

**ST. MARTIN PARISH SCHOOL BOARD**

Breaux Bridge, Louisiana

Financial Report

Year Ended June 30, 2017

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## INDEPENDENT AUDITORS' REPORT

Dr. Lottie P. Beebe, Superintendent  
and Members of the St. Martin Parish  
School Board  
Breaux Bridge, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Martin Parish 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 table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Martin 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 accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedule of funding progress, schedule of employer's share of net pension liability, schedule of employer contributions, and notes to the required supplementary information on pages 71 through 76 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

#### ***Other Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the St. Martin Parish School Board's basic financial statements. The schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the schedules required by state law are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The schedules required by state law 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 15, 2017, on our consideration of the St. Martin Parish School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the St. Martin Parish School Board's internal control over financial reporting and compliance.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Breaux Bridge, Louisiana  
December 15, 2017

**BASIC FINANCIAL STATEMENTS**

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

ST. MARTIN PARISH SCHOOL BOARD  
Breau Bridge, Louisiana

Statement of Net Position  
June 30, 2017

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and interest-bearing deposits	\$ 17,905,371
Investments	78,700,050
Receivables, net	2,493,955
Due from other governmental agencies	1,851,652
Inventories	194,112
Prepaid items	660,518
Other current assets	151,977
Capital assets, net	<u>95,859,053</u>
<b>TOTAL ASSETS</b>	<u>197,816,688</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred amount on pension	21,195,535
Deferred amount on bond refunding	<u>653,275</u>
Total deferred outflows of resources	<u>21,848,810</u>
 <b>LIABILITIES</b>	
Salaries and payroll tax liabilities	5,145,457
Claims payable	2,531,743
Other payables	3,166,936
Contracts and retainage payable	362,761
Unearned revenue	48,936
Interest payable	1,090,777
Long-term liabilities:	
Due within one year	8,684,373
Due in more than one year	99,620,806
OPEB obligation payable	43,640,174
Net pension liability	<u>106,679,915</u>
<b>TOTAL LIABILITIES</b>	<u>270,971,878</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
	<u>2,600,331</u>
 <b>NET POSITION</b>	
Net investment in capital assets	40,330,017
Restricted for:	
Salaries and benefits	1,550,312
Inventory	194,112
Debt service	6,143,049
Unrestricted (deficit)	<u>(102,124,201)</u>
<b>TOTAL NET POSITION</b>	<u>\$ (53,906,711)</u>

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

ST. MARTIN PARISH SCHOOL BOARD  
Breau Bridge, Louisiana

Statement of Activities  
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position Governmental Activities
Governmental activities:					
Instruction:					
Regular education programs	\$ 30,400,113	\$ -	\$ 384,940	\$ -	\$ (30,015,173)
Special education programs	6,978,868	-	495,729	-	(6,483,139)
Vocational education programs	1,457,452	-	112,717	-	(1,344,735)
Other instructional programs	880,646	-	88,587	-	(792,059)
Special programs	5,186,544	-	4,984,588	-	(201,956)
Support services:					
Pupil support services	5,354,752	-	1,380,810	-	(3,973,942)
Instructional staff support	3,286,018	-	577,473	-	(2,708,545)
General administration	1,634,352	-	161,267	-	(1,473,085)
School administration	4,485,504	-	-	-	(4,485,504)
Business services	1,245,024	-	-	-	(1,245,024)
Operation and maintenance of plant services	7,440,026	-	-	-	(7,440,026)
Student transportation services	5,042,298	-	6,629	-	(5,035,669)
Central services	1,216,801	-	-	-	(1,216,801)
Food services	5,752,300	61,347	3,759,526	-	(1,931,427)
Community service programs	26,249	-	-	-	(26,249)
Interest on long-term debt	3,001,915	-	-	-	(3,001,915)
<b>Total governmental activities</b>	<b>\$ 83,388,862</b>	<b>\$ 61,347</b>	<b>\$ 11,952,266</b>	<b>\$ -</b>	<b>\$ (71,375,249)</b>
Taxes:					
Property taxes, levied for general purposes					4,943,837
Property taxes, levied for debt service					8,182,124
Sales and use taxes					14,151,646
State revenue sharing					256,898
Grants and contributions not restricted to specific programs:					
State source - Minimum Foundation Program					44,533,327
State source - PIPS					31,058
Rents, leases and royalties					187,631
Miscellaneous					1,188,607
<b>Total general revenues</b>					<b>73,475,128</b>
Change in net position					2,099,879
Net position - July 1, 2016					(56,006,590)
<b>Net position - June 30, 2017</b>					<b>\$ (53,906,711)</b>

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

**FUND FINANCIAL STATEMENTS (FFS)**

ST. MARTIN PARISH SCHOOL BOARD  
Breux Bridge, Louisiana

Balance Sheet - Governmental Funds  
June 30, 2017

	Major Funds				Total Governmental Funds
	General Fund	State and Local Special Revenue Funds	Capital Projects Fund	All Other Non- Major Governmental Funds	
<b>ASSETS</b>					
Cash and interest-bearing deposits	\$ 16,622,201	\$ 13,403	\$ 19,034	\$ 402,293	\$ 17,056,931
Investments	21,192,682	188,291	49,211,745	5,657,520	76,250,238
Receivables -					
Accrued interest	33,042	-	-	-	33,042
Taxes receivable	668,388	676,888	-	-	1,345,276
Due from other funds	1,107,741	-	-	-	1,107,741
Due from other governmental agencies	-	825,958	-	1,025,694	1,851,652
Other receivables	799,951	146	-	83,235	883,332
Inventories, at cost	-	194,112	-	-	194,112
Prepaid expenses	657,610	-	-	2,907	660,517
Other current assets	151,977	-	-	-	151,977
Total assets	<u>\$ 41,233,592</u>	<u>\$ 1,898,798</u>	<u>\$ 49,230,779</u>	<u>\$ 7,171,649</u>	<u>\$ 99,534,818</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 694,751	\$ -	\$ 2,457,806	\$ 14,379	\$ 3,166,936
Contracts and retainage payable	-	-	362,761	-	362,761
Salaries and payroll taxes payable	5,145,455	-	-	-	5,145,455
Claims payable	1,805,073	-	-	-	1,805,073
Due to other funds	-	105,197	33,471	1,014,221	1,152,889
Unearned revenue	2,646	46,290	-	-	48,936
Total liabilities	<u>7,647,925</u>	<u>151,487</u>	<u>2,854,038</u>	<u>1,028,600</u>	<u>11,682,050</u>
<b>Fund Balances:</b>					
Nonspendable	657,610	194,112	-	-	851,722
Restricted	7,885,699	1,550,312	46,090,036	6,143,049	61,669,096
Committed	16,689,757	-	-	-	16,689,757
Assigned	1,170,940	-	286,705	-	1,457,645
Unassigned	7,181,661	2,887	-	-	7,184,548
Total fund balances	<u>33,585,667</u>	<u>1,747,311</u>	<u>46,376,741</u>	<u>6,143,049</u>	<u>87,852,768</u>
Total liabilities and fund balances	<u>\$ 41,233,592</u>	<u>\$ 1,898,798</u>	<u>\$ 49,230,779</u>	<u>\$ 7,171,649</u>	<u>\$ 99,534,818</u>

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

ST. MARTIN PARISH SCHOOL BOARD  
Breux Bridge, Louisiana

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
June 30, 2017

Total fund balances for governmental funds at June 30, 2017		\$ 87,852,768
Cost of capital assets at June 30, 2017	\$ 149,106,234	
Less: Accumulated depreciation as of June 30, 2017:		
Buildings	(46,679,598)	
Movable property	<u>(6,567,583)</u>	95,859,053
Elimination of interfund assets and liabilities:		
Due from other funds	\$ 1,152,889	
Due to other funds	<u>(1,152,889)</u>	-
Long-term liabilities at June 30, 2017		
Bonds payable	\$ (100,815,000)	
Bond premium	(3,679,781)	
Accumulated amortization of bond premium	126,489	
Compensated absences payable	(3,936,887)	
Net OPEB obligation payable	(43,640,174)	
Net pension liability	(106,679,915)	
Deferred outflows of resources	21,848,810	
Deferred inflows of resources	(2,600,331)	
Accrued interest payable	<u>(1,090,777)</u>	(240,467,566)
Receivable recorded under the accrual basis of accounting		178,833
Assets and liabilities of Self - Insurance Internal Service Fund		<u>2,670,201</u>
Net position at June 30, 2017		<u>\$ (53,906,711)</u>

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

ST. MARTIN PARISH SCHOOL BOARD  
Breaux Bridge, Louisiana

Governmental Funds  
Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended June 30, 2017

	Major Funds			All Other Non-Major Governmental Funds	Total Governmental Funds
	General Fund	State and Local Special Revenue Funds	Capital Projects Fund		
<b>REVENUES</b>					
Local sources -					
Ad valorem taxes	\$ 4,943,837	\$ -	\$ -	\$ 8,182,124	\$ 13,125,961
Sales taxes	7,020,050	7,131,596	-	-	14,151,646
Tuition	7,750	-	-	-	7,750
Transportation	14,509	-	-	-	14,509
Interest earnings	160,938	-	248,618	11	409,567
Rentals, leases, and royalties	187,631	-	-	-	187,631
Income from meals	-	61,347	-	-	61,347
Contributions and donations	11,150	-	-	-	11,150
Medicaid	411,053	-	-	-	411,053
Kid Med	194,750	-	-	-	194,750
Other miscellaneous revenues	55,552	41,059	-	-	96,611
State sources -					
Unrestricted grants-in-aid	44,460,517	72,810	-	-	44,533,327
Restricted grants-in-aid	256,678	1,321,448	-	34,376	1,612,502
Revenue in lieu of taxes	256,898	-	-	-	256,898
Other state revenues	7,915	-	-	-	7,915
Federal sources -					
Restricted revenues	70,662	-	-	-	70,662
Restricted grants-in-aid through the state	-	3,989,751	-	6,221,937	10,211,688
Value of USDA Commodities	-	349,074	-	-	349,074
<b>Total revenues</b>	<b>58,059,890</b>	<b>12,967,085</b>	<b>248,618</b>	<b>14,438,448</b>	<b>85,714,041</b>
<b>EXPENDITURES</b>					
Current:					
Instruction -					
Regular education programs	29,144,514	186	-	-	29,144,700
Special education programs	6,299,193	-	-	495,729	6,794,922
Vocational education programs	1,309,177	-	-	112,717	1,421,894
Other instructional programs	781,007	29,245	-	59,343	869,595
Special programs	420,087	916,288	-	3,703,622	5,039,997
Support services -					
Pupil support services	3,866,464	441,899	-	938,912	5,247,275
Instructional staff services	2,584,711	5,052	-	572,429	3,162,192
General administration	1,139,482	159,003	-	305,651	1,604,136
School administration	4,362,429	-	-	-	4,362,429
Business services	1,216,548	-	-	-	1,216,548
Operation and maintenance of plant	6,779,157	-	-	-	6,779,157
Student transportation services	4,403,239	-	413,801	6,622	4,823,662
Central services	1,199,566	-	-	-	1,199,566
Food service	265,148	5,230,131	-	-	5,495,279
Community service programs	26,027	-	-	-	26,027
Construction Services	-	-	15,208,687	-	15,208,687
Debt service	-	-	12,331	8,057,563	8,069,894
<b>Total expenditures</b>	<b>63,796,749</b>	<b>6,781,804</b>	<b>15,634,819</b>	<b>14,252,588</b>	<b>100,465,960</b>
Excess (deficiency) of revenues over expenditures	(5,736,859)	6,185,281	(15,386,201)	185,860	(14,751,919)
Other financing sources (uses):					
Proceeds from bond issuance	-	-	46,280,000	-	46,280,000
Proceeds from bond premium	-	-	3,101,634	-	3,101,634
Payment to escrow agent	-	-	(6,942,174)	-	(6,942,174)
Transfers in	14,960,368	845,000	413,801	-	16,219,169
Transfers out	(7,745,066)	(8,109,429)	-	(364,674)	(16,219,169)
<b>Total other financing sources (uses)</b>	<b>7,215,302</b>	<b>(7,264,429)</b>	<b>42,853,261</b>	<b>(364,674)</b>	<b>42,439,460</b>
Excess (deficiency) of revenues and other sources over expenditures and other uses	1,478,443	(1,079,148)	27,467,060	(178,814)	27,687,541
<b>FUND BALANCES, BEGINNING</b>	<b>32,107,224</b>	<b>2,826,459</b>	<b>18,909,681</b>	<b>6,321,863</b>	<b>60,165,227</b>
<b>FUND BALANCES, ENDING</b>	<b>\$ 33,585,667</b>	<b>\$ 1,747,311</b>	<b>\$ 46,376,741</b>	<b>\$ 6,143,049</b>	<b>\$ 87,852,768</b>

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

ST. MARTIN PARISH SCHOOL BOARD  
Breaux Bridge, Louisiana

Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2017

Total net change in fund balances for the year ended June 30, 2017 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 27,687,541
Add: Facilities acquisition and construction costs which are considered expenditures	14,738,797
Less: Depreciation expense for year ended June 30, 2017	(2,886,484)
Add: Bond principal retirement considered as an expenditure	11,540,000
Less: Excess of compensated absences used over compensated absences earned	607,569
Less: Current year OPEB accrual	(2,550,175)
Less: Difference between interest on long-term debt on modified accrual basis versus interest on long-term debt on accrual basis	(289,284)
Add: Net loss of the Self - Insurance Internal Service Fund	(187,888)
Less: Receivable recorded in a prior year under the accrual basis of accounting	(26,107)
Less: Proceeds of bonds considered as an other financing source	(48,927,550)
Add: Amortization of bond premium	106,162
Add: Effect of GASB 68 (revenue less expense)	<u>2,287,298</u>
Total change in net position for the year ended June 30, 2017 per Statement of Activities	<u>\$ 2,099,879</u>

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

ST. MARTIN PARISH SCHOOL BOARD  
Breaux Bridge, Louisiana

Statement of Net Position  
Proprietary Fund - Internal Service Fund  
June 30, 2017

ASSETS

Current Assets:

Cash and interest-bearing deposits	\$ 848,440
Investment	2,449,812
Due from other funds	45,148
Other receivables	<u>53,472</u>
Total assets	<u>3,396,872</u>

DEFERRED OUTFLOWS OF RESOURCES

-

LIABILITIES

Current Liabilities:

Accounts payable	\$ 6,803
Claims payable	<u>719,868</u>
Total liabilities	<u>726,671</u>

DEFERRED INFLOWS OF RESOURCES

-

NET POSITION

Net position:

Unrestricted	<u>2,670,201</u>
Total liabilities and net position	<u>\$ 3,396,872</u>

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

ST. MARTIN PARISH SCHOOL BOARD  
Breaux Bridge, Louisiana

Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Fund - Internal Service Fund  
For the Year Ended June 30, 2017

Operating Revenues:	
Charges for services -	
Employer contributions	\$ 671,648
Other recoveries	<u>9,448</u>
Total operating revenues	<u>681,096</u>
Operating Expenses:	
Contractual services	86,878
Premium payments	697,259
Claim payments	<u>104,144</u>
Total operating expenses	<u>888,281</u>
Operating income	(207,185)
Nonoperating Revenue:	
Interest earned	<u>19,297</u>
Net income	(187,888)
Net position, beginning	<u>2,858,089</u>
Net position, ending	<u>\$ 2,670,201</u>

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

ST. MARTIN PARISH SCHOOL BOARD  
Breau Bridge, Louisiana

Statement of Cash Flows  
Proprietary Fund - Internal Service Fund  
For the Year ended June 30, 2017

Cash flows from operating activities:	
Receipts from other funds and employees	\$ 720,072
Payments to providers and employees	<u>(981,054)</u>
Net cash used by operating activities	(260,982)
Cash flows from investing activities:	
Interest on investments	19,297
Cash flows from noncapital financing activities:	
Transfer from other fund	<u>811</u>
Net increase in cash and cash equivalents	(240,874)
Cash and cash equivalents, beginning of period	<u>3,539,126</u>
Cash and cash equivalents, end of period	<u>\$ 3,298,252</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating loss	\$ (207,185)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in current assets and liabilities:	
Decrease in receivables	38,976
Decrease in payables	<u>(92,773)</u>
Net cash used by operating activities	<u>\$ (260,982)</u>

(continued)

ST. MARTIN PARISH SCHOOL BOARD  
Breux Bridge, Louisiana

Statement of Cash Flows (Continued)  
Proprietary Fund - Internal Service Fund  
For the Year ended June 30, 2017

Reconciliation of cash and cash equivalents per statement  
of cash flows to the balance sheet:

Cash and cash equivalents, beginning of period -	
Cash and interest-bearing deposits	\$ 1,105,852
Investments, at cost	<u>2,433,274</u>
Total cash and cash equivalents	<u>3,539,126</u>
Cash and cash equivalents, end of period -	
Cash and interest-bearing deposits	848,440
Investments, at cost	<u>2,449,812</u>
Total cash and cash equivalents	<u>3,298,252</u>
Net decrease	<u>\$ (240,874)</u>

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

ST. MARTIN PARISH SCHOOL BOARD  
Breaux Bridge, Louisiana

Statement of Fiduciary Net Position  
June 30, 2017

	Agency Funds	Private Purpose Trust Fund	Total
<b>ASSETS</b>			
Cash and interest-bearing deposits	\$ 165,355	\$ 3,522	\$ 168,877
Investments	1,174,386	18,158	1,192,544
Due from other funds	4	-	4
Total assets	1,339,745	21,680	1,361,425
<b>LIABILITIES</b>			
Due to other funds	-	2,850	2,850
Due to other governmental units	74,424	-	74,424
School activity funds payable	1,265,321	-	1,265,321
Total liabilities	1,339,745	2,850	1,342,595
<b>NET POSITION</b>			
Reserved for specific purposes	\$ -	\$ 18,830	\$ 18,830

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

ST. MARTIN PARISH SCHOOL BOARD  
Breux Bridge, Louisiana

Statement of Changes in Fiduciary Net Position  
Private Purpose Trust Fund  
For the Year Ended June 30, 2017

ADDITIONS	\$ 1,385
DEDUCTIONS	
Benefits	<u>(300)</u>
Change in net position	1,085
Net position - beginning	<u>17,745</u>
Net position - ending	<u>\$ 18,830</u>

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

ST. MARTIN PARISH SCHOOL BOARD  
Breux Bridge, Louisiana

Notes to Basic Financial Statements

Introduction

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

The School Board operates sixteen schools within the parish. In conjunction with the regular educational programs, some of these schools offer special education and/or adult education programs. In addition, the School Board provides transportation and school food services for the students. The School Board collects sales taxes levied in St. Martin Parish on behalf of itself and all other governmental units.

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the St. Martin Parish School Board have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accounting and reporting framework and the more significant accounting policies are discussed below.

A. Financial Reporting Entity

For financial reporting purposes, the School Board includes all funds and activities that are within the oversight responsibility of the School Board. Because the School Board members are independently elected and are solely accountable for fiscal matters, which include (1) budget authority, (2) responsibility for funding deficits and operating deficiencies, and (3) fiscal management for controlling the collection and disbursement of funds, and because of the scope of public service provided by the School Board, the School Board is a separate governmental reporting entity, primary government.

Certain units of local government over which the School Board exercises no oversight responsibility, such as the parish government, other independently elected parish officials, and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from that of the School Board. The School Board is not a component unit of any other entity and does not have any component units, which require inclusion in the financial statements of the School Board.

ST. MARTIN PARISH SCHOOL BOARD  
Breux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net position and the statement of activities display information about the School Board, the primary government, as a whole. They include all funds of the reporting entity, which are considered to be governmental activities. The School Board's internal service fund is a governmental activity. Internal service fund activity is eliminated to avoid "doubling up" of revenues and expenses. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported only in the Statement of Fiduciary Net Position at the fund financial statement level.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the School Board's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements (FFS)

The accounts of the School Board are organized and operated since funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. Fund financial statements report detailed information about the School Board.

The various funds of the School Board are classified into three categories: governmental, proprietary, and fiduciary. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the School Board or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

ST. MARTIN PARISH SCHOOL BOARD  
Breux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

The School Board reports the following major governmental funds:

The General Fund is the general operating fund of the School Board. It accounts for all financial resources except those required to be accounted for in other funds.

The major special revenue fund is the State and Local Special Revenue Funds (which is comprised of the School Lunch Fund, the Other State Grants Fund, the Health Centers Fund, and the 1965 Sales Tax Fund). These funds account for revenues and expenditures related to certain state and local grant and entitlement programs as well as other legally restricted funds.

The Capital Projects Fund, which includes the 2009 Construction Fund, the 2010 Construction Fund, the 2011 Construction Fund, the 2013 Construction Fund, the 2016 Construction Fund, the Capital Projects Fund, and the Transportation Fund, is also considered to be a major fund. These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities as well as various school improvements.

Additionally, the School Board reports the following fund types:

The nonmajor special revenue fund types include the Federal Titles Funds (which is comprised of Title I and Carryover and No Child Left Behind Titles II through VI) and the Federal Grant Funds (which is comprised of IDEA and Preschool, and Other Federal Grants Funds). These funds account for the revenues and expenditures related to certain federal, state and local grant and entitlement programs.

The Debt Service Fund, established to meet requirements of bond ordinances, is also considered to be a nonmajor fund. It is used to account for the accumulation of resources for and the payment of general long-term debt principal, interest, and related costs.

Proprietary Funds -

Proprietary funds are used to account for ongoing organizations and activities that are similar to those often found in the private sector. The measurement focus is based upon determination of net income, financial position, and cash flows. The following is the School Board's proprietary fund type:

Internal Service Funds

The Internal Service Fund (proprietary fund type) is used to account for the accumulation of resources for and the payment of benefits by the School Board's workers' compensation insurance program.

ST. MARTIN PARISH SCHOOL BOARD  
Breaux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are derived from contributions made from the employer and employees. These revenues are planned to match: (1) expenses of insurance premiums in excess of self-insurance amounts; (2) actual claims and estimated liabilities for claims incurred but not yet reported at year-end, and (3) operating expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary Funds -

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of other funds within the School Board. The funds accounted for in this category by the School Board are the agency funds. The agency funds are as follows:

School Activity Fund – accounts for monies generated by the individual schools and organizations within the schools of the parish as well as allocations made by the School Board to individual schools and selected organizations. While the school activity accounts are under the supervision of the School Board, they belong to the individual schools or their student bodies and are not available for use by the School Board.

Sales Tax Fund – accounts for the collection and distribution of all sales taxes levied in the parish of St. Martin.

Private-purpose trust funds – accounts for contributions from members of the St. Martin Parish School Board to encourage students of high academic standing and achievement to enter the education profession.

C. Measurement Focus/ Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net position and the statement of activities, the governmental activities are presented using the economic resources measurement focus as defined in item b. below. In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of

ST. MARTIN PARISH SCHOOL BOARD  
Breux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

- b. The proprietary (internal service) fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide statement of net position and statement of activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized in accordance with the requirements of GASB Statement No. 33 “Accounting and Financial Reporting for Nonexchange Transactions.”

Program revenues

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the School Board’s taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the School Board’s general revenues.

Allocation of indirect expenses

The School Board reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions, but are reported separately in the Statement of Activities. Depreciation expense is specifically allocated by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities. Interest costs are not capitalized.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means being collectible within the current period or within 60 days after year-end. Expenditures (including facilities acquisition and construction) are recorded when the related fund liability is incurred, except for general obligation bond principal and

ST. MARTIN PARISH SCHOOL BOARD  
Breaux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

interest which are reported when due. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

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

Ad valorem taxes are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed in November, by the Parish Assessor, based on the assessed value and become due on December 31 of each year. The taxes become delinquent on January 1. An enforceable lien attaches to the property as of January 1. The taxes are generally collected in December, January, and February of the fiscal year. Property tax revenues are accrued at fiscal year-end to the extent that they have been collected but not received from the St. Martin Parish Tax Collector's Office. Such amounts are measurable and available to finance current operations.

Interest income on time deposits is recorded when earned.

Sales and use tax revenues are recorded in the month earned by the School Board.

Substantially all other revenues are recorded when received.

Expenditures

Salaries are recorded as expenditures when incurred. Nine-month employee salaries are incurred over a nine-month period but paid over a twelve-month period.

Compensated absences are recognized as expenditures when leave is actually taken or when employees (or heirs) are paid for accrued leave upon retirement or death.

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

Principal and interest on general long-term obligations are not recognized until due.

All other expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

ST. MARTIN PARISH SCHOOL BOARD  
Breaux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Other Financing Sources (Uses)

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

Unearned Revenues

Unearned revenues arise when resources are received before the School Board has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures or when tuition is received in advance of the commencement of classes.

In subsequent periods, when the School Board has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and the revenue is recognized.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity

Cash and interest-bearing deposits

For purposes of the Statement of Net Position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the School Board. To the proprietary fund statement of cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less when purchased.

Investments

Under state law the School Board may deposit funds with a fiscal agent organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The School Board may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool (LAMP), a nonprofit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment

ST. MARTIN PARISH SCHOOL BOARD  
Breux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

pool. At June 30, 2017, the School Board's investments in LAMP are stated at market value. See additional information in Note 3.

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as 'interfund receivables and payables.' Interfund receivables and payables as well as due to and from other funds are eliminated in the Statement of Net Position.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. The majority of this balance is comprised of federal and state grants.

Inventories

The cost of inventories is recorded as expenditures when consumed rather than when purchased. Reserves are established for an amount equal to the carrying value of inventories.

Inventory of the School Lunch Special Revenue Fund consists of expendable supplies and food purchased by the School Board and commodities granted by the United States Department of Agriculture through the Louisiana Department of Agriculture and Forestry. The commodities are recorded as revenues when received; however, all inventory items are recorded as expenditures when consumed or used. All purchased inventory items are valued at the lower of cost (first-in, first-out) or market, and commodities are assigned values based on information provided by the United States Department of Agriculture.

Capital Assets

The accounting treatment over property, plant and equipment (capital assets) depends on whether they are reported in the government-wide or fund financial statements.

In the government-wide financial statements, capital assets are capitalized at historical cost, or estimated historical cost if actual is unavailable, except for donated assets, which are recorded at their estimated fair value at the date of donation. The School Board maintains a threshold level of \$5,000 or more for capitalizing capital assets.

ST. MARTIN PARISH SCHOOL BOARD  
Breaux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful life using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	20 - 40 years
Furniture and equipment	5 - 15 years

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

In the fund financial statements, capital assets used in governmental fund operations are accounted for as facilities acquisition and construction expenditures of the governmental fund upon acquisition.

The School Board does not possess any material amounts of infrastructure capital assets, such as sidewalks and parking lots. Amounts expended for such items prior to June 30, 2003 were considered to be part of the cost of buildings and improvements. In the future, if such items are built or constructed, and appear to be material in cost compared to all capital assets, they will be capitalized and depreciated over their estimated useful lives as with all other depreciable capital assets.

Compensated Absences

All twelve month employees earn from ten to fifteen days of vacation leave each year, depending on their length of service with the School Board, which are not credited to the employee until the first day of the year subsequent to the year that vacation was earned. Newly hired employees earn vacation on a pro rata basis. An employee cannot accumulate more than two years of earned vacation. Any excess is lost. Employees are paid for unused vacation (subject to a two year limitation) at the time of resignation.

All twelve month employees earn from twelve to eighteen days of sick leave each year. Teachers and other nine month employees earn ten days of sick leave each year. Sick leave may be accumulated. Upon retirement or death unused accumulated sick leave of up to twenty-five days is paid to the employee or to the employee's estate at the employee's current rate of pay. Under the Louisiana Teachers' Retirement System, the total unused accumulated sick leave is used in the retirement benefit computation as earned service. Under the Louisiana School Employees' Retirement System, all unpaid sick leave, which excludes the twenty-five days paid, is used in the computation of retirement benefits as earned service. Upon resignation, all sick leave is forfeited.

ST. MARTIN PARISH SCHOOL BOARD  
Breux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

Sabbatical leave may be granted for medical reasons and for professional and cultural improvement. Any employee with a teaching certificate is entitled, subject to approval by the School Board, to one semester of sabbatical leave after three years of continuous service or two semesters of sabbatical leave after six or more years of continuous service. Due to its restrictive nature, sabbatical leave benefits are recorded as an expenditure in the period paid.

In the government-wide statements, amounts of vested or accumulated sick leave that are not expected to be liquidated with expendable available financial resources are recorded as long-term debt.

At June 30, 2017, employees of the School Board have accumulated and vested \$3,936,887 of compensated absence benefits payable. Salary related payments are not accrued since this amount is deemed to be insignificant.

Long-term debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. Since the School Board's only Proprietary Fund is the Self-Insurance Internal Service Fund, which has no long-term debt, all School Board long-term debt is used in governmental fund operations.

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of general obligation bonds.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources net of the applicable premium or discount and payment of principal and interest reported as expenditures. For fund financial reporting, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively.

ST. MARTIN PARISH SCHOOL BOARD  
Breux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

Equity Classifications

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use, either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as follows. Proprietary fund equity is classified the same as in the government-wide statements.

The School Board adopted GASB Statement 54 in the year ended June 30, 2009. As such, fund balances of the governmental funds are classified as follows:

*Nonspendable* – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

*Restricted* – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

*Committed* – amounts that can be used only for specific purposes determined by a formal action of the School Board members. The Board is the highest level of decision-making authority for the School Board office. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by Board members.

*Assigned* – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the

ST. MARTIN PARISH SCHOOL BOARD  
Breux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

School Board's adopted policy, only Board members or the Board's finance committee may assign amounts for specific purposes.

*Unassigned* – all other spendable amounts.

As of June 30, 2017, fund balances are composed of the following:

	General Fund	State and Local Special Revenue Funds	Capital Projects Funds	All Other Non-Major Governmental Funds	Total Governmental Funds
Nonspendable:					
Inventories	\$ -	\$ 194,112	\$ -	\$ -	\$ 194,112
Prepaid items	657,610	-	-	-	657,610
Restricted:					
Debt retirement	-	-	-	6,143,049	6,143,049
Capital expenditures	-	-	46,090,036	-	46,090,036
Other purposes	7,885,699	1,550,312	-	-	9,436,011
Committed:					
Economic stabilization	16,689,757	-	-	-	16,689,757
Assigned:					
Health centers	1,080,402	-	-	-	1,080,402
Capital expenditures	-	-	286,705	-	286,705
Other purposes	90,538	-	-	-	90,538
Unassigned:	<u>7,181,661</u>	<u>2,887</u>	<u>-</u>	<u>-</u>	<u>7,184,548</u>
Total fund balances	<u>\$ 33,585,667</u>	<u>\$ 1,747,311</u>	<u>\$ 46,376,741</u>	<u>\$ 6,143,049</u>	<u>\$ 87,852,768</u>

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the School Board considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the School Board considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless Board members or the finance committee has provided otherwise in its commitment or assignment actions.

ST. MARTIN PARISH SCHOOL BOARD  
Breaux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

In fiscal year 2009 the School Board members established a stabilization policy. Under this policy, a portion of the fund balance of the General Fund is committed for stabilization arrangements, such as might be needed in emergency situations. The policy states that, at fiscal year end, an amount approximately equal to 20 percent of the total General Fund expenditures is committed for use in covering Board declared emergencies, including natural disasters. At June 30, 2017, \$16,689,757 of the fund balance for the General Fund was reported as committed for economic stabilization.

E. Revenue Restrictions

The School Board has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions on Use</u>
Sales and use taxes	See Note 10
Ad valorem taxes	See Note 4

The School Board uses unrestricted resources only when restricted resources are fully depleted.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2017 are recorded as prepaid items. The prepaid items that existed at June 30, 2017 were prepaid insurance and supplies.

G. Use of Estimates

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

ST. MARTIN PARISH SCHOOL BOARD  
Breux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

(2) Cash and Interest-Bearing Deposits

Under state law, the School Board may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The School Board may invest in direct obligations of the United States government, bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies and/or the United States government, in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2017, the School Board has cash and interest-bearing deposits (book balances) totaling \$18,071,398 as follows:

	Governmental Funds	Fiduciary Funds	Total
Demand deposits	\$ 8,407	\$ 69,997	\$ 78,404
Interest-bearing deposits	17,894,114	98,880	17,992,994
Amounts owed to governmental funds	2,850	(2,850)	-
Total	\$ 17,905,371	\$ 166,027	\$ 18,071,398

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the School Board's deposits may not be recovered or will not be able to recover the collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the pledging financial institution. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the financial institution. These securities are held in the name of the pledging financial institution in a holding or custodial bank that is mutually acceptable to both parties. Cash Funds invested at Raymond James are protected from loss and backed by the full faith and credit of the United States of America. Deposit balances (bank balances) at June 30, 2017 are secured as follows:

Bank balances	<u>\$ 20,502,059</u>
At June 30, 2017 the deposits are secured as follows:	
Insured (FDIC)	\$ 772,590
Backed by the full faith and credit of the United States of America	9,610,296
Pledged securities	10,119,173
Total	\$ 20,502,059

Deposits in the amount of \$10,119,173 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the School Board's name. The School Board does not have a policy for custodial credit risk.

ST. MARTIN PARISH SCHOOL BOARD  
Breaux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

(3) Investments

The School Board can invest in direct debt securities of the United States unless law expressly prohibits such an investment. The School Board's investments are categorized to give an indication of the level of risk assumed by it at year-end.

Investments consist of amounts on deposit with the Louisiana Asset Management Pool (LAMP), Raymond James, and certificates of deposit with local banks. The certificates of deposit are in the amount of \$598,670. An investment in the amount of \$68,646,962 at June 30, 2017 is deposited in LAMP, a local government investment pool, of which \$1,192,544 is attributable to the fiduciary fund, which is not presented in the statement of net position.

In accordance with GASB Codification Section I50.128, the investment in LAMP is not exposed to custodial credit risk, and is not in the three categories provided by GASB Codification Section I50.164 because the investment is in the pool of funds and thereby not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33:2955.

While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2-a 7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments.

The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares. LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

At June 30, 2017, the School Board's investment, at cost, is \$68,646,962. The amortized cost of this investment at June 30, 2017 was also \$68,646,962.

An investment in the amount of \$10,646,962 at June 30, 2017 is deposited into US Bank. This investment is composed of debentures issued by federal agencies and backed by the full faith

ST. MARTIN PARISH SCHOOL BOARD  
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Notes to Basic Financial Statements (Continued)

and credit of the United States of America. These investments are permitted by Louisiana Revised Statute 33:2955.

As of June 30, 2017, the investments in US Bank were comprised of the following:

Taxable Bonds	Maturities	Cost	Unrealized Gain / (Loss)	Fair Values
FNMA Debenture	08/28/2017	\$ 799,746	\$ (10)	\$ 799,736
FNMA Debenture	12/20/2017	753,020	(38)	752,982
Federal Home Loan Bank	03/19/2018	867,834	(52)	867,782
US Treasury Note	05/15/2018	798,375	(311)	798,064
FHLMC Note	09/13/2018	1,111,700	(959)	1,110,741
Federal Farm Credit Bank	01/25/2019	822,731	(322)	822,409
Federal Home Loan Bank	03/08/2019	802,152	(1,168)	800,984
Federal Home Loan Bank	05/28/2019	800,000	(488)	799,512
FHLMC Note	10/25/2019	1,601,216	(496)	1,600,720
FNMA Note	04/27/2020	801,024	(504)	800,520
Federal Farm Credit Bank	05/13/2020	497,605	(1,275)	496,330
FHLMC Note	05/29/2020	199,800	(474)	199,326
FNMA Debenture	07/27/2020	<u>800,288</u>	<u>(2,432)</u>	<u>797,856</u>
Total		<u>\$10,655,491</u>	<u>\$ (8,529)</u>	<u>\$10,646,962</u>

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The School Board's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Information about the exposure of the School Board's debt type investments to this risk, using the segmented time distribution model is shown above.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the School Board will not be able to recover the value of its investment or collateral securities that are in the possession of another party. At June 30, 2017, the School Board held investments of \$10,646,962 of which the underlying securities are backed by the full faith and credit of the United States of America.

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Breux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

(4) Ad Valorem Taxes

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

	Millages	
	2017	2016
Parishwide taxes:		
Constitutional	2.48	2.56
Special school-		
Maintenance	7.91	8.16
Operation and maintenance	1.62	1.62
School bonds	21.50	21.50

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

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

(5) Receivables

Receivables at June 30, 2017 of \$2,493,955 consisted of the following:

Accrued interest	\$ 33,042
Specific stop loss receivables	332,673
Rebates	242,716
Sales taxes	1,345,276
Medicaid	369,778
Retirement	47,760
Other	122,710
	\$ 2,493,955

(6) Due from Other Governmental Agencies

Due from other governmental agencies of \$1,851,652 consisted primarily of amounts due from the State of Louisiana Department of Education for various appropriations and reimbursements.

ST. MARTIN PARISH SCHOOL BOARD  
Breaux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

(7) Capital Assets

Capital assets balances and activity for the year ended June 30, 2017 is as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Capital assets not being depreciated:				
Land	\$ 1,901,522	\$ 145,200	\$ -	\$ 2,046,722
Construction in progress	12,870,756	10,611,104	(8,009,178)	15,472,682
Other capital assets:				
Building and improvements	109,424,608	11,630,778	-	121,055,386
Furniture and equipment	<u>10,552,275</u>	<u>442,667</u>	<u>(463,498)</u>	<u>10,531,444</u>
Total	<u>134,749,161</u>	<u>22,829,749</u>	<u>(8,472,676)</u>	<u>149,106,234</u>
Less accumulated depreciation:				
Buildings and improvements	44,378,631	2,300,967	-	46,679,598
Furniture and equipment	<u>6,363,790</u>	<u>585,517</u>	<u>(381,724)</u>	<u>6,567,583</u>
Total	<u>50,742,421</u>	<u>2,886,484</u>	<u>(381,724)</u>	<u>53,247,181</u>
Net capital assets	<u>\$ 84,006,740</u>	<u>\$ 19,943,265</u>	<u>\$ (8,090,952)</u>	<u>\$ 95,859,053</u>

At June 30, 2017, construction in progress of \$15,472,682 consists of costs incurred to date on multiple school improvement projects.

Depreciation expense was charged to governmental activities as follows:

Regular education programs	\$ 1,089,889
Special education programs	254,102
Vocational education programs	53,173
Other instructional programs	32,519
Special programs	188,475
Pupil support services	196,226
Instructional staff support	118,252
General administration	59,988
School administration	163,137
Business services	45,494
Operation and maintenance of plant services	253,512
Student transportation services	180,385
Central services	44,859
Food services	205,500
Community service programs	<u>973</u>
Total depreciation expense	<u>\$ 2,886,484</u>

ST. MARTIN PARISH SCHOOL BOARD  
Breux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

(8) Other Payables

At June 30, 2017, a breakdown of other payables of \$3,166,936 was as follows:

Accounts	\$ 709,131
Other liabilities	<u>2,457,805</u>
	<u>\$ 3,166,936</u>

(9) Changes in General Long-Term Liabilities

On March 1, 2017, the School Board issued \$6,280,000 of general obligation refunding bonds with interest rates ranging between 2.0% and 4.0%. The School Board issued the bonds to advance refund \$6,275,000 of the outstanding series 2009 general obligation bonds with interest rates ranging between 4.0% and 4.6%. The School Board used the net proceeds along with other resources to purchase non-callable direct general obligations. These securities were deposited in a special trust fund to provide for all future debt service on the refunded portion of the 2009 series bonds. As a result, that portion of the 2009 series bonds is considered defeased, and the School Board has removed the liability from its accounts. The outstanding principal of the defeased bonds is \$6,275,000 at June 30, 2017.

The advance refunding reduced total debt service payments over the next 12 years by \$264,808. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$185,731.

The following is a summary of the changes in general long-term debt for the year ended June 30, 2017:

	Compensated Absences	Bonded Debt	Total
Obligations payable at July 1, 2016	\$ 4,544,456	\$ 66,433,629	\$ 70,978,085
Additions	2,611,804	46,280,000	48,891,804
Bond premium	-	3,300,825	3,300,825
Less: amortization	-	(106,162)	(106,162)
Reductions	<u>(3,219,373)</u>	<u>(11,540,000)</u>	<u>(14,759,373)</u>
Obligations payable at June 30, 2017	<u>\$ 3,936,887</u>	<u>\$ 104,368,292</u>	<u>\$ 108,305,179</u>

Compensated Absences

Compensated absences payable consists of the portion of accumulated sick leave and vacation leave of the governmental funds that is not expected to require current resources. The

ST. MARTIN PARISH SCHOOL BOARD  
Breux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

General Fund and Special Revenue Funds have historically been used to pay compensated absences (when applicable).

**Bonded Debt**

School Board bonds outstanding at June 30, 2017 consist of parishwide general obligation school bonds as follows:

Date of Issue	Original Issue	Interest Rates	Final Payment Date	Interest to Maturity	Principal Outstanding
Parishwide general obligation school refunding bonds; March 1, 2006	8,080,000	4.00 - 5.00	03/01/20	70,200	1,285,000
General obligation school bonds; July 1, 2009	1,345,000	4.00 - 4.50	03/01/19	60,300	920,000
General obligation school bonds; March 1, 2010	10,000,000	2.00 - 4.125	03/01/30	2,356,675	7,560,000
General obligation school bonds; March 1, 2011	10,000,000	4.00 - 5.00	03/01/31	2,413,750	7,000,000
Parishwide general obligation school refunding bonds; March 30, 2012	2,580,000	2.350	03/01/23	138,767	1,640,000
General obligation school bonds; August 22, 2013	5,000,000	2.00 - 4.25	03/01/33	1,534,900	4,295,000
General obligation school bonds; March 6, 2014	12,000,000	3.00 - 4.00	03/01/34	3,790,250	10,755,000
General obligation school bonds; March 12, 2015	11,675,000	3.00 - 3.25	03/01/35	3,518,450	10,880,000
General obligation school bonds; September 24, 2015	11,675,000	2.00 - 3.50	03/01/35	3,935,744	10,880,000
General obligation school refunding bonds; March 1, 2017	6,280,000	2.00 - 4.00	03/01/29	1,762,750	6,265,000
General obligation school bonds; May 25, 2017	20,000,000	3.00 - 5.00	03/01/37	8,236,210	20,000,000
General obligation school bonds; July 21, 2017	20,000,000	2.00 - 4.00	03/01/36	7,224,750	19,335,000

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Notes to Basic Financial Statements (Continued)

All principal and interest requirements on the parishwide general obligation school bonds are funded in accordance with Louisiana law by an annual ad valorem tax levy on taxable property within the parish. At June 30, 2017, the School Board has accumulated \$6,059,813 in the debt service funds for future debt requirements. The bonds are due as follows:

Year Ending June 30	Principal Payments	Amortization	Interest Payments	Total
2018	\$ 5,465,000	\$ 206,473	\$ 3,456,477	\$ 9,127,950
2019	4,815,000	206,473	3,446,412	8,467,885
2020	4,995,000	206,473	3,256,102	8,457,575
2021	5,010,000	206,473	3,070,706	8,287,179
2022	5,205,000	206,473	2,885,294	8,296,767
2022-2026	27,815,000	1,032,365	11,411,782	40,259,147
2027-2031	28,725,000	849,679	6,022,176	35,596,855
2032-2035	18,785,000	638,883	1,493,797	20,917,680
	<u>\$ 100,815,000</u>	<u>\$ 3,553,292</u>	<u>\$ 35,042,746</u>	<u>\$ 139,411,038</u>

(10) Sales and Use Taxes

The School Board is authorized and has levied the following sales and use taxes:

1. March 20, 1965 (1%)

After paying collection and administration costs, the tax is to be used for salaries of teachers and for the expenses of operating schools, including payment of other personnel in addition to teachers. This tax is maintained in the Sales Tax Fund, which is a part of the State and Local Special Revenue Funds.

2. July 21, 1990 (1%)

The tax, as originally passed, was to be used for the payment of all debt service requirements on all outstanding bonds payable from the pledge of said tax, with the remainder to be used for the purpose of paying salaries and related benefits for professional and paraprofessional employees on a seven to five ratio. There are currently no bonds outstanding for which this tax is pledged. This tax was accounted for in a Sales Tax Fund which was part of the State and Local Special Revenue Funds.

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Notes to Basic Financial Statements (Continued)

In May 2013, an election was held to continue to levy and collect this tax. At that time, the tax was also rededicated for any lawful purpose of the School Board. This rededication was made retroactively. As a result of the rededication, this tax is now accounted for in the General Fund.

(11) Changes in Agency Deposits Due Others

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

	School Activity Fund	Sales Tax Fund	Total
Balance at July 1, 2016	\$1,249,127	\$ -	\$ 1,249,127
Additions	1,921,716	26,667,364	28,589,080
Reductions	<u>(1,905,522)</u>	<u>(26,667,364)</u>	<u>(28,572,886)</u>
Balance at June 30, 2017	<u>\$1,265,321</u>	<u>\$ -</u>	<u>\$ 1,265,321</u>

(12) Risk Management

The School Board is exposed to risks of loss in the areas of health care, workers' compensation, general and auto liability and property hazards. Health care and workers' compensation risks are handled through a self-insurance plan as described below. The other risks are handled by purchasing commercial insurance. There have been no significant reductions in these insurance coverages during the current fiscal year, nor have settlements exceeded insurance coverage for the current or prior two fiscal years.

A. Workers' Compensation

The School Board has established a limited risk management program for workers' compensation. The School Board hired LoCA as administrator for this program. During fiscal year 2017, a total of \$888,280 was incurred in benefits and administrative costs. The School Board purchases commercial insurance for individual claims in excess of \$350,000. Incurred but not paid claims have been accrued as a liability in the Workers Compensation Fund (internal service fund).

B. Group Self-Insurance

The School Board also established a limited risk management program for group hospitalization insurance. This plan provides employee health benefits up to a

ST. MARTIN PARISH SCHOOL BOARD  
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Notes to Basic Financial Statements (Continued)

\$1,000,000 lifetime maximum with an annual \$10,000 restoration. The School Board purchases commercial insurance for individual claims in excess of \$175,000.

The self-insurance activity is reported in the General Fund. Both the General and Special Revenue Funds of the School Board participate in the program and make contributions based on amounts needed to pay prior and current year claims. The claims liability of \$1,300,000 reported in the general fund at June 30, 2017, is based on the loss that is probable at the date of the financial statements and the amount of the loss that can be reasonably estimated. The School Board currently does not discount its claims liabilities.

C. Reconciliation of Claims Liabilities

Changes in the claims liability amounts for the risk management programs are as follows:

	Balance at Beginning of Fiscal Year	Claims and Changes in Estimates	Benefit Payments and Claims	Balance at Fiscal Year-End
Workers' compensation:				
2014-2015	936,719	202,285	394,412	744,592
2015-2016	744,592	409,216	341,603	812,205
2016-2017	812,205	386,492	472,027	726,670
Group hospitalization:				
2014-2015	1,500,000	13,137,141	13,387,141	1,250,000
2015-2016	1,250,000	12,995,447	13,245,447	1,000,000
2016-2017	1,000,000	11,838,865	11,538,865	1,300,000

Claims payable of \$726,670 for workers' compensation at June 30, 2017 was obtained from information provided by the third party administrator.

Claims payable for group hospitalization of \$1,300,000 at June 30, 2017 was determined as follows:

1. Claims incurred on or prior to June 30, 2017 and paid between July 1, and September 30, 2017	\$ 792,968
2. Provision for claims incurred but not reported	<u>507,032</u>
Total claims payable	<u>\$ 1,300,000</u>

The provision for claims incurred but not reported of \$507,032 was calculated utilizing historical information.

ST. MARTIN PARISH SCHOOL BOARD  
Breaux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

(13) Compensation of Board Members

A detail of the compensation paid to individual board members for the year ended June 30, 2017 follows:

James Blanchard	\$ 9,600
Burton Dupuis	10,200
Aaron Flegeance	9,600
Russell Foti	9,600
Steve Fuselier	9,600
Mark Hebert	10,200
Floyd Knott	9,600
Richard Potier	9,600
Frederic Stelly	9,600
Wanda Vital	<u>9,600</u>
	<u>\$ 97,200</u>

(14) Commitments and Contingencies

A. Contingent Liabilities

At June 30, 2017, the School Board is involved in several lawsuits. In the opinion of management and/or legal counsel for the School Board, resolution of these lawsuits will not involve any material liability (after meeting the insurance deductible of \$25,000 per occurrence) to the School Board in excess of insurance coverage. Total liability for lawsuits accrued at June 30, 2017 is \$505,073 and is included in claims payable on the statement of net position.

B. Grant Audit

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the School Board expects such amounts, if any, to be immaterial.

C. Commitments

The School Board has construction commitments with respect to unfinished projects of approximately \$8,503,553.

ST. MARTIN PARISH SCHOOL BOARD  
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Notes to Basic Financial Statements (Continued)

(15) Interfund Transactions

A. Interfund receivables and payables, by fund, at June 30, 2017 are as follows:

	Receivables	Payables
Major Funds		
General Fund	\$ 1,107,741	\$ -
State and Local Special Revenue Funds	-	105,197
Capital Projects Funds	-	33,471
Total major funds	1,107,741	138,668
 Nonmajor governmental funds	 -	 1,014,221
 Internal service funds	 45,148	 -
Total	\$ 1,152,889	\$ 1,152,889

The amounts shown are primarily for reimbursements owed for expenditures paid by one fund on behalf of another fund. All balances should be repaid within one year.

B. Transfers consisted of the following at June 30, 2017:

	Transfers In	Transfers Out
Major Funds		
General Fund	\$ 14,960,368	\$ 7,745,066
State and Local Special Revenue Funds	845,000	8,109,429
Capital Projects Funds	413,801	-
Nonmajor governmental funds	-	364,674
Total	\$ 16,219,169	\$ 16,219,169

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

(16) Post-Retirement Health Care and Life Insurance Benefits

From an accrual accounting perspective, the cost of postemployment healthcare benefits should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. The School Board recognizes the cost of postemployment

ST. MARTIN PARISH SCHOOL BOARD  
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Notes to Basic Financial Statements (Continued)

healthcare in the year when employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the School Board's future cash flows. Because the School Board adopted the requirements of GASB Statement No. 45 prospectively, recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability.

**Plan Description:** In accordance with the Employer Health and Welfare Benefit Plan established in November 1986, the School Board provides certain continuing health care and life insurance benefits for its retired employees. The plan is a single-employer defined benefit health care plan administered by the School Board. The School Board has the authority to establish and amend the benefit provisions of the plan. The plan does not issue a publicly available financial report.

**Funding Policy:** The monthly premiums of these benefits for retirees and similar benefits for active employees are paid jointly by the employee (approximately 36%) and the School Board (approximately 64%). The School Board recognizes the cost of providing these benefits (the School Board's portion of premiums) as an expenditure when the monthly premiums are due. The benefits are financed on a pay-as-you-go basis.

**Annual OPEB Cost:** The School Board's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Codification Section P50. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The School Board utilizes the level-dollar amortization method to amortize the unfunded actuarial accrued liability.

The following table shows the components of the School Board's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the district's net OPEB obligation:

Annual required contribution	\$ 7,254,478
Interest on net OPEB obligation	1,643,600
Adjustment to annual required contribution	<u>(2,376,239)</u>
Annual OPEB cost (expense)	6,521,839
Contributions made	<u>(3,971,664)</u>
Increase in net OPEB obligation	2,550,175
Net OPEB obligation - beginning of year	<u>41,089,999</u>
Net OPEB obligation - end of year	<u>\$ 43,640,174</u>

ST. MARTIN PARISH SCHOOL BOARD  
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Notes to Basic Financial Statements (Continued)

The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2015	\$ 6,124,004	58.3%	\$ 38,595,865
6/30/2016	\$ 6,349,121	60.7%	\$ 41,089,999
6/30/2017	\$ 6,521,839	60.9%	\$ 43,640,174

Fiscal year 2009 was the year of implementation of GASB Statement No. 45 and the School Board has elected to implement prospectively. Therefore, three-year trend information is presented.

Funded Status and Funding Progress: The funded status of the plan as of June 30, 2017, was as follows:

Actuarial accrued liability (AAL)	\$ 92,917,984
Actuarial valuation of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 92,917,984</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	44,084,558
UAAL as a percentage of covered payroll	210.8%

Actuarial valuations for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Although the valuation results are based on values which the School Board's actuarial consultant believes are reasonable assumptions, the valuation results reflect a long-term perspective and, as such, are merely an estimate of what future costs may actually be. Deviations in any of several factors, such as future interest rates, medical cost inflation, Medicare coverage, and changes in marital status, could result in actual costs being less or greater than estimated.

The schedule of funding progress presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

ST. MARTIN PARISH SCHOOL BOARD  
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Notes to Basic Financial Statements (Continued)

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

In the July 1, 2016 actuarial valuation the projected unit credit cost method was used. The significant actuarial assumptions used in the valuation of the plan are as follows:

1. Investment return of 4.0% per annum, compounded annually.
2. The inflation rate is 2.5%.
3. The initial trend rate used in the calculations was 8.0%. The ultimate trend rate is 5.0%. The time period between the initial rate and the ultimate rate is 10 years.

ST. MARTIN PARISH SCHOOL BOARD  
Breux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

(17) Parish Collections on Behalf of All Taxing Authorities

<u>Jurisdictions</u>	<u>Total Collections</u>	<u>Collection Costs</u>	<u>Final Distribution</u>
School Board			
Fund 70 (1%)	\$ 7,012,390	\$ 150,850	\$ 6,861,540
Fund 60 (1%)	6,900,299	149,166	6,751,133
Breux Bridge			
City (1%)	2,303,758	38,668	2,265,090
Econ Dist #1 (1%)	865,920	11,876	854,044
St. Martinville (2%)	1,537,788	23,136	1,514,652
Parks (2%)	179,375	2,701	176,674
Henderson (1%)	181,540	2,724	178,816
Sheriff (0.5%)	3,507,910	75,463	3,432,447
Parish Government			
District #2 (1%)	1,439,734	50,228	1,389,506
District #1 (1%)	2,426,854	49,231	2,377,623
Tourism Tax (4%)	<u>305,031</u>	<u>600</u>	<u>304,431</u>
Totals	<u>\$ 26,660,599</u>	<u>\$ 554,643</u>	<u>\$ 26,105,956</u>

(18) Pension Plans / GASB 68

A. Teachers' Retirement System of Louisiana (TRSL)

The St. Martin Parish School Board participates in the Teachers' Retirement System of Louisiana (TRSL or System). The System is the administrator of a cost-sharing, multiple-employer defined benefit pension plan established and provided for within Title 11, Chapter 2, of the Louisiana Revised Statutes to provide benefits to members and their dependents at retirement or in the event of death, disability, or termination of employment.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Teachers' Retirement System of Louisiana and additions to/deductions from the System's fiduciary net position have been determined on the same

ST. MARTIN PARISH SCHOOL BOARD  
Breaux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

basis as they are reported by the System. 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.

Summary of Significant Accounting Policies:

The System prepares its employer pension schedules in accordance with the Governmental Accounting Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. GASB Statement No. 68 established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. It provides methods and assumptions that should be used to project benefit payments; discount projected benefit payments to their actuarial present value; and attribute that present value to periods of employee service. It also provides methods to calculate participating employer's proportionate share of net pension liability, deferred inflows, deferred outflows, pension expense, and amortization periods for deferred inflows and deferred outflows.

Basis of Accounting:

The System's employer pension schedules were prepared using the accrual basis of accounting. Member and employer contributions are recognized when due, pursuant to formal commitments as well as statutory or contractual requirements. The member's earnable compensation is attributed to the employer(s) for which the member is employed as of June 30, 2016.

System Employees:

The System is not allocated a proportionate share of the net pension liability related to its employees. The net pension liability attributed to the System's employees is allocated to the remaining employers based on their respective employer allocation percentage.

Plan Fiduciary Net Position:

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

ST. MARTIN PARISH SCHOOL BOARD  
Breux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

Plan Description:

TRSL was established for the purpose of providing retirement allowances and other benefits as stated under the provisions of La. R.S. 11:700-999, as amended, for eligible teachers, employees, and their beneficiaries. The projection of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with the benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

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

Retirement Benefits:

Service retirement benefits are payable to members who have terminated covered employment and meet both age and service eligibility requirements.

Normal Retirement:

Regular Plan – In the TRSL Regular Plan, eligibility for retirement is determined by the date the member joined TRSL.

Members hired prior to July 1, 1999

2.0% benefit factor	<ul style="list-style-type: none"> <li>· At least age 60 with at least 5 years of service credit, or</li> <li>· Any age with at least 20 years of service credit</li> </ul>
2.5% benefit factor	<ul style="list-style-type: none"> <li>· At least age 65 with at least 20 years of service credit, or</li> <li>· At least age 55 with at least 25 years of service credit, or</li> <li>· Any age with at least 30 years of service credit</li> </ul>

Members joining system between July 1, 1999 and December 31, 2010

2.5% benefit factor	<ul style="list-style-type: none"> <li>· At least age 60 with at least 5 years of service credit, or</li> <li>· At least age 55 with at least 25 years of service credit, or</li> <li>· Any age with at least 20 years of service credit (actuarially reduced), or</li> <li>· Any age with at least 30 years of service credit</li> </ul>
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Members first eligible to join and hired between January 1, 2011 and June 30, 2015

2.5% benefit factor	<ul style="list-style-type: none"> <li>· At least age 60 with at least 5 years of service credit, or</li> <li>· Any age with at least 20 years of service credit (actuarially reduced)</li> </ul>
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Members first eligible to join and hired on or after July 1, 2015

2.5% benefit factor	<ul style="list-style-type: none"> <li>· At least age 62 with at least 5 years of service credit, or</li> <li>· Any age with at least 20 years of service credit (actuarially reduced)</li> </ul>
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ST. MARTIN PARISH SCHOOL BOARD  
Breux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

Plan A - Plan A is closed to new entrants.

All Plan A members

3.0% benefit factor	<ul style="list-style-type: none"> <li>· At least age 60 with at least 5 years of service credit, or</li> <li>· At least age 55 with at least 25 years of service credit, or</li> <li>· Any age with at least 30 years of service credit</li> </ul>
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Plan B

Members hired before July 1, 2015

2.0% benefit factor	<ul style="list-style-type: none"> <li>· At least age 60 with at least 5 years of service credit, or</li> <li>· At least age 55 with at least 30 years of service credit</li> </ul>
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Members first eligible to join and hired on or after July 1, 2015

2.0% benefit factor	<ul style="list-style-type: none"> <li>· At least age 62 with at least 5 years of service credit, or</li> <li>· Any age with at least 20 years of service credit (actuarially reduced)</li> </ul>
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Benefit Formula:

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

Payment Options:

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

Effective July 1, 2009, members can 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.

ST. MARTIN PARISH SCHOOL BOARD  
Breaux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

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.

Upon termination of DROP participation, 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 as an additional annuity based upon the account balance.

Disability Retirement Benefits:

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

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

ST. MARTIN PARISH SCHOOL BOARD  
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Notes to Basic Financial Statements (Continued)

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 10 years of creditable service (2 years immediately prior to death) or 20 years of creditable service (regardless when earned) is entitled to 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 ad hoc permanent benefit increases, also known as cost-of-living adjustments (COLAs) that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature.

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.

Employer Contributions:

The employer contribution rate is established annually under La. R.S. 11:101 – 11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the System's actuary. Each sub plan pays a separate

ST. MARTIN PARISH SCHOOL BOARD  
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Notes to Basic Financial Statements (Continued)

actuarially determined employer contribution rate. However, all assets of TRSL are used for the payment of benefits for all classes of members, regardless of their plan. The employer contributed \$9,733,470 during the fiscal year ending June 30, 2017.

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

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

Rates for the year ended June 30, 2016, are as follows:

TRSL Sub Plan	Total Employer Contribution 2016
K-12 Regular Plan	26.3%
Higher Ed Regular Plan	25.3%
Plan A	31.3%
Plan B	28.8%
ORP	Employer UAL
2016	22.0%

NOTE: In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations.

Schedule of Employer Allocations:

The schedule of employer allocations reports the employer contributions in addition to the employer allocation percentage. The required projected employer contributions are the basis used to determine the proportionate relationship of each employer to all employers of the System. The employer's proportion was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The allocation percentages were used in calculating each employer's proportionate share of the pension amounts.

The allocation method used in determining each employer's proportion was based on the employer's projected contribution effort to the plan for 2017 as compared to the total of

ST. MARTIN PARISH SCHOOL BOARD  
Breaux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

all employers' projected contribution effort to the plan for 2017. The employers' projected contribution effort was actuarially determined by the System's actuary, Foster and Foster Actuaries & Consultants.

The employers' projected contribution effort was calculated by multiplying the eligible annual compensation of active members in the System on June 30, 2016, by the 2017 employers' actuarially required contribution rates. Eligible compensation reported during the fiscal year was the basis for the computations. If reported compensation was less than a full year at June 30, the compensation was annualized to project a full year. Most employees of TRSL are 9 month employees and receive a full year credit for working 9 months. Compensation reported over the 9 month period represents a full year and does not need to be annualized. Also, some members may be employed full-time with one employer and part time with a second employer; these are referred to as primary and secondary employers respectively. Salaries for secondary employers were added to the employers' total payroll without annualizing. For ORP members, their earnings for the fiscal year were included in the employers' totals with no adjustments.

TRSL Sub Plan	Total Employer Contribution 2017
K-12 Regular Plan	25.5%
Higher Ed Regular Plan	24.4%
Plan A	30.7%
Plan B	28.2%
ORP	Employer UAL
2017	21.2%

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

At June 30, 2017, the School Board reported a liability of \$95,450,928 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School Board's proportion of the net pension liability was based on a projection of the School Board's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the School Board's proportion was .81325% which was a decrease of .02466% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the School Board recognized pension expense of \$9,738,035 less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$488,312.

ST. MARTIN PARISH SCHOOL BOARD  
Breux Bridge, Louisiana

Notes to Basic Financial Statements (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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ -	\$ 1,884,467
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	6,948,605	-
Change in proportion and differences between employer contributions and proportionate share of contributions	1,518,339	-
Employer contributions subsequent to the measurement date	9,733,470	-
<b>Total</b>	<b>\$ 18,200,414</b>	<b>\$ 1,884,467</b>

Deferred outflows of resources of \$9,733,470 related to pensions resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year <u>Ended</u>		\$
6/30/2018		680,172
6/30/2019		680,174
6/30/2020		3,379,854
6/30/2021		1,842,278

Actuarial Methods and Assumptions:

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

ST. MARTIN PARISH SCHOOL BOARD  
Breaux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

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

Valuation date	June 30, 2016
Actuarial cost method	Entry Age Normal
Amortization approach	Closed
Actuarial assumptions:	
Expected Remaining Service Lives	5 years
Investment rate of return	7.75% net of investment expenses*
Inflation rate	2.5% per annum
Projected salary increases	3.50% - 10.0% varies depending on duration of service
Cost-of-living adjustments	None
Mortality	Mortality rates were projected based on the RP-2000 Mortality Table with projection to 2025 using Scale AA.
Termination and disability	Termination, disability, and retirement assumptions were projected based on a five year (2008 - 2012) 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.*

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return was 8.23% 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:

ST. MARTIN PARISH SCHOOL BOARD  
Breux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

Asset Class	Long Term Expected Real Rate of Return
Domestic Equity	4.50%
International Equity	5.31%
Domestic Fixed Income	2.45%
International Fixed Income	3.28%
Private Equity	6.80%
Other Private Assets	4.82%

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate:

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.75%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75%) or one percentage point higher (8.75%) than the current rate.

	Changes in Discount Rate		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	6.75%	7.75%	8.75%
Employer's proportionate share of net pension liability	\$ 119,056,522	\$ 95,450,928	\$ 75,364,162

Change in Net Pension Liability:

The changes in the net pension liability for the year ended June 30, 2016, were recognized as pension expense or benefit in the current reporting period except as follows:

1. Differences between Expected and Actual Experience: Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all

ST. MARTIN PARISH SCHOOL BOARD  
Breux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in a deferred inflow of resources in the amount of \$1,884,467 for the year ended June 30, 2016.

2. Changes of Assumptions or Other Inputs: Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.
3. Differences between Projected and Actual Investment Earnings: Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a deferred outflow of resources in the amount of \$6,948,605 for the year ended June 30, 2016.
4. Change in Proportion: Changes in the employer's proportionate share of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date are recognized in employer's pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. The change in proportion resulted in a deferred outflow of \$1,518,339 for the year ended June 30, 2016.

Contributions – Proportionate Share:

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the Schedule of Pension Amounts by Employer due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

Estimates:

The process of preparing the schedule of employer allocations and schedules of pension amounts in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Accordingly, actual results may differ from estimated amounts.

ST. MARTIN PARISH SCHOOL BOARD  
Breux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

Retirement System Audit Reports:

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

B. Louisiana School Employees' Retirement System (LSERS)

The St. Martin Parish School Board participates in the Louisiana School Employees' Retirement System (System). The Louisiana School Employees' Retirement System (System), a component unit of the State of Louisiana, was established and provided for by R.S. 11:1001 of the Louisiana Revised Statutes (LRS) to provide retirement, disability, and survivor benefits to all eligible school bus drivers, school janitors, school custodians, school maintenance employees, school bus aides, or other regular school employees who actually work on a school bus helping with the transportation of school children.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Louisiana School Employees' Retirement System and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported in the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit term.

Summary of Significant Accounting Policies:

Basis of Presentation:

The Louisiana School Employees' Retirement System prepares its employer pension schedules in accordance with Governmental Accounting Statement No. 68 – *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. GASB Statement No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses. It provides methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. It also provides methods to calculate participating employer's proportionate share of net pension liability, deferred inflows, deferred outflows, pension expense, and amortization periods for deferred inflows and deferred outflows.

Basis of Accounting:

The System's employer pension schedules are prepared using the accrual basis of accounting. Members' earnable compensation, for which the employer allocations are based, is recognized in the period in which the employee is

ST. MARTIN PARISH SCHOOL BOARD  
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Notes to Basic Financial Statements (Continued)

compensated for services performed and attributed to the employer for which the member is employed during the period.

System Employees:

The System is not allocated a proportionate share of the net pension liability related to its employees. The net pension liability attributed to the System's employees is allocated to the remaining employers based on their respective employer allocation percentage.

Plan Fiduciary Net Position:

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

Plan Description:

The System is the administrator of a cost-sharing, multiple-employer defined benefit pension plan and is a component unit of the State of Louisiana included in the State's Comprehensive Annual Financial Report as a Pension Trust Fund. The System was established and provided for by R.S.11:1001 of the Louisiana Revised Statutes (LRS). The accompanying statements present information only as to transactions of the System as authorized by Louisiana Revised Statutes.

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

Eligibility Requirements:

Membership is mandatory for all persons employed by a Louisiana parish or city school board who work more than 20 hours per work or for part-time employees who have 10 years of creditable service in the System as a school bus driver, school janitor, school custodian, school maintenance employee, school bus aide, monitor or attendant, or any other regular school employee who actually works on a school bus helping with the transportation of school children. If a person is employed by and is eligible to be a member of more than one public agency within the state, he must be a member of each such retirement system. Members are vested after 10 years of service or 5 years if enrolled after June 30, 2010.

ST. MARTIN PARISH SCHOOL BOARD  
Breaux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

All temporary, seasonal, and part-time employees as defined in Federal Regulations 26 CFR 31:3121(b)(7)-2 who have less than 10 years of creditable service are not eligible for membership in the System. Any part-time employees who work 20 hours or less per week and who are not vested will be refunded their contributions.

Benefits:

Benefit provisions are authorized by R.S. 11:1141 - 11:1153.

A member who joined the System on or before June 30, 2010, is eligible for normal retirement if he has at least 30 years of creditable service regardless of age, 25 years of creditable service and is at least age 55, 20 years of creditable service regardless of age with an actuarially-reduced benefit, or 10 years of creditable service and is at least age 60. A member who joined the System on or after July 1, 2010, is eligible for normal retirement if he has at least five years of creditable service and is at least age 60, or 20 years of creditable service regardless of age with an actuarially-reduced benefit. A member who joined the System on or after July 1, 2015, is eligible for normal retirement if he has at least five years of creditable service and is at least age 62, or 20 years of creditable service regardless of age with an actuarially-reduced benefit.

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

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

Disability:

A member is eligible to retire and receive disability benefits if he has at least five years of creditable service, is not eligible for normal retirement and has become totally and permanently disabled, and is certified as disabled by the Medical Board. A vested person with 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

ST. MARTIN PARISH SCHOOL BOARD  
Breaux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

eligible for a disability benefit until normal retirement age. A member who joins the System on or after July 1, 2006, must have at least 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 benefit.

Deferred Retirement Option Plan:

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

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

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

Initial Benefit Retirement Plan:

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

ST. MARTIN PARISH SCHOOL BOARD  
Breux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

Employer Contributions:

Contributions for all participating school boards are actuarially determined as required by Act 81 of 1988 but cannot be less than the rate required by the Constitution. The actual employer rate for the years ended June 30, 2016 was 30.2%. The employer contributed \$1,111,720 during the fiscal year ending June 30, 2017.

Schedule of Employer Allocations:

The schedule of employer allocations reports the historical employer contributions recognized by the System in addition to the employer allocation percentage for each participating employer. The historical employer contribution is used to determine the proportionate relationship of each employer to all employers of the System.

The employer's proportion was determined on a basis that is consistent with the manner in which contributions to the System are determined. The allocation percentages were used in calculating each employer's proportionate share of pension amounts.

The allocation method used in determining each employer's proportion was based on each employer's contribution to the System during the year ended June 30, 2016 as compared to the total of all contributions to the System during the year ended June 30, 2016.

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

At June 30, 2017, the School Board reported a liability of \$11,228,987 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School Board's proportion of the net pension liability was based on a projection of the School Board's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the School Board's proportion was 1.488570% which was an increase of .045736% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the School Board recognized pension expense of \$1,395,657 less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$12,940.

ST. MARTIN PARISH SCHOOL BOARD  
Breaux Bridge, Louisiana

Notes to Basic Financial Statements (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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ -	\$ 306,430
Changes of assumptions	266,015	296,792
Net difference between projected and actual earnings on pension plan investments	1,422,525	-
Change in proportion and differences between employer contributions and proportionate share of contributions	194,861	112,642
Employer contributions subsequent to the measurement date	1,111,720	-
Total	\$ 2,995,121	\$ 715,864

Deferred outflows of resources of \$1,111,720 related to pensions resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended	
6/30/2018	\$ (8,809)
6/30/2019	124,106
6/30/2020	642,871
6/30/2021	409,369

Actuarial Methods and Assumptions:

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Actuarially-

ST. MARTIN PARISH SCHOOL BOARD  
Breaux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

determined amounts regarding the net pension liability are subject to continual revision, as actual results are compared to past expectations, and new estimates are made about the future.

The actuarial assumptions used in the June 30, 2016, valuation were based on the assumptions used in the June 30, 2015, actuarial funding valuation. The actuarial assumptions used in the June 30, 2015, valuation were based on the assumptions used in the June 30, 2014, actuarial funding valuation, and were initially designed to match, to the extent possible, those used by the prior actuary for the fiscal year 2014 valuation. The actuarial assumptions used in the June 30, 2014, valuation were based on an experience study performed in 2013, for the period July 1, 2008 through June 30, 2012. Beginning with the fiscal 2015 actuarial valuation, the general economic and non-economic assumptions used by the prior actuary for the June 30, 2014, valuation were reviewed and a determination was made to retain them with the exception of the valuation interest rate and the statistics related to family composition and rates of remarriage. Adjustments to some non-mortality decrements were necessary due to differences in the software model used in the June 30, 2014, valuation.

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

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	7.125% per annum (increased from 7.0% in 2015)
Expected Remaining Service Lives	3 years
Inflation Rate	2.625% per annum (decreased from 2.75% in 2015)
Mortality	RP-2000 Sex Distinct Mortality Table
Salary Increases	2008 - 2012 experience study, ranging from 3.075% to 5.375% (decreased from a range of 3.2% to 5.5% in 2015)
Cost-of-Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up), and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in

ST. MARTIN PARISH SCHOOL BOARD  
Breux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016, are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Fixed income	30.00%	1.82%
Equity	51.00%	3.10%
Alternatives	13.00%	0.79%
Real assets	6.00%	0.36%
Totals	100.00%	6.07%
Inflation		2.00%
Expected arithmetic nominal return		8.07%

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

Sensitivity to Changes in Discount Rate:

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.125%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.125%) or one percentage point higher (8.125%) than the current rate as of June 30, 2016.

ST. MARTIN PARISH SCHOOL BOARD  
Breux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

	Changes in Discount Rate		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	6.125%	7.125%	8.125%
Employer's proportionate share of net pension liability	\$ 14,740,532	\$ 11,228,987	\$ 8,220,503

Change in Net Pension Liability:

The changes in the net pension liability for the year ended June 30, 2016, were recognized in the current reporting period as pension expense except as follows:

1. Differences between Expected and Actual Experience: Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized as pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in a deferred inflow of resources in the amount of \$306,430 for the year ended June 30, 2016.
2. Changes of Assumptions or Other Inputs: Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The changes of assumptions or other inputs resulted in a deferred outflow of resources in the amount of \$266,015 and in a deferred inflow of resources in the amount of \$296,792 for the year ended June 30, 2016.
3. Differences between Projected and Actual Investment Earnings: Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a deferred outflow of resources in the amount of \$1,422,525 for the year ended June 30, 2016.
4. Change in Proportion: Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense/(benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. The change in proportion resulted in a deferred outflow of

ST. MARTIN PARISH SCHOOL BOARD  
Breux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

resources in the amount of \$194,861 and in a deferred inflow of resources in the amount of \$112,642 for the ending June 30, 2016.

Contributions – Proportionate Share:

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense/(benefit) using the straight line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of employer amounts due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

Estimates:

The process of preparing the schedule of employer allocations and schedule of pension amounts in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Accordingly, actual results may differ from estimated amounts.

Retirement System Audit Report:

The System issued a stand-alone audit report on its financial statements for the year ended June 30, 2016. Access to the audit report can be found on the Louisiana Legislative Auditors' official website: [www.la.gov](http://www.la.gov).

ST. MARTIN PARISH SCHOOL BOARD  
Breux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

(19) Act 706 – Schedule of Compensation, Reimbursements, Benefits and Other Payments to Entity Head

Under Act 706, the St. Martin Parish School Board is required to disclose the compensation, reimbursements, benefits, and other payments made to the superintendent, in which the payments are related to the position. The following is a schedule of payments made to the superintendent for the year ended June 30, 2017.

Entity head: Dr. Lottie P. Beebe, Superintendent

Salary	\$ 139,097
Benefits-insurance	6,132
Benefits-retirement	35,556
Benefits-cell phone	643
Reimbursements	367
Travel	769
Conference travel	<u>869</u>
Total	<u>\$ 183,433</u>

(20) New Accounting Pronouncements

In June 2015, the GASB approved Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. GASB Statement No. 75 replaces the requirements of postemployment benefits other than pensions. The provisions of GASB Statement No. 75 must be implemented by the School Board for the year ending June 30, 2018. The effect of implementation on the School Board's financial statements has not yet been determined.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

ST. MARTIN PARISH SCHOOL BOARD  
Breaux Bridge, Louisiana  
General Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2017

	Budget		Actual	Variance - Final budget vs. Actual
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Local sources -				
Ad valorem taxes	\$ 5,090,239	\$ 5,090,239	\$ 4,943,837	\$ (146,402)
Sales taxes	7,316,000	7,316,000	7,020,050	(295,950)
Tuition	10,000	10,000	7,750	(2,250)
Transportation	16,500	16,500	14,509	(1,991)
Interest earnings	200,000	200,000	160,938	(39,062)
Rentals, leases, and royalties	255,000	255,000	187,631	(67,369)
Other	1,068,580	1,068,580	672,505	(396,075)
State sources -				
Unrestricted grants-in-aid	45,308,894	45,308,894	44,460,517	(848,377)
Restricted grants-in-aid	45,000	45,000	256,678	211,678
Revenue in lieu of taxes	255,859	255,859	256,898	1,039
Other state revenues	-	-	7,915	7,915
Federal sources -				
Restricted revenues	-	-	70,662	70,662
Restricted grants-in-aid direct	70,000	70,000	-	(70,000)
Total revenues	<u>59,636,072</u>	<u>59,636,072</u>	<u>58,059,890</u>	<u>(1,576,182)</u>
<b>Expenditures:</b>				
Instruction -				
Regular education programs	29,215,901	29,215,901	29,144,514	71,387
Special education programs	7,191,489	7,191,489	6,299,193	892,296
Vocational education programs	1,762,707	1,762,707	1,309,177	453,530
Other instructional programs	350,419	350,419	781,007	(430,588)
Special programs	327,158	327,158	420,087	(92,929)
Adult and continuing education programs	1,837	1,837	-	1,837
Support services -				
Pupil support services	3,828,844	3,828,844	3,866,464	(37,620)
Instructional staff services	2,660,497	2,660,497	2,584,711	75,786
General administration	1,431,436	1,431,436	1,139,482	291,954
School administration	4,526,020	4,526,020	4,362,429	163,591
Business services	1,146,296	1,146,296	1,216,548	(70,252)
Operation and maintenance of plant	7,597,115	7,597,115	6,779,157	817,958
Student transportation services	4,783,568	4,783,568	4,403,239	380,329
Central services	864,354	864,354	1,199,566	(335,212)
Food service programs	189,794	189,794	265,148	(75,354)
Community service programs	27,500	27,500	26,027	1,473
Total expenditures	<u>65,904,935</u>	<u>65,904,935</u>	<u>63,796,749</u>	<u>2,108,186</u>
Deficiency of revenues over expenditures	(6,268,863)	(6,268,863)	(5,736,859)	532,004
<b>Other financing sources (uses):</b>				
Operating transfers in	15,219,364	15,219,364	14,960,368	(258,996)
Operating transfers out	(8,004,118)	(8,004,118)	(7,745,066)	259,052
Total other financing sources	<u>7,215,246</u>	<u>7,215,246</u>	<u>7,215,302</u>	<u>56</u>
Excess of revenues and other sources over expenditures and other uses	946,383	946,383	1,478,443	532,060
Fund balance, beginning	<u>31,665,183</u>	<u>32,107,224</u>	<u>32,107,224</u>	<u>-</u>
Fund balance, ending	<u>\$ 32,611,566</u>	<u>\$ 33,053,607</u>	<u>\$ 33,585,667</u>	<u>\$ 532,060</u>

ST. MARTIN PARISH SCHOOL BOARD  
Breaux Bridge, Louisiana  
State and Local Special Revenue Funds

Budgetary Comparison Schedule  
For the Year Ended June 30, 2017

	Budget		Actual	Variance - Final budget vs. Actual
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Local sources -				
Sales taxes	\$ 7,411,000	\$ 7,411,000	\$ 7,131,596	\$ (279,404)
Other	253,889	246,641	102,406	(144,235)
State sources -				
Unrestricted grants-in-aid	72,000	72,000	72,810	810
Restricted grants-in-aid	1,231,019	1,372,272	1,321,448	(50,824)
Federal sources -				
Restricted grants-in-aid through the state	3,958,180	3,958,180	3,989,751	31,571
Value of USDA Commodities	310,000	310,000	349,074	39,074
Total revenues	<u>13,236,088</u>	<u>13,370,093</u>	<u>12,967,085</u>	<u>(403,008)</u>
<b>Expenditures:</b>				
Instruction -				
Regular education programs	186	186	186	-
Other instructional programs	25,457	29,875	29,245	630
Special programs	800,323	925,428	916,288	9,140
Support services -				
Pupil support services	460,643	460,643	441,899	18,744
Instructional staff services	-	4,482	5,052	(570)
General administration	151,521	151,521	159,003	(7,482)
Food service	5,671,346	5,671,346	5,230,131	441,215
Total expenditures	<u>7,109,476</u>	<u>7,243,481</u>	<u>6,781,804</u>	<u>461,677</u>
Excess of revenues over expenditures	6,126,612	6,126,612	6,185,281	58,669
<b>Other financing sources (uses):</b>				
Operating transfers in	1,133,000	1,133,000	845,000	(288,000)
Operating transfers out	(8,311,246)	(8,311,246)	(8,109,429)	201,817
Total other financing uses	<u>(7,178,246)</u>	<u>(7,178,246)</u>	<u>(7,264,429)</u>	<u>(86,183)</u>
Deficiency of revenues and other sources over expenditures and other uses	(1,051,634)	(1,051,634)	(1,079,148)	(27,514)
Fund balance, beginning	<u>1,515,926</u>	<u>2,826,459</u>	<u>2,826,459</u>	<u>-</u>
Fund balance, ending	<u>\$ 464,292</u>	<u>\$ 1,774,825</u>	<u>\$ 1,747,311</u>	<u>\$ (27,514)</u>

ST. MARTIN PARISH SCHOOL BOARD  
Breux Bridge, Louisiana

Schedule of Funding Progress  
For the Year Ended June 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL)	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2012	N/A	139,763,000	139,763,000	0.0%	42,346,776	330.0%
July 1, 2014	N/A	86,369,646	86,369,646	0.0%	43,049,311	200.6%
July 1, 2016	N/A	92,917,984	92,917,984	0.0%	44,084,558	210.8%

ST. MARTIN PARISH SCHOOL BOARD  
Breux Bridge, Louisiana

Schedule of Employer's Share of Net Pension Liability  
For the Year Ended June 30, 2017

Year ended June 30,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
<b>LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM (LSERS)</b>					
2015	1.492500%	\$ 8,652,035	\$ 4,138,527	209.1%	76.10%
2016	1.442834%	9,149,400	4,191,243	218.3%	74.50%
2017	1.488570%	11,228,987	4,111,932	273.1%	70.10%
<b>TEACHERS' RETIREMENT SYSTEM OF LOUISIANA (TRSL)</b>					
2015	0.805190%	\$ 82,301,864	\$38,642,596	213.0%	63.70%
2016	0.837910%	90,094,407	38,792,318	232.2%	62.50%
2017	0.813250%	95,450,928	39,673,196	240.6%	59.90%

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

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

ST. MARTIN PARISH SCHOOL BOARD  
Breux Bridge, Louisiana

Schedule of Employer Contributions  
For the Year Ended June 30, 2017

Year ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
<b>LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM (LSERS)</b>					
2015	\$ 1,383,110	\$ 1,383,110	\$ -	\$ 4,191,243	33.00%
2016	1,241,804	1,241,804	-	4,111,932	30.20%
2017	1,111,720	1,111,720	-	4,072,235	27.30%
<b>TEACHER'S RETIREMENT SYSTEM OF LOUISIANA (TRSL)</b>					
2015	\$ 10,860,630	\$ 10,860,630	\$ -	\$ 38,792,318	28.00%
2016	10,438,827	10,438,827	-	39,673,196	26.31%
2017	9,733,470	9,733,470	-	38,153,185	25.51%

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

ST. MARTIN PARISH SCHOOL BOARD  
Breaux Bridge, Louisiana

Notes to the Required Supplementary Information  
For the Year Ended June 30, 2017

(1) Budget Practices

The School Board adopted budgets for the General Fund and the Special Revenue Funds. Budgets are prepared on a modified accrual basis of accounting. All appropriations lapse at year end, and any encumbrances outstanding are included in the next year's budget. Formal budget accounts are integrated into the accounting system as a management control device.

The superintendent of schools and the chief financial officer are authorized to transfer amounts between budgeted line items within any fund; however, board approval must be obtained prior to the transfer of funds from different departments within the General Fund. In addition, any unfavorable variances of revenues or expenditures of five percent or more within a fund must be presented to the School Board for Board action to amend fund budgets. Budgeted amounts included in the accompanying financial statements include the original adopted budgets and all subsequent amendments.

(2) Pension Plan

Changes of Assumptions - Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

**OTHER SUPPLEMENTARY INFORMATION**

**INTERNAL CONTROL  
COMPLIANCE  
AND  
OTHER INFORMATION**

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Retired:  
Conrad O. Chapman, CPA\* 2006

## 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*

Dr. Lottie P. Beebe, Superintendent  
and Members of the St. Martin Parish  
School Board  
Breux Bridge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Martin Parish School Board, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the St. Martin Parish School Board's basic financial statements, and have issued our report thereon dated December 15, 2017.

### Internal Control over Financial Reporting

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

### **Compliance and Other Matters**

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

### **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. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Breaux Bridge, Louisiana  
December 15, 2017

**KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC** OFFICES  
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INDEPENDENT AUDITORS' REPORT ON  
COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE

Dr. Lottie P. Beebe, Superintendent  
and Members of the St. Martin Parish  
School Board  
Breaux Bridge, Louisiana

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

We have audited the St. Martin Parish School Board's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the St. Martin Parish School Board's major federal programs for the year ended June 30, 2017. The St. Martin Parish School Board's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings, questioned costs and management's corrective action plan.

***Management's Responsibility***

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

***Auditors' Responsibility***

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

federal program occurred. An audit includes examining, on a test basis, evidence about the St. Martin Parish School Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on Each Major Federal Program***

In our opinion, the St. Martin Parish School Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

### **Report on Internal Control over Compliance**

Management of the St. Martin Parish 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 St. Martin Parish School Board's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the St. Martin Parish School Board's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings, questioned costs, and management's corrective action plan as item 2017-001, that we consider to be a significant deficiency.

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

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. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Breaux Bridge, Louisiana  
December 15, 2017

ST. MARTIN PARISH SCHOOL BOARD  
Breux Bridge, Louisiana

Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2017

(1) General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the St. Martin Parish School Board (the School Board). The School Board reporting entity is defined in Note 1 to the basic financial statements for the year ended June 30, 2017. All federal financial assistance received directly from federal agencies is included on the schedule as well as federal financial assistance passed through other government agencies. The major programs are identified with an asterisk (\*) on the schedule.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the School Board's basic financial statements for the year ended June 30, 2017.

(3) Relationship to Fund Financial Statements

Federal financial assistance revenues are reported in the School Board's fund financial statements as follows:

From federal sources:

Special Revenue Funds	<u>\$ 10,560,762</u>
-----------------------	----------------------

(4) Indirect cost rate

The School Board has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

(5) Relationship to Federal Financial Reports

Amounts reported in the Schedule of Expenditures of Federal Awards agree with the amounts reported in the related federal financial reports.

ST. MARTIN PARISH SCHOOL BOARD  
Breau Bridge, Louisiana

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program Name	Pass-through Identifying Number 2016	Pass-through Identifying Number 2017	CFDA Number	Revenue Recognized	Expenditures
<u>United States Department of Agriculture:</u>					
Passed through Louisiana Department of Agriculture and Forestry - Food Donation*	-	-	10.555	\$ 349,074	\$ 349,074
Passed through Louisiana Department of Education - National School Lunch Program*	-	-	10.555	<u>3,955,375</u>	<u>3,955,375</u>
Total United States Department of Agriculture				<u>4,304,449</u>	<u>4,304,449</u>
<u>United States Department of Education:</u>					
Passed through Louisiana Department of Education - Career and Technical Education - Basic Grants to States - Carl Perkins	28-16-02-50	28-17-02-50 28-17-T1-50 /	84.048	112,717	112,717
Title I Grants to Local Educational Agencies	28-16-T1-50	28-17-RD1-50	84.010	2,832,679	2,832,679
Improving Teacher Quality State Grants - Title II	28-16-50-50	28-17-50-50	84.367	597,017	597,017
Special Education - Grants to States - IDEA*	28-16-B1-50	28-17-B1-50	84.027	1,763,927	1,763,927
Special Education - Grants to States - High Cost Services Grants*	28-16-RH-50	28-17-RH-50	84.027	12,727	12,727
Special Education - Opportunity Grant*	28-15-OG-50	28-15-OG-50 28-17-P1-50 /	84.027	28,029	28,029
Special Education - Pre-School Grants*	28-16-P1-50	28-17-CY-50	84.173	47,251	47,251
English Language Acquisition Grants - Title III	28-16-60-50	28-17-60-50	84.365	10,863	10,863
Education for Homeless Children and Youth	-	28-17-H1-50	84.196	175	175
Migrant Education - State Grant Program	28-16-M1-50	28-17-M1-50	84.011	<u>63,460</u>	<u>63,460</u>
Total United States Department of Education				<u>5,468,845</u>	<u>5,468,845</u>
<u>United States Department of Health and Human Services</u>					
Passed through Louisiana Department of Education - Temporary Assistance for Needy Families - LA-4	28-16-36-50	28-17-36-50	93.558	768,568	768,568
Child Care and Development Block Grant	28-16-Z1/Z2-50	28-16-CO-50	93.575	<u>18,900</u>	<u>18,900</u>
Total United States Department of Health and Human Services				<u>787,468</u>	<u>787,468</u>
Total				<u>\$ 10,560,762</u>	<u>\$ 10,560,762</u>

\*Denotes major federal program.  
-Numbers are not readily accessible.

ST. MARTIN PARISH SCHOOL BOARD  
Breaux Bridge, Louisiana

Schedule of Findings, Questioned Costs and  
Management's Corrective Action Plan  
For the Year Ended June 30, 2017

Part I: Summary of Auditors' Results:

1. An unmodified opinion was issued on the financial statements.
2. A material weakness in internal control was not disclosed by the audit of the financial statements.
3. Material noncompliance was not disclosed.
4. A significant deficiency in internal control over the major programs was disclosed by the audit of the financial statements.
5. An unmodified opinion was issued on compliance for the major programs.
6. An audit finding required to be reported in accordance with 2 CFR Section 200.516(a) of the Uniform Guidance is reported in the accompanying schedule of findings, questioned costs and management's corrective action plan.
7. The major programs were:
  - U.S. Department of Education: Special Education – Grants to States – IDEA
  - U.S. Department of Education: Special Education – Grants to States – High Cost Services Grants
  - U.S. Department of Education: Special Education – Grants to States – Opportunity Grants
  - U.S. Department of Education: Special Education – Grants to States – Pre-School Grants
  - U.S. Department of Agriculture: Food Donation
  - U.S. Department of Agriculture: National School Lunch Program
8. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
9. The auditee did not qualify as a low-risk auditee.

Part II: Findings which are required to be reported in accordance with generally accepted governmental auditing standards:

There are no findings at June 30, 2017.

(continued)

ST. MARTIN PARISH SCHOOL BOARD  
Breaux Bridge, Louisiana

Schedule of Findings, Questioned Costs and  
Management's Corrective Action Plan (continued)  
For the Year Ended June 30, 2017

Part III: Findings and questioned costs for Federal awards in accordance with 2 CFR Section 200 of the Uniform Guidance:

2017-001 – Disbursement Documentation; Year Initially Occurred – 06/30/2017

- CFDA 10.555 National School Lunch Program / Louisiana Department of Education
- CFDA 84.027 Special Education – Grants to States and Opportunity Grant – Special Education Cluster (IDEA) / Louisiana Department of Education
- CFDA 84.173 Special Education – Pre-School Grants – Special Education Cluster (IDEA) / Louisiana Department of Education

Condition and Criteria:

Documentation for disbursements to some vendors for lunch and IDEA expenses had an invoice date that preceded the purchase order date.

Effect:

This condition represents a significant deficiency in the internal control of the school board.

Cause:

The condition resulted because the procedures in place were not being consistently followed and monitored to prevent a purchase from occurring without a purchase order.

Recommendation:

Management needs to strengthen and/or add controls to ensure that proper procedures are being followed when initiating a purchase of goods and/or services.

Management's Corrective Action Plan:

A meeting was held with the individuals responsible for issuing the purchase orders after the invoice date, as well as their supervisor and director. The importance of following the procedure for issuing purchase orders was stressed, in addition they were informed that any future instances will warrant a write up. Additional training will be provided to all employees involved in the purchase order process, whereby approvers will also be held accountable for ensuring proper documentation is submitted prior to approving purchase orders. Finally, accounts payable will be paying closer attention to purchase order dates when entering invoices for payments.

(continued)

ST. MARTIN PARISH SCHOOL BOARD  
Breux Bridge, Louisiana

Schedule of Findings, Questioned Costs and  
Management's Corrective Action Plan (continued)  
For the Year Ended June 30, 2017

Part IV: Management Letter Item:

2017-002– Misappropriation of Funds; Year Initially Occurred – 06/30/2016

In fiscal year ended June 30, 2016, an employee of the school board misappropriated funds from the administrative office. The employee was arrested in August 2016. The approximate amount of the misappropriation was estimated at \$17,338 as of June 30, 2016.

In fiscal year ended June 30, 2017, Casey V. Broussard, CFO and Allen Blanchard, Jr., Director of Personnel contacted the St. Martin Parish Sheriff's Office, the Sixteenth Judicial District Attorney's Office, and the Legislative Auditor's Office. The case is being handled by the District Attorney's Office. The defendant pled guilty on April 24, 2017. She was sentenced to serve three years of hard labor, which was suspended and, she was placed on supervised probation for a period of five years. The defendant has not paid any restitution. The school board is still owed funds of approximately \$17,338. The former employee has until April 24, 2022 to make full payment.

Although the finding was not completely resolved as of June 30, 2017, the only "open" component of the matter is the restitution owed to the school board.

Management's Corrective Action Plan:

Ms. Broussard and/or Mr. Blanchard will contact the District Attorney's Office to inquire about restitution payments. They will also monitor the collection of the restitution owed to the school board once payments are to begin.

ST. MARTIN PARISH SCHOOL BOARD  
Breaux Bridge, Louisiana

Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2017

Section I: Findings which are required to be reported in accordance with generally accepted governmental auditing standards:

2016-001 – Misappropriation of Funds

Finding:

An employee of the school board misappropriated funds from the administrative office. The employee was arrested in August 2016. The approximate amount of the misappropriation was estimated at \$17,338. Restitution has to be paid to the School Board.

Status:

Mostly resolved. See item 2017-002.

Section II: Findings and questioned costs for Federal awards in accordance with 2 CFR Section 200 of the Uniform Guidance:

There were no findings at June 30, 2016.

Section III: Management Letter Items:

There were no management letter items at June 30, 2016.



# St. Martin Parish School Board

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December 12, 2017

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SUPERINTENDENT

BURTON DUPLI  
PRESIDENT

RUSSELL C. FOTI  
VICE PRESIDENT

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STEVE FUSELIER

. DISTRICT 2  
WANDA BABIN

. DISTRICT 3  
AARON FLEGEANCE

. DISTRICT 4  
JAMES BLANCHARD

. DISTRICT 5  
RUSSEL C. FOTI

. DISTRICT 6  
BURTON DUPUIS

. DISTRICT 7  
RICHARD POTIER

. DISTRICT 8  
FREDERIC STELLY

. DISTRICT 9  
FLOYD KNOTT

. DISTRICT 10  
MARK HEBERT

Louisiana Department of Education  
1201 North Third Street  
Post Office Box 94064  
Baton Rouge, LA 70804-9064

St. Martin Parish School Board respectfully submits the following corrective action plan for the year ended June 30, 2017.

Independent public accounting firm:

Kolder, Champagne, Slaven, & Company, LLC  
P.O. Box 250  
Breaux Bridge, LA 70517

Audit period: Fiscal year ended June 30, 2017

The finding from the June 30, 2017 schedule of findings and questioned costs is discussed below. The finding is numbered consistently with the number assigned in the schedule.

Finding - Federal Award Programs Audit

Significant Deficiency

2017-001 CFDA 10.555 National School Lunch Program  
CFDA 84.027 Special Education – Grants to States and Opportunity Grant – Special Education Cluster (IDEA)  
CFDA 84.173 Special Education – Pre-School Grants – Special Education Cluster (IDEA)

*Recommendation:* Management needs to strengthen and/or add controls to ensure that proper procedures are being followed when initiating a purchase of goods and/or services.

*Action Taken:* A meeting was held with the individuals responsible for issuing the purchase orders after the invoice date, as well as their supervisor and director. The importance of following the procedure for issuing purchase orders was stressed, in addition they were informed that any future instances will warrant a write up. Additional training will be provided to all employees involved in the purchase order process, whereby approvers will also be held accountable for ensuring proper documentation is submitted prior to approving purchase orders. Finally, accounts payable will be paying closer attention to purchase order dates when entering invoices for payments.



"PARTNERS IN EDUCATION"

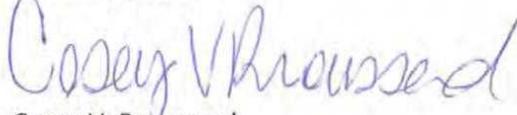


Commission Des Ecoles De La Paroisse De St. Martin



If the Louisiana Department of Education has questions regarding this plan, please call Casey V. Broussard, Chief Financial Officer, at 337-332-2105.

Sincerely yours,



Casey V. Broussard  
Chief Executive Officer

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

# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED- UPON PROCEDURES TO THE MANAGEMENT OF ST. MARTIN PARISH SCHOOL BOARD

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Dr. Lottie P. Beebe, Superintendent  
and Members of the St. Martin Parish  
School Board  
Breaux Bridge, Louisiana

We have performed the procedures enumerated below, which were agreed to by the management of the St. Martin Parish School Board; the Louisiana Department of Education, and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of the St. Martin 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 St. Martin 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 described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

### 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

- Nonpublic Transportation Revenue

There were no exceptions 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 1.

There were no exceptions 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.

There were no exceptions noted.

4. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1 and as reported on the schedule. 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.

There were no exceptions 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.

There were no exceptions 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 1 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.

There were five (5) exceptions noted. The years of experience reported on the PEP report as of October 1 for 5 of the 25 teachers sampled were incorrect.

#### 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.

There were twenty-four (24) exceptions noted. The average salary reported on the PEP report as of June 30 for 24 of the 25 teachers sampled was incorrect. The PEP report inadvertently included only 11 months of salaries instead of 12.

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

The average salaries are too low as the salaries only represent 11 months of salaries instead of 12. The full-time equivalents number was recalculated without exception.

#### Class Size Characteristics (Schedule 6)

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

There were no exceptions noted.

#### Louisiana Educational Assessment Program (LEAP) – ELA and Math (Schedule 7)

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

There were no exceptions noted.

#### Graduation Exit Examination (GEE) (Schedule 8)

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

#### LEAP Tests – Science and Social Studies (Schedule 9)

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

There were no exceptions noted.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the performance and statistical data. 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 the performance and statistical data accompanying the annual financial statements of the St. Martin Parish School Board, as required by Louisiana Revised Statute 24:514.1, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Breaux Bridge, Louisiana  
December 15, 2017

ST. MARTIN PARISH SCHOOL BOARD  
Breux Bridge, Louisiana  
Schedules Required by State Law (R.S. 24:514 – Performance and Statistical Data)  
As of and for the Year Ended June 30, 2017

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

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

**Schedule 2 – Education Levels of Public School Staff**

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

**Schedule 3 – Number and Type of Public Schools**

This schedule includes the number of elementary, middle/junior high, secondary and combination schools in operation during the fiscal year. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

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

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

**Schedule 5 – Public School Staff Data: Average Salaries**

This schedule includes average classroom teachers' salary using full-time equivalents, including and excluding ROTC and rehired retiree teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

**Schedule 6 – Class Size Characteristics**

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

**Schedule 7 – Louisiana Educational Assessment Program (LEAP) – ELA and Math**

This schedule represents student performance testing data and includes summary scores by district for grades 3, 4, 5, 6, 7, and 8 in each category tested. Scores are reported as Advanced, Mastery, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

**Schedule 8 – Graduation Exit Examination (GEE)**

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

(Continued)

ST. MARTIN PARISH SCHOOL BOARD  
Breux Bridge, Louisiana  
Schedules Required by State Law (R.S. 24:514 – Performance and Statistical Data) (Continued)  
As of and for the Year Ended June 30, 2017

**Schedule 9 – LEAP Tests – Science and Social Studies**

This schedule represents student performance testing data and includes a summary score for grades 3, 4, 5, 6, 7, and 8 for each district. The summary score reported is the National Percentile Rank showing relative position or rank as compared to a large, representative sample of students in the same grade from the entire nation. This schedule includes three years of data.

**ST. MARTIN PARISH SCHOOL BOARD**  
**St. Martinville, Louisiana**

**General Fund Instructional and Support Expenditures  
and Certain Local Revenue Sources  
For the Year Ended June 30, 2017**

	Column A	Column B
<b><u>General Fund Instructional and Equipment Expenditures</u></b>		
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$ 22,983,030	
Other Instructional Staff Activities	2,890,872	
Instructional Staff Employee Benefits	10,478,307	
Purchased Professional and Technical Services	261,769	
Instructional Materials and Supplies	1,636,750	
Instructional Equipment	<u>102,750</u>	
Total Teacher and Student Interaction Activities		38,353,478
Other Instructional Activities		341,494
Pupil Support Activities	3,938,738	
Less: Equipment for Pupil Support Activities	<u>-</u>	
Net Pupil Support Activities		3,938,738
Instructional Staff Services	2,637,635	
Less: Equipment for Instructional Staff Services	<u>-</u>	
Net Instructional Staff Services		2,637,635
School Administration	4,447,819	
Less: Equipment for School Administration	<u>-</u>	
Net School Administration		<u>4,447,819</u>
Total General Fund Instructional Expenditures (Total of Column B)		<u>\$49,719,164</u>
Total General Fund Equipment Expenditures (Object 730; Function Series 1000-4000)		<u>\$ 570,862</u>
<b><u>Certain Local Revenue Sources</u></b>		
Local Taxation Revenue:		
Constitutional Ad Valorem Taxes		941,417
Renewable Ad Valorem Tax		3,617,698
Debt Service Ad Valorem Tax		8,162,061
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes		373,389
Sales and Use Taxes		<u>14,151,645</u>
Total Local Taxation Revenue		<u>\$27,246,210</u>
Local Earnings on Investment in Real Property:		
Earnings from 16th Section Property	\$ 182,929	
Earnings from Other Real Property	<u>4,702</u>	
Total Local Earnings on Investment in Real Property		<u>\$ 187,631</u>
State Revenue in Lieu of Taxes:		
Revenue Sharing - Constitutional Tax	\$ 69,194	
Revenue Sharing - Other Taxes	174,108	
Revenue Sharing - Excess Portion	13,596	
Other Revenue in Lieu of Taxes	<u>-</u>	
Total State Revenue in Lieu of Taxes		<u>\$ 256,898</u>
Nonpublic Textbook Revenue		<u>\$ 27,357</u>
Nonpublic Transportation Revenue		<u>\$ -</u>

Schedule 2

**ST. MARTIN PARISH SCHOOL BOARD**  
**St. Martinville, Louisiana**

**Education Levels of Public School Staff**  
**As of October 1, 2016**

Category	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certified		Uncertified		Certified		Uncertified	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	4	1%	0	0%	0	0%	0	0%
Bachelor's Degree	390.5	82%	6	100%	2	6%	0	0%
Master's Degree	71.5	15%	0	0%	24	67%	0	0%
Master's Degree + 30	8	2%	0	0%	8	22%	0	0%
Specialist in Education	1	0%	0	0%	1	3%	0	0%
Ph. D. or Ed. D.	2	0%	0	0%	1	3%	0	0%
<b>Total</b>	<b>477</b>	<b>100%</b>	<b>6</b>	<b>100%</b>	<b>36</b>	<b>100%</b>	<b>0</b>	<b>0%</b>

Schedule 3

**ST. MARTIN PARISH SCHOOL BOARD**  
**St. Martinville, Louisiana**

**Number and Type of Public Schools**  
**For the Year Ended June 30, 2017**

<b>Type</b>	<b>Number</b>
Elementary	9
Middle/Jr. High	4
Secondary	3
Combination	0
<b>Total</b>	<b>16</b>

Note: Schools opened or closed during the fiscal year are included in this schedule.

**ST. MARTIN PARISH SCHOOL BOARD**  
**St. Martinville, Louisiana**

**Experience of Public Principals, Assistant Principals and Full-time Classroom Teachers**  
**As of October 1, 2016**

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	<b>Total</b>
Assistant Principals	0	0	3	3	6	3	4	19
Principals	0	0	1	1	4	6	5	17
Classroom Teachers	48	64	140	46	63.5	53	68.5	483
<b>Total</b>	48	64	144	50	73.5	62	77.5	519

**ST. MARTIN PARISH SCHOOL BOARD**  
**St. Martinville, Louisiana**

**Public School Staff Data: Average Salaries**  
**For the Year Ended June 30, 2017**

	<b>All Classroom Teachers</b>	<b>Classroom Teachers Excluding ROTC, Rehired Retirees and Flagged Salary Reductions</b>
<b>Average Classroom Teachers' Salary Including Extra Compensation</b>	46,682	46,945
<b>Average Classroom Teachers' Salary Excluding Extra Compensation</b>	46,619	46,877
<b>Number of Teacher Full-time Equivalent (FTEs) used in Computation of Average Salaries</b>	486	445

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

**ST. MARTIN PARISH SCHOOL BOARD**  
**St. Martinville, Louisiana**

**Class Size Characteristics**  
**As of October 1, 2016**

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	23.03%	333	51.91%	544	10.92%	51	0.00%	0
Elementary Activity Classes	3.11%	45	9.64%	101	1.93%	9	6.45%	2
Middle/Jr. High	18.53%	268	19.18%	201	24.41%	114	0.00%	0
Middle/Jr. High Activity Classes	5.39%	78	1.72%	18	4.28%	20	12.90%	4
High	32.85%	475	16.79%	176	56.32%	263	77.42%	24
High Activity Classes	17.08%	247	0.76%	8	2.14%	10	3.23%	1
Combination	0.00%	0	0.00%	0	0.00%	0	0.00%	0
Combination Activity Classes	0.00%	0	0.00%	0	0.00%	0	0.00%	0

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

Schedule 7

ST. MARTIN PARISH SCHOOL BOARD  
St. Martinville, Louisiana

Louisiana Educational Assessment Program (LEAP) - ELA & Math  
For the Year Ended June 30, 2017

District Achievement Level	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Students	Percent	Percent	Percent	Percent	Percent	Percent
<b>Grade 3</b>						
Advanced	3%	2%	1%	8%	10%	6%
Mastery	38%	31%	30%	42%	45%	33%
Basic	26%	31%	31%	29%	29%	32%
Approaching Basic	19%	22%	26%	16%	13%	21%
Unsatisfactory	14%	14%	12%	5%	3%	8%
Total	100%	100%	100%	100%	100%	100%

District Achievement Level	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Students	Percent	Percent	Percent	Percent	Percent	Percent
<b>Grade 4</b>						
Advanced	3%	3%	1%	6%	4%	0%
Mastery	38%	27%	30%	42%	33%	32%
Basic	34%	33%	38%	29%	37%	42%
Approaching Basic	21%	27%	23%	19%	21%	22%
Unsatisfactory	4%	10%	8%	4%	5%	4%
Total	100%	100%	100%	100%	100%	100%

District Achievement Level	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Students	Percent	Percent	Percent	Percent	Percent	Percent
<b>Grade 5</b>						
Advanced	0%	2%	1%	3%	3%	1%
Mastery	32%	32%	29%	31%	32%	27%
Basic	36%	36%	35%	35%	38%	39%
Approaching Basic	21%	22%	27%	25%	22%	27%
Unsatisfactory	11%	8%	8%	6%	5%	6%
Total	100%	100%	100%	100%	100%	100%

District Achievement Level	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Students	Percent	Percent	Percent	Percent	Percent	Percent
<b>Grade 6</b>						
Advanced	2%	1%	1%	1%	3%	1%
Mastery	22%	22%	28%	17%	21%	24%
Basic	30%	42%	39%	30%	37%	36%
Approaching Basic	34%	27%	25%	38%	31%	33%
Unsatisfactory	12%	8%	7%	14%	8%	6%
Total	100%	100%	100%	100%	100%	100%

District Achievement Level	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Students	Percent	Percent	Percent	Percent	Percent	Percent
<b>Grade 7</b>						
Advanced	7%	8%	3%	1%	2%	0%
Mastery	28%	27%	26%	19%	24%	17%
Basic	31%	31%	35%	42%	38%	42%
Approaching Basic	23%	23%	26%	31%	28%	29%
Unsatisfactory	11%	11%	10%	7%	8%	12%
Total	100%	100%	100%	100%	100%	100%

District Achievement Level	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Students	Percent	Percent	Percent	Percent	Percent	Percent
<b>Grade 8</b>						
Advanced	4%	4%	2%	1%	0%	2%
Mastery	34%	35%	28%	15%	23%	20%
Basic	28%	34%	37%	28%	28%	24%
Approaching Basic	22%	19%	23%	29%	30%	31%
Unsatisfactory	12%	8%	10%	27%	19%	23%
Total	100%	100%	100%	100%	100%	100%

**ST. MARTIN PARISH SCHOOL BOARD  
St. Martinville, Louisiana**

**Graduation Exit Exam (GEE)  
For the Year Ended June 30, 2017**

**N/A---GEE is no longer administered.**

ST. MARTIN PARISH SCHOOL BOARD  
St. Martinville, Louisiana

LEAP Tests--Science and Social Studies  
For the Year Ended June 30, 2017

District Achievement Level	Science			Social Studies		
	2017 Percent	2016 Percent	2015 Percent	2017 Percent	2016 Percent	2015 Percent
<b>Grade 3</b>						
Advanced	10%	9%	6%	6%	N/A	2%
Mastery	17%	25%	16%	17%	N/A	17%
Basic	38%	41%	46%	27%	N/A	50%
Approaching Basic	25%	19%	23%	31%	N/A	21%
Unsatisfactory	10%	6%	9%	19%	N/A	10%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>N/A</b>	<b>100%</b>

District Achievement Level	Science			Social Studies		
	2017 Percent	2016 Percent	2015 Percent	2017 Percent	2016 Percent	2015 Percent
<b>Grade 4</b>						
Advanced	3%	4%	2%	1%	N/A	0%
Mastery	15%	14%	13%	15%	N/A	9%
Basic	52%	47%	50%	29%	N/A	52%
Approaching Basic	24%	26%	27%	35%	N/A	25%
Unsatisfactory	6%	9%	8%	20%	N/A	14%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>N/A</b>	<b>100%</b>

District Achievement Level	Science			Social Studies		
	2017 Percent	2016 Percent	2015 Percent	2017 Percent	2016 Percent	2015 Percent
<b>Grade 5</b>						
Advanced	2%	2%	1%	0%	N/A	1%
Mastery	11%	12%	11%	11%	N/A	8%
Basic	43%	46%	47%	25%	N/A	53%
Approaching Basic	28%	28%	28%	34%	N/A	24%
Unsatisfactory	16%	12%	13%	30%	N/A	14%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>N/A</b>	<b>100%</b>

District Achievement Level	Science			Social Studies		
	2017 Percent	2016 Percent	2015 Percent	2017 Percent	2016 Percent	2015 Percent
<b>Grade 6</b>						
Advanced	1%	2%	2%	1%	N/A	3%
Mastery	14%	12%	14%	7%	N/A	8%
Basic	44%	48%	48%	27%	N/A	48%
Approaching Basic	29%	27%	26%	37%	N/A	28%
Unsatisfactory	12%	11%	10%	28%	N/A	13%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>N/A</b>	<b>100%</b>

District Achievement Level	Science			Social Studies		
	2017 Percent	2016 Percent	2015 Percent	2017 Percent	2016 Percent	2015 Percent
<b>Grade 7</b>						
Advanced	2%	1%	2%	2%	N/A	1%
Mastery	17%	16%	13%	14%	N/A	10%
Basic	44%	43%	44%	27%	N/A	47%
Approaching Basic	24%	25%	29%	30%	N/A	30%
Unsatisfactory	13%	15%	12%	27%	N/A	12%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>N/A</b>	<b>100%</b>

District Achievement Level	Science			Social Studies		
	2017 Percent	2016 Percent	2015 Percent	2017 Percent	2016 Percent	2015 Percent
<b>Grade 8</b>						
Advanced	0%	1%	0%	3%	N/A	1%
Mastery	12%	12%	9%	20%	N/A	4%
Basic	39%	39%	37%	26%	N/A	43%
Approaching Basic	30%	31%	34%	29%	N/A	31%
Unsatisfactory	19%	17%	20%	22%	N/A	21%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>N/A</b>	<b>100%</b>

**ST. MARTIN PARISH SCHOOL BOARD**

Breaux Bridge, Louisiana

Statewide Agreed-upon Procedures Report

Year Ended June 30, 2017

# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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Retired:

Conrad O. Chapman, CPA\* 2006

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Management of the St. Martin Parish School Board,

We have performed the procedures enumerated below, which were agreed to by the management of St. Martin Parish School Board and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the St. Martin Parish School Board's compliance with certain laws, regulations and best practices during the year ended June 30, 2017. Management of the St. Martin Parish School Board is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed 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.

### *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

*Written policies and procedures were obtained and address the functions noted above.*

- 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.

*Written policies and procedures were obtained and address some of the functions noted above. The written procedures did not indicate how vendors were added to the vendor list.*

- c) **Disbursements**, including processing, reviewing, and approving

*Written policies and procedures were obtained and address the functions noted above.*

- d) **Receipts**, including receiving, recording, and preparing deposits

*Written policies and procedures were obtained and addresses the receiving of deposits. The written procedures did not detail the processes of 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.

*Written policies and procedures were obtained and address some of the functions noted above. The written procedures did not detail the processing of payroll.*

- 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

*Written policies and procedures were obtained; however, the written procedures do not address the functions noted above.*

- 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

*Written policies and procedures were obtained and address some of the functions noted above. The written procedures do not address how cards are to be controlled or monitored.*

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

*Written policies and procedures were obtained and address some of the functions noted above. The written procedures do not include dollar thresholds by category of expense.*

- 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.

*Written policies and procedures were obtained and address the functions noted above.*

- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

*Written policies and procedures were obtained and address the functions noted above.*

#### **Board (or Finance Committee, if applicable)**

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- 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.

*Obtained and reviewed minutes of the managing board for the fiscal period noting that the board met at least monthly.*

- 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).

*Obtained and reviewed minutes of the managing board for the fiscal period noting that the minutes did not reference/include monthly budget-to-actual comparisons for the major funds for 6 of the meetings.*

- 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.

*Not applicable.*

- 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.)

*The minutes referenced non-budgetary financial information for at least one meeting.*

### ***Bank Reconciliations***

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

*Obtained listing of client bank accounts from management and management's representation that 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;

*No exceptions noted.*

- 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

*Bank reconciliations for 7 of the accounts tested showed no evidence of management or board member review.*

- 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.

*There was one account tested that had items that were outstanding for more than 6 months and there was no documentation of management research of said items.*

### ***Collections***

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

*Obtained listing of cash collection locations and management's representation that 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.

*No exceptions noted.*

- 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.

*No exceptions noted.*

- 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.

*There were 3 collections that were not deposited within one day (1 was one day late, 1 was two days late, and 1 was three days late)*

- 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.

*No exceptions noted.*

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.

*No exceptions noted.*

#### **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.

*Listing of disbursements and management's representation that the listing is complete was obtained.*

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.

*No exceptions noted.*

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

*No exceptions noted.*

- 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.

*No exceptions noted.*

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.

*Persons responsible for cash disbursements are not 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.

*No exceptions noted.*

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.

*No exceptions noted.*

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.

*No exceptions noted.*

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***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.

*Listing of active credit cards and fuel cards and name of person who maintains possession of cards and management's representation that the listing is complete was obtained. The school board does not use bank debit cards or P-cards.*

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.]

*No exceptions noted.*

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

*No exceptions noted.*

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)

*No exceptions noted.*

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

*No exceptions noted.*

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

*No exceptions noted.*

- 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.

*No exceptions noted.*

- 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.

*No exceptions noted.*

### ***Travel and Expense Reimbursement***

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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.

*Listing of travel and expense reimbursements by person and management's representation that the listing is complete was obtained.*

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](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

*Policies were obtained. No amounts listed exceed GSA rates.*

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.

*No exceptions noted.*

- 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.]

*No exceptions noted.*

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

*No exceptions noted.*

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

*No exceptions noted.*

- 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.

*No exceptions noted*

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*No exceptions noted*

### ***Contracts***

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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.

*Listing of all contracts in effect and management's representation that the listing is complete was obtained.*

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.

*No exceptions noted.*

- 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)

*No noncompliance noted.*

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

*Not applicable.*

- 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.

*Three of the five contracts tested were amended. One was amended to include additional services at a cost of \$6,000, one was amended to comply with new state law requirements, and one contract was amended to extend services at a cost of \$4,236. All contracts provided for such amendments.*

- 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.

*No exceptions noted.*

- 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).

*No exceptions noted.*

### ***Payroll and Personnel***

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- 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:

*Listing of employees with their related salaries and management's representation that the listing is complete was obtained.*

- 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.

*No exceptions noted.*

- 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.

*No exceptions noted.*

- 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.)

*No exceptions noted.*

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

*No exceptions noted.*

- 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.

*No exceptions noted.*

- 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.

*No exceptions noted.*

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.

*No exceptions noted.*

### ***Ethics (excluding nonprofits)***

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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.

*No exceptions noted.*

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.

*Management asserted that they have received no allegations during the fiscal period.*

### ***Debt Service (excluding nonprofits)***

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

*State Bond Commission approval was obtained.*

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.

*All scheduled debt service payments were made and debt reserves were maintained 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.

*No exceptions noted.*

***Other***

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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.

*Management has asserted that the entity did not have 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](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

*Required notices were posted on the entity's website and on the premises.*

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

*No exceptions noted.*

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

This report is intended solely for the use of management of the St. Martin Parish School Board 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.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Breaux Bridge, Louisiana  
December 14, 2017

# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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## MANAGEMENT LETTER

\* A Professional Accounting Corporation

Dr. Lottie P. Beebe, Superintendent  
and Members of the St. Martin Parish  
School Board  
Breux Bridge, Louisiana

We have audited the financial statements of the St. Martin Parish School Board for the year ended June 30, 2017 and submitted our report to you dated December 15, 2017. We noted a certain matter of concern as follows:

Inquiry was performed on the status of the misappropriation of funds discovered at the administrative office during fiscal year ended June 30, 2016 (see previous year audit report, Finding #2016-001). No restitution has been received thus far. Personnel should monitor collection of the balance of restitution.

Should you have any questions or need additional information regarding this matter, please feel free to contact us.

***Kolder, Champagne, Slaven, & Company, LLC***  
Certified Public Accountants

Breux Bridge, Louisiana  
December 15, 2017