risk auditee for the subsequent two (2) years.

Recommendation: We recommend the School ensure timely certification of submission to the Federal Audit Clearinghouse.

Planned Corrective Action: Management will ensure that the required Federal Audit Clearinghouse filing is completed timely.

Anticipated Completion Date: November 30, 2017

Responsible Contact Person: Mike Greer, Controller

D. MANAGEMENT LETTER

Not applicable – no letter was issued.

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Orleans Parish School Board
New Orleans, Louisiana

We have performed the procedures enumerated below, which were agreed to by the management of the Orleans Parish School Board (School Board) and the Legislative Auditor, State of Louisiana, on the Louisiana Department of Education performance and statistical data accompanying the annual financial statements of Orleans Parish School Board for the fiscal year ended June 30, 2017, and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education, in compliance with Louisiana Revised Statute 24:514 1. Management of the Orleans Parish School Board is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

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

1. We selected a random sample of 25 transactions 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.

No differences were noted.

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.

No differences were noted.

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.

No differences were noted.

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.

No differences were noted.

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.

No differences were noted.

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 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.

No differences were noted.

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.

No differences were noted.

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

No differences were noted.

Class Size Characteristics (Schedule 6)

8. 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.

For 5 out of the 10 classes sampled, discrepancies were noted. For one class selected for testing, we were not able to determine if the class roll book provided was correct as the teacher name, class code, and the student counts did not match the selection based on the LEADs class summary report. For one class selected for testing, the class roll book provided had a class size reported differently than the LEADs class summary report, 26 and 29, respectively. For three classes selected for testing, we were informed there were no class roll books available to test for each selection.

Louisiana Educational Assessment Program (LEAP) (Schedule 7)

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

We attempted to reconcile scores reported in the schedule presented in this report to the scores provided by the testing authority, but we were not able to complete this procedure. The schedules obtained from the School Board report test scores for direct run schools only, while the testing authority reports test scores for direct run and charter schools.

Graduation Exit Examination (GEE) (Schedule 8)

10. The Graduation Exit Examination (GEE) is no longer administered. This schedule is no longer applicable.

iLEAP Tests (Schedule 9)

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 Orleans Parish School Board.

We attempted to reconcile scores reported in the schedule presented in this report to the scores provided by the testing authority, but we were not able to complete this procedure. The schedules obtained from the School Board report test scores for direct run schools only, while the testing authority reports test scores for direct run and charter schools.

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

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

A handwritten signature in cursive script, reading "LaForte".

A Professional Accounting Corporation

Metairie, LA
December 21, 2017

**SCHEDULES REQUIRED BY LOUISIANA STATE LAW
(R.S. 24:514 - PERFORMANCE AND STATISTICAL DATA)**

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA
General Fund Instructional and Support Expenditures
And Certain Local Revenue Sources
For the Year Ended June 30, 2017

Schedule 1

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures

Teacher and Student Interaction Activities

Classroom Teacher Salaries	\$ 7,549,100
Other Instructional Staff Activities	486,425
Employee Benefits	4,601,228
Purchased Professional and Technical Services	464,077
Instructional Materials and Supplies	551,591
Instructional Equipment	2,100

Total Teacher and Student Interaction Activities \$ 13,654,521

Other Instructional Activities 850

Pupil Support Activities 3,546,025

Less: Equipment for Pupil Support Activities (64,712)

Net Pupil Support Activities 3,481,313

Instructional Staff Services 2,023,129

Less: Equipment for Instructional Staff Services (89,580)

Net Instructional Staff Services 1,933,549

School Administration 3,247,948

Less: Equipment for School Administration (3,266)

Net School Administration 3,244,682

Total General Fund Instructional Expenditures \$ 22,314,915

Total General Fund Equipment Expenditures \$ 2,100

Certain Local Revenue Sources

Local Taxation Revenue

Constitutional Ad Valorem Taxes	\$ 100,780,399
Renewable Ad Valorem Tax	46,414,566
Debt Service Ad Valorem Tax	10,717,213
Facilities Preservation Ad Valorem Tax	7,236,462
Up to 1% of Collections by the Sheriff on Taxes	
Other than School Taxes	(10,203,618)
Sales and Use Taxes	132,079,437

Total Local Taxation Revenue \$ 287,024,459

Local Earnings on Investment in Real Property \$ 7,525

State Revenue Sharing \$ 2,829,764

Nonpublic Textbook Revenue \$ 494,209

Nonpublic Transportation Revenue \$ -

See independent accountant's report on applying agreed-upon procedures.

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA
Education Levels of Public School Staff
As of October 1, 2016

Schedule 2

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	1	0%	2	13%	0	0%	0	0%
Bachelor's Degree	115	53%	10	67%	0	0%	0	0%
Master's Degree	71	33%	3	20%	7	59%	0	0%
Master's Degree + 30	27	13%	0	0%	3	25%	0	0%
Specialist in Education	0	0%	0	0%	1	8%	0	0%
Ph. D. or Ed. D.	2	1%	0	0%	1	8%	0	0%
Total	216	100%	15	100%	12	100%	0	0%

See independent accountant's report on applying agreed-upon procedures.

ORLEANS PARISH SCHOOL BOARD
 NEW ORLEANS, LOUISIANA
 Number and Type of Public Schools
 For the Year Ended June 30, 2017

Schedule 3

Type	Number
Elementary	3
Middle/Jr. High	0
Secondary	0
Combination	3
Total	6

See independent accountant's report on applying agreed-upon procedures.

ORLEANS PARISH SCHOOL BOARD
 NEW ORLEANS, LOUISIANA
 Experience of Public Principals, Assistant
 Principals and Full Time Classroom Teachers
 As of October 1, 2016

Schedule 4

	0 -1 Yr.	2 -3 Yrs.	4 -10 Yrs.	11-14 Yrs.	15 -19 Yrs.	20 - 24 Yrs.	25+ Yrs.	Total
Assistant Principals	2	0	1	2	1	0	0	6
Principals	0	0	0	2	1	0	3	6
Classroom Teachers	50	6	32	27	27	33	56	231
Total	52	6	33	31	29	33	59	243

ORLEANS PARISH SCHOOL BOARD
 NEW ORLEANS, LOUISIANA
 Public School Staff Data: Average Salaries
 For the Year Ended June 30, 2017

Schedule 5

	All Classroom Teachers	Classroom Teachers Excluding ROTC and Rehired Retirees
Average Classroom Teachers Salary Including Extra Compensation	\$48,714	\$48,621
Average Classroom Teachers Salary Excluding Extra Compensation	\$48,649	\$48,555
Number of Teacher Full-Time Equivalents (FTEs) Used in Computation of Average Salaries	227	223

ORLEANS PARISH SCHOOL BOARD
 NEW ORLEANS, LOUISIANA
 Class Size Characteristics
 As of October 1, 2016

Schedule 6

CLASS SIZE RANGE										
SCHOOL TYPE	TYPE TOTAL	%	1 THRU 20	%	21 THRU 26	%	27 THRU 33	%	34+	%
ELEMENTARY	298	25%	29	6%	125	36%	143	42%	1	2%
ELEMENTARY ACTIVITY CLASSES	107	9%	47	11%	27	8%	32	9%	1	2%
MIDDLE	0	0%	0	0%	0	0%	0	0%	0	0%
MIDDLE/JR. HIGH ACTIVITY CLASSES	0	0%	0	0%	0	0%	0	0%	0	0%
HIGH	0	0%	0	0%	0	0%	0	0%	0	0%
HIGH ACTIVITY CLASSES	0	0%	0	0%	0	0%	0	0%	0	0%
COMBINATION	514	43%	184	41%	160	46%	139	41%	31	61%
COMBINATION ACTIVITY CLASSES	267	23%	188	42%	33	10%	28	8%	18	35%
TOTAL	1,186	100%	448	100%	345	100%	342	100%	51	100%

See independent accountant's report on applying agreed-upon procedures.

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA
Louisiana Educational Assessment Program (LEAP)
For the Year Ended June 30, 2017

Schedule 7

District Achievement Level Results	English Language Arts			Mathematics			Science			Social Studies		
	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015
Grade 4	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	3%	14%	9%	4%	2%	21%	0.5%	0%	0%	1%	N/A	0%
Mastery	32%	40%	45%	28%	30%	32%	12%	13%	13%	11%	N/A	9%
Basic	36%	25%	33%	36%	31%	34%	45%	56%	56%	31%	N/A	62%
Approaching Basic	23%	12%	6%	22%	28%	6%	30%	25%	25%	42%	N/A	20%
Unsatisfactory	6%	9%	7%	10%	9%	7%	13%	6%	6%	15%	N/A	9%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	N/A	100%

District Achievement Level Results	English Language Arts			Mathematics			Science			Social Studies		
	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015
Grade 8	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	7%	5%	2%	2%	0%	1%	0%	0%	0%	4%	N/A	0%
Mastery	45%	42%	28%	18%	17%	22%	13%	7%	8%	23%	N/A	5%
Basic	30%	30%	40%	33%	28%	24%	44%	45%	43%	31%	N/A	45%
Approaching Basic	12%	18%	21%	32%	34%	34%	32%	31%	33%	30%	N/A	31%
Unsatisfactory	6%	5%	9%	15%	21%	19%	11%	17%	16%	12%	N/A	19%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	N/A	100%

NOTE: Spring 2015, 2016, and 2017 LEAP test data was used to prepare this schedule. Social Studies assessments were not administered during Spring 2016.

See independent accountant's report on applying agreed-upon procedures.

The Graduation Exit Exam is no longer administered. This schedule is no longer applicable.

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA
iLEAP Test Results
For the Year Ended June 30, 2017

Schedule 9

iLEAP Tests

District Achievement Level Results	English Language Arts			Mathematics			Science			Social Studies		
	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015
Grade 3	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	5%	1%	2%	2%	6%	4%	3%	1%	1%	1%	N/A	1%
Mastery	44%	36%	45%	39%	37%	25%	12%	13%	15%	14%	N/A	18%
Basic	22%	36%	26%	31%	36%	33%	48%	52%	48%	30%	N/A	51%
Approaching Basic	18%	20%	17%	14%	17%	24%	23%	29%	24%	28%	N/A	20%
Unsatisfactory	11%	7%	10%	14%	5%	14%	14%	5%	12%	27%	N/A	10%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	N/A	100%

District Achievement Level Results	English Language Arts			Mathematics			Science			Social Studies		
	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015
Grade 5	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	2%	2%	1%	4%	4%	2%	2%	2%	2%	3%	N/A	3%
Mastery	40%	48%	39%	19%	15%	21%	12%	13%	12%	9%	N/A	18%
Basic	38%	31%	28%	35%	40%	37%	45%	52%	54%	29%	N/A	53%
Approaching Basic	13%	18%	25%	29%	29%	31%	27%	23%	22%	30%	N/A	17%
Unsatisfactory	7%	1%	7%	13%	12%	9%	14%	10%	10%	29%	N/A	9%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	N/A	100%

District Achievement Level Results	English Language Arts			Mathematics			Science			Social Studies		
	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015
Grade 6	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	8%	12%	7%	3%	2%	3%	2%	1%	1%	5%	N/A	6%
Mastery	36%	46%	56%	14%	23%	35%	17%	9%	20%	17%	N/A	17%
Basic	33%	30%	28%	43%	50%	38%	43%	51%	52%	26%	N/A	48%
Approaching Basic	17%	10%	8%	26%	19%	23%	30%	30%	22%	29%	N/A	26%
Unsatisfactory	6%	2%	1%	14%	6%	1%	8%	9%	5%	23%	N/A	3%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	N/A	100%

District Achievement Level Results	English Language Arts			Mathematics			Science			Social Studies		
	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015
Grade 7	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	11%	10%	2%	1%	1%	0%	0%	4%	1%	5%	N/A	0%
Mastery	31%	33%	33%	8%	15%	12%	14%	16%	10%	14%	N/A	4%
Basic	28%	30%	32%	41%	35%	42%	43%	40%	43%	23%	N/A	46%
Approaching Basic	21%	19%	20%	34%	38%	34%	28%	27%	28%	26%	N/A	31%
Unsatisfactory	9%	8%	13%	16%	11%	12%	15%	13%	18%	32%	N/A	19%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	N/A	100%

NOTE: Spring 2014, 2015, and 2016 LEAP test data was used to prepare this schedule. Social Studies assessments were not administered during Spring 2016.

See independent accountant's report on applying agreed-upon procedures.

AGREED-UPON PROCEDURES REPORT
Orleans Parish School Board

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Period July 1, 2016 - June 30, 2017

Mr. Eric Seling, COO
Orleans Parish School Board
3520 General DeGaulle Drive
New Orleans, LA 70114

We have performed the procedures enumerated below, which were agreed to by Orleans Parish School Board (the School Board) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The School Board's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated results are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

- c) **Disbursements**, including processing, reviewing, and approving
- d) **Receipts**, including receiving, recording, and preparing deposits
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results: The policies of the School Board address all of the functions listed, with the following exceptions. For 1(f), Contracting, no policy was noted. For 1(h), Travel and expense reimbursements, the policy does not address allowable expenses, dollar thresholds, or required approvers. For 1(j), Debt Service, the policy does not address EMMA reporting requirements, debt reserve requirements, or debt service requirements.

Managements' Response for 1(f): There are standard procedures in place that address and monitor the five areas reviewed for contract policy. The district hired a consultant in November to review procurement. Procedures are in the process of being reviewed. Pursuant to review completion, changes will be made as determined.

Managements' Response for 1(h): The district's ERP expense claim module has dollar amounts set each year for per diem tiers and mileage rate. Expense codes are also pre-set based on what is allowable in accordance with the state's travel policy.

Managements' Response for 1(j): Annual financial statements have been filed with EMMA since 2011.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
- c) Report whether the minutes referenced or included non-budgetary financial information (e.g., approval of contracts and disbursements) for at least one meeting during the fiscal period.

Results: The School Board met at least monthly. The minutes reference budget-to-actual comparisons on the General Fund and major special revenue funds. The minutes do not reference budget-to-actual comparisons on the other major funds. The minutes reference approvals of bids, contracts and material purchases.

Managements' Response: The monthly reporting package, presented to the board, is currently being revised for more inclusive reporting.

Bank Reconciliations

- 3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Results: We obtained a listing of bank accounts from management and management's representation that the listing is complete.

- 4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
 - a) Bank reconciliations have been prepared;
 - b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
 - c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Results: We selected eight bank accounts and obtained bank statements and reconciliations. All criteria were met without exception.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Results: We obtained from management a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement. For each cash collection location selected:*
 - a) Obtain existing written documentation (e.g., insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
 - b) Obtain existing written documentation (e.g., sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
 - c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
 - Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Results: After review of the policies, the School Board does not have written documentation requiring the following: each person responsible for collecting cash be bonded, the person for collecting cash is not responsible for depositing cash in the bank, recording the related transaction, or reconciling the bank account, or that the person responsible for collecting cash is not required to share the same cash register or drawer with another employee.

We selected seven cash collection locations for testing and tested each location using the highest (dollar) month of cash collections from the bank statements. While performing procedure 6(c)(1), we noted that of the seven monthly deposits tested, five monthly deposits tested were not deposited the same or next day. The School Board does not receive the daily collection reports from those five tested locations, therefore, we were unable to determine the number of days from receipt to deposit.

All other procedures performed were tested with no exceptions noted.

Managements' Response: Compliance is being reviewed at all school sites as part of district wide assurance pursuant to unification.

7. Obtain existing written documentation (e.g., policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

Results: After review of policies, the School Board does not have written documentation to specifically determine completeness of all collections including electronic transfers, for each revenue source and agency fund additions by a person who is not responsible for collections.

Managements' Response: During the monthly close and reconciliation process there are procedures that account for fund completeness.

Disbursements - General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Results: We obtained from management a disbursements listing and management's representation that the listing is complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g., purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
 - a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
 - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Results: We obtained supporting documentation for 25 disbursements. The criteria in steps 9(a), 9(b) and 9(c) were present for all 25 disbursements tested.

- 10. Using entity documentation (e.g., electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Results: We obtained the electronic system control report from MUNIS software identifying user attributes for both account payable clerks and noted that each clerk is prohibited from adding vendors to the entity's purchasing/disbursement system.

- 11. Using entity documentation (e.g., electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Results: We obtained the electronic system control report from MUNIS software identifying user attributes for the three employees with signatory authority or who make the final authorization for disbursements and noted that none of the employees tested have responsibility for initiating or recording purchases.

- 12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Results: No exceptions were identified as a result of these procedures.

- 13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Results: No exceptions were identified as a result of these procedures.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

- 14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Results: We obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. We obtained management's representation that the listing is complete.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]
- b) Report whether finance charges and/or late fees were assessed on the selected statements.

Results: We selected two cards for testing: one credit card and one fuel card. For 15(a), we noted monthly statements and supporting documentation were reviewed and approved, in writing, by someone other than the authorized card holder for all card statements. For 15(b), the fuel card statement tested was not assessed finance charges and/or late fees, but the credit card tested was assessed finance charges on May 21, 2017.

Managements' Response: Credit card processes are being reviewed to prevent future fees.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased)
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)
- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g., cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Results: For the credit card and fuel card selected for testing under #15 above, we obtained supporting documentation for all transactions. No exceptions were identified as a result of these procedures.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Results: We obtained from management the general ledger and sorted/filtered for travel reimbursements. We obtained management's representation that the listing is complete.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Results: We obtained the School Board's written policies related to travel and expense reimbursement. There were no amounts included in the policies for per diem and mileage rates to compare to the rates established by the GSA.

Managements' Response: There is no written policy that addresses travel and reimbursement procedures. However, internal procedures do reflect these elements. OPSB follows state travel regulations. Additionally, per diem by tier rates and mileage rates are pre-set in the district's ERP system each year.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.
- b) Report whether each expense is supported by:
 - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g., hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: For the three persons selected for testing, all of the reimbursements followed School Board policy and met the criteria above without exception.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Results: We obtained a listing of all contracts in effect during the fiscal period. We obtained management's representation that the listing is complete.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g., Lawrason Act or Home Rule Charter).

Results: For the five largest contract “vendors” tested, we obtained the listing of payments for the period. We noted that the payments to the five vendors pertained to a total of eleven contracts. For these eleven contracts, a formal written contract supports the arrangement and the amounts paid. Five contracts selected were subject to Louisiana Public Bid Law and complied with all requirements thereof. For the six remaining contracts not subject to Louisiana Public Bid Law, the School Board did prepare Requests for Proposal on the services and performed a bid process as per their internal policy. Of the eleven contracts, four were amended in accordance with the original contract terms. Amendments related to modifications of construction projects collectively totaled \$2,718,977, from contract inception through the date of the report. Amendments related to expansion of program and grant management services collectively totaled \$3,333,016, from contract inception through the date of the report. For the largest payment from each of the five contracts, the supporting invoice and related payment complied with the terms and conditions of the contract. Each of the five contracts was properly approved according to School Board policy.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Results: We obtained a listing of employees with their related salaries, and we obtained management's representation that the listing is complete. For the 5 employees selected, payments were made in strict accordance with the terms and conditions of the pay rate structure. No changes were made during the fiscal period for the 5 employees selected.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Results: We obtained attendance and leave records and randomly selected two pay periods in which leave has been taken by at least one employee. For procedure 23(a), all employees selected documented their daily attendance and leave in a paper/electronic system maintained by the School Board. For procedure 23(b), vacation and sick leave for 22 employees was approved electronically or in writing. For procedure 23(c), we noted the School Board maintained paper/electronic leave records on those employees.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Results: We obtained from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. The two largest termination payments made during the fiscal period were made in strict accordance with policy and were approved by management.

25. Obtain supporting documentation (e.g., cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Results: We obtained supporting documentation relating to payroll taxes and retirement contributions during the fiscal period. The employee and employer portions of payroll taxes and retirement contributions as well as the required reporting forms were submitted to the applicable agencies by the required deadlines.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

Results: For the five employees selected, the School Board maintained documentation to demonstrate that required ethics training was completed.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Results: We inquired of management whether any alleged ethics violations were reported to the School Board during the fiscal period. Management has received no such allegations.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

Results: This procedure is not applicable to the School Board as no debt was issued during the period.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Results: The School Board made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Results: Millage collections for debt service did not exceed debt service payments by more than 10% during the fiscal period. No millages were noted as received on debt that has been paid off.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Results: We inquired of management whether the School Board had any misappropriations of public funds or assets. Management reported the School Board has not had any misappropriations of public funds or assets

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: The School Board has posted on its premises and website the notice required by R.S. 24:523.1.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

Results: No exceptions were identified as a result of these procedures.

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

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

A handwritten signature in cursive script that reads "LaPorte".

A Professional Accounting Corporation

Metairie, LA
December 21, 2017