

VERMILION PARISH SCHOOL BOARD

Abbeville, Louisiana

Financial Report

Year Ended June 30, 2018

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INDEPENDENT AUDITOR'S REPORT

Mr. Jerome Puyau, Superintendent,
and Members of the Vermilion Parish School Board
Abbeville, Louisiana

Report on the financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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, the major funds, and the aggregate remaining fund information of the School Board, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the other required supplementary information on pages 6 through 18 and 89 through 99, respectively, be presented to supplement the basic financial statements. Such information, although not 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 historic 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 inquires of management about the methods of preparing the information and comparing the information for the consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Board's financial statements. The other supplementary information on pages 103 through 129 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also 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 relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

The other supplementary information has 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2018, on our consideration of the School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Board's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
December 19, 2018

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REQUIRED SUPPLEMENTARY INFORMATION (RSI)

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018

Management's Discussion and Analysis (MD&A) of the Vermilion Parish School Board's financial performance provides an overall review of the School Board's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the School Board's financial performance as a whole. The reader should read this discussion in conjunction with the financial statements and the notes to the basic financial statements, which are all included in this report, to enhance their understanding of the Vermilion Parish School Board's financial performance.

The MD&A is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board (GASB) Statement No. 34 (Statement). Certain comparative information between the current year (2017-18) and the prior year (2016-17) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

During the fiscal year ended June 30, 2016, the School Board was required to implement Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions. This Statement makes it compulsory for all governmental agencies to record on their government wide statements, their share of retirement systems' financial data. At June 30, 2018, the School Board is required to report a liability of \$109.2 million for its proportionate share of the retirement systems' net pension liability, as reflected in the Statement of Net Position on page 21.

During the previous fiscal year ended June 30, 2017, the board adopted the requirements of GASB Statement No. 75. This Statement requires the cost of post employment healthcare to be recognized in the year when the employee services are received and recognize a liability for Other Post Employment Benefit (OPEB) obligations. At June 30, 2018, the School Board reported a liability of \$150 million for this OPEB liability.

The requirement to record these liabilities has an extraordinarily adverse impact on the School Board's government wide statements and has created a negative net position. In spite of the requirement to record this "book" entry, the School System continues to be in a strong financial position.

The School Board's overall net position decreased by \$4.7 million from July 1, 2017 to June 30, 2018 as reported in the Statement of Activities on pages 22 and 23.

An analysis of the major revenue components is as follows:

Operating Grants – Operating and capital grants and contributions for the Vermilion Parish School Board were \$14.3 million for 2017-18. This is very consistent with the previous 2016-17 fiscal year.

Minimum Foundation Program (MFP) – MFP is the funding formula from the state for school systems in Louisiana. The funding is based on a formula with many variables and two (2) primary levels of funding. Level one (1) funding is based on the number of students enrolled in the school system. Level two (2) funding is based on the dollar amount of local funding. The

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Management's Discussion and Analysis (Continued)
Fiscal Year Ended June 30, 2018

more local tax support received by a District, the more state support (MFP) we receive through level two funding. The School Board receives a percentage match in level two funding from the state for local contributions exceeding an established minimum amount. The unrestricted portion of the MFP funding was \$53.7 million during 2017-18 as compared to 49.7 million for 2016-17.

Ad Valorem Taxes – Ad valorem taxes collected for general and specific purposes was \$12.3 million for 2017-18, comparable to the \$13.4 million for the previous 2016-17 fiscal year.

Sales Taxes – Total sales tax collections for the Board's 1% General Fund levy and the ½% salaries and benefits levy were \$11.2 million during the 2017-18 fiscal year, compared to \$11.0 million the previous fiscal year.

Rentals, Leases and Royalties – 16th section revenues, which include oil and gas leases and royalties, as well as surface rentals, totaled \$2.4 million for the 2017-18 fiscal year compared to \$2.6 million for the 2016-17 fiscal year.

General – The other revenues of the School Board remained relatively stable when compared to prior years.

The expenses of the School Board, as reported in the Statement of Activities, were \$104.1 million in 2017-18. The major expense components are as follows:

Salaries and related benefits - Salaries and related benefits are the School Board's largest expense items. Salaries and related benefits account for \$78.2 million or 75.3% of total expenses. Salaries and related benefits for the prior fiscal year were \$76.7 million.

Self Insurance Fund – On April 25, 2002, the Board established a partially self-funded health insurance program. Blue Cross Blue Shield has been the board's third party administrator since May 1, 2016. The School Board's contribution to the health insurance program remained consistent from \$10.8 million in 2016-17 to \$10.8 million in 2017-18.

Operation & Maintenance of Plant Services – The cost of maintaining parish facilities decreased from \$9.4 million in 2016-17 to \$9.1 million in 2017-18.

Facilities Acquisition and Construction – The amount spent for facilities acquisition and construction increased from \$1.0 million in 2016-17 to \$1.5 million in 2017-18.

Debt Service Payments – The debt service activity remained relatively consistent with the previous year.

Capital Projects – The Capital Projects Fund is being used to account for the board's cost for a flood mitigation project on the Erath High School and Erath Middle School campus which was nearly complete at the end of the fiscal year. The majority of the cost of this project (75%) is being funded by a federal mitigation grant through the Vermilion Parish Police Jury.

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Management's Discussion and Analysis (Continued)
Fiscal Year Ended June 30, 2018

The impact of implementing GASB 68 is as follows:

Net Pension Liability – Effective with the 2014-15 fiscal year, the Board implemented Government Accounting Standards Board (GASB) Statement 68, which requires that the School Board's proportionate share of retirement systems' net pension liability be reported on the government wide statements. As reflected on Statement of Net Position on page 21, the board reported a net pension liability of \$109.2 million as of June 30, 2018.

The impact of implementing GASB 75 is as follows:

OPEB Obligation – Effective with the 2016-17 fiscal year, the Board implemented Government Accounting Standards Board (GASB) Statement 75, which requires that the cost of post employment healthcare to be recognized in the year when the employee services are received and recognized a liability for Other Post Employment Benefit (OPEB) obligations. At June 30, 2018, the School Board reported a liability of \$150 million for this OPEB liability.

USING THIS FINANCIAL REPORT

This financial report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Vermilion Parish School Board as a whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and the Statement of Activities provide information about the activities of the School Board as a whole and present a longer-term view of the School Board's financial picture.

Also included in the financial statements are the Fund Financial Statements, which report on governmental activities of the School Board. These statements provide more detail than the government-wide financial statements about the services that were financed in the short-term as well as what remains for future spending in the School Board's more significant funds as well as all other non-major funds. The General Fund is Vermilion Parish School Board's most significant fund.

REPORTING THE SCHOOL BOARD AS A WHOLE

Statement of Net Assets and the Statement of Activities

The Statement of Net Position and the Statement of Activities report information about the School Board as a whole and its activities in a way to try to inform the reader as to how the School Board did financially during the 2017-18 fiscal year.

In short, is the School Board better off financially or is it worse off financially than it was this time last year? These statements report all assets and liabilities of the School Board on the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Management's Discussion and Analysis (Continued)
Fiscal Year Ended June 30, 2018

These two statements report the School Board's net position and the change in that position. This change in net position is important because it tells the reader that, for the School Board as a whole, the financial position of the School Board improved or declined. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors affecting the School Board include the state of the oil and gas industry, the parish's sales and property tax bases and the state and federal government's continued funding.

The Board must include the net pension liability in the Statement of Net Position as required by GASB Statement No 68. These requirements are described in note 10 on page 56. The net effect of this reporting requirement is to include \$109.2 million in long-term liabilities on the Statement of Net Position.

The Board also included Other Post Employment Benefits (OPEB) liabilities in the Statement of Net Position as required by GASB Statement No. 75. These requirements are described in note 14 on page 79. The net effect of this reporting requirement is to include \$150 million in long-term liabilities on the Statement of Net Position.

The Statement of Net Position and the Statement of Activities report the governmental activities of the School Board. Most of the School Board's programs and services are reported here including instruction, support services, operating and maintenance of plant, student transportation, and child nutrition programs.

REPORTING THE SCHOOL BOARD'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the School Board's major funds begins on page 25. Fund Financial Statements provide detailed information about the School Board's major funds. The School Board uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School Board's most significant funds. The School Board's major governmental funds for the 2017-18 fiscal year are the General Fund and the 1996 Ad Valorem Tax Fund.

The Vermilion Parish School Board's non-major governmental funds for the 2017-18 fiscal year are the 1998 Ad Valorem Tax Fund, the Titles I, II, III and IV Funds, the Education Excellence Fund, the IDEA Fund, the Pre-School Flow-Through Fund, the School Lunch/Breakfast Fund, the TASC Fund, the Preschool LA-4 Fund, the 2009 Sales Tax Fund, the LASIG Fund, the School wide Positive Behavior Fund, the Preschool TANF Fund, the Child Care & Development Fund, the Carl Perkins Fund, the Striving Readers Fund, the Debt Service Fund, the Capital Projects Fund and the Trust Fund.

Governmental Funds

Most of the School Board's activities are reported as governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds' statements provide a detailed short-term view of the School Board's general government operations and the basic services it provides. Governmental fund information helps the reader determine

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Management's Discussion and Analysis (Continued)
Fiscal Year Ended June 30, 2018

whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or difference) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds

On April 25, 2002, the School Board established a partially self-insured group health insurance program. A separate internal service fund was created to accumulate funds designated for the payment of health care claims, insurance and associated costs of school system employees, retirees and their covered dependents. The School Board has procured insurance with both a specific and aggregate stop loss. Transactions related to meeting the claims incurred in these areas are accounted for in the Internal Service Proprietary Fund. Expenses in the Group Insurance Fund are recognized as claims are incurred. Liabilities are recognized for incurred but unpaid claims. The Internal Service Proprietary Fund transactions are reported on pages 31 through 34 in a separate section consisting of a Statement of Net Position; a Statement of Revenues, Expenses, and Changes in Net Position; and a Statement of Cash Flows.

THE SCHOOL BOARD AS TRUSTEE

Reporting the School Board's Fiduciary Responsibilities

The School Board is the trustee, or fiduciary, for its School Activity Fund and the Sales Tax Collection Fund. All of the School Board's fiduciary activities are reported in a separate Comparative Statement of Assets and Liabilities, accompanied by supporting schedules on pages 126 through 129. These activities have been excluded from the School Board's other financial statements because the School Board cannot use these assets to finance its operations. The School Board is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Non-Expendable Trust Fund

As explained in note 17 on page 84, the Vermilion Parish School Board established the Daniel R. Dartez Education Public Trust on June 11, 1996. The Trust was established using excess oil and gas revenues and was set-up to help meet the capital outlay needs of the School System. The Trust is administered by a board of trustees which consists of individuals charged with the responsibility of maintaining a high quality investment portfolio which maximizes income within acceptable levels of risk. The trustees operate independent of the School Board, but the trust earnings are dedicated to the School Board. The activities of the Trust Fund are reported in a separate Comparative Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance on pages 123 and 124.

The School Board as a Whole

The School Board's net position at June 30, 2018 was \$(145.2) million, this included \$20.3 million of restricted net position. Restricted net position is reported separately to show legal constraints from trust and debt covenants and enabling legislation that limit the School Board's ability to use it for day-to-day

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Management's Discussion and Analysis (Continued)
Fiscal Year Ended June 30, 2018

operations. The following analysis focuses on the net position (Table 1) and change in net position (Table 2) of the School Board's governmental activities.

Table 1
Governmental Activities
Net Position
June 30, 2018
(In Millions)

(With Comparative Totals for June 30, 2017)

	Year Ended June 30	
	2018	2017
Assets		
Current and other assets	\$ 48.9	\$ 47.0
Capital assets	59.6	59.3
Total assets	\$ 108.5	\$ 106.3
Deferred Outflows	\$ 45.1	\$ 44.3
Liabilities		
Current and other liabilities	\$ 12.9	\$ 12.5
Long-term liabilities	265.4	275.4
Total liabilities	\$ 278.3	\$ 287.9
Deferred Inflows	\$ 20.2	\$ 3.2
Net Position		
Net investment in capital assets	\$ 57.8	\$ 57.1
Restricted	20.3	19.5
Unrestricted	(223.3)	(217.1)
Total net position	\$ (145.2)	\$ (140.5)

The balance of \$(223.3) million in unrestricted net position, represents the accumulated results of all past years' operations. The negative position was created by the implementation of GASB Statements 68 and 75 as explained earlier in the MD&A.

The results of this year's operations for the School Board as a whole are reported in the Statement of Activities on pages 22 and 23. Table 2 below reports the information from the Statement of Activities in a different format so that total revenues and expenses for the year can be more easily identifiable.

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Management's Discussion and Analysis (Continued)
Fiscal Year Ended June 30, 2018

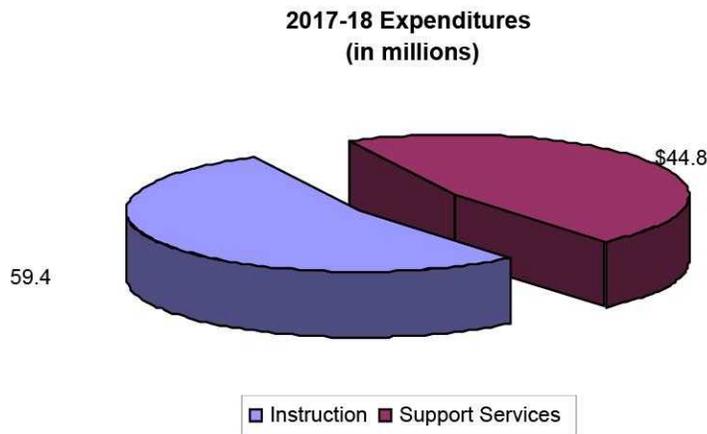
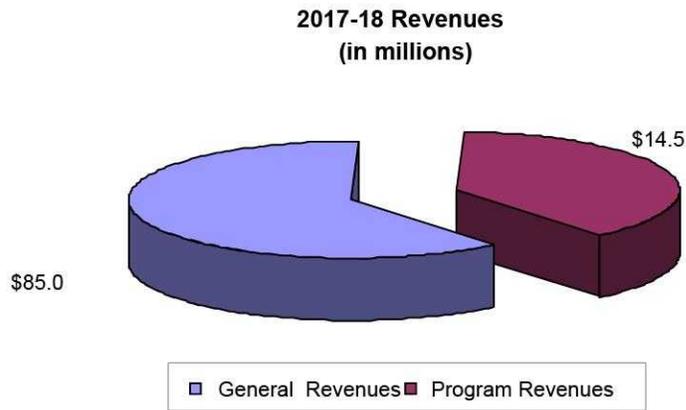
Table 2
Governmental Activities
Changes in Net Position
Fiscal Year Ended June 30, 2018
(In Millions)
(With Comparative Totals for June 30, 2017)

	Year Ended June 30	
	2018	2017
Revenues:		
Program revenues:		
Charges for services	\$ 0.2	\$ 0.3
Operating grants and contributions	14.3	14.3
General revenues:		
Ad valorem taxes	12.3	13.4
Sales taxes	11.2	11.0
State equalization	53.7	49.7
Rentals, leases and royalties	2.4	2.6
Other general revenues	<u>5.4</u>	<u>3.7</u>
Total revenues	<u>\$ 99.5</u>	<u>\$ 95.0</u>
Functions/Program Expenses:		
Instruction:		
Regular programs	\$ 39.6	\$ 39.8
Special education programs	11.2	11.0
Vocational programs	2.5	2.5
Other instructional programs	6.1	5.8
Support services:		
Pupil support services	6.5	6.4
Instructional staff support services	5.5	5.6
General administration	3.2	3.2
School administration	5.8	5.8
Business services	1.0	1.0
Plant services	9.1	9.4
Student transportation services	5.1	5.1
Central services	1.1	1.1
Food services	5.9	5.5
Facilities acquisition & construction	1.5	1.0
Community services programs	<u>0.1</u>	<u>0.2</u>
Total expenses	<u>\$ 104.2</u>	<u>\$ 103.4</u>
Change in net position	<u>\$ (4.6)</u>	<u>\$ (8.4)</u>

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Management's Discussion and Analysis (Continued)
Fiscal Year Ended June 30, 2018

A summary of Vermilion Parish School Board's 2017-18 revenues and expenditures is presented below:



Governmental Activities

As reported in the Statement of Activities on pages 22 and 23, the net cost of governmental activities this year was \$89.6 million. The taxpayers in the parish provided \$23.6 million in ad valorem and sales tax revenues to help meet the total cost of governmental activities. The state contributed \$53.7 million through the Minimum Foundation Program (MFP), which is the main funding source for the School Board. The balance of the cost of governmental activities for the year was provided through state and Federal grants and from revenues from Board owned property.

The cost of governmental activities exceeding restricted state and Federal grants and charges for services must be paid by the citizens of Vermilion Parish and unrestricted state grants. The following presentation shows the portion of governmental activities that must be paid by the citizens of Vermilion Parish and unrestricted state grants.

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Management's Discussion and Analysis (Continued)
Fiscal Year Ended June 30, 2018

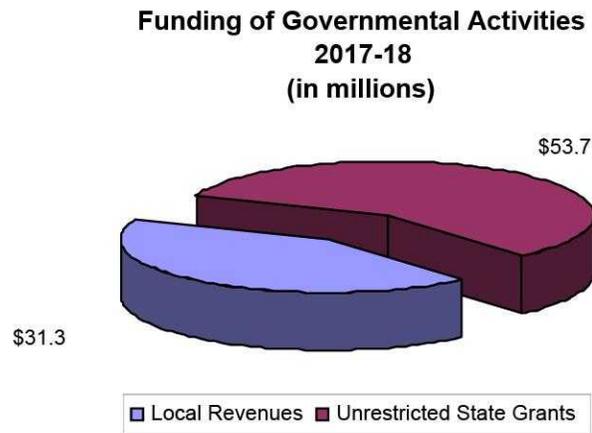


Table 3 presents the total cost of each of the School Board's five largest functions – regular programs, special education programs, plant services, pupil support services and school administration, as well as each program's net cost (total cost less revenues generated by the activities). Net cost shows the financial burden that was placed on the School Board's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

**Table 3
Governmental Activities
Fiscal Year Ended June 30, 2018
(In Millions)**

(With Comparative Totals for June 30, 2017)

	Total Cost of Services		Net Cost of Services	
	2018	2017	2018	2017
Regular programs	\$39.6	\$39.8	\$(38.9)	\$(38.8)
Special education programs	11.2	11.0	(9.5)	(9.3)
Plant services	9.1	9.4	(9.1)	(9.3)
Pupil support services	6.5	6.4	(5.3)	(5.1)
School administration	5.8	5.8	(5.8)	(5.8)
Subtotal	<u>\$72.2</u>	<u>\$72.4</u>	<u>\$(68.6)</u>	<u>\$(68.3)</u>
All others	32.0	31.0	(21.0)	(20.5)
Total	<u>\$104.2</u>	<u>\$103.4</u>	<u>\$(89.6)</u>	<u>\$(88.8)</u>

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Management's Discussion and Analysis (Continued)
Fiscal Year Ended June 30, 2018

The School Board Funds

The School Board uses funds to help it control and manage money for particular purposes. Accounting for money for particular purposes in different funds helps the reader to determine whether the School Board is being accountable for the resources taxpayers and others provide to it and it may also give the reader more insight into the School Board's overall financial health.

Major Funds - The General Fund and the 1996 Ad Valorem Tax Fund are major funds for the 2017-18 fiscal year. The General Fund's and the 1996 Ad Valorem Tax Fund's total fund balance at June 30, 2018 was \$12.2 million and 3.3 million, respectively. The Board assigned \$1.0 million of the end of year General Fund's fund balance.

The standard recommendation is to have at least 10% of the General Fund's budgeted expenditures in unassigned fund balance. However, because of the Board's reliance on oil and gas, a contingent source of revenue, the goal of Vermilion Parish School Board's management has been set at 15%.

Non-major Governmental Funds – The non-major funds' fund balances were generally stable with a consistent balance with the previous year.

General Fund and 1996 Ad Valorem Tax Fund Budgetary Highlights

The School Board, in accordance with state law, must adopt a budget on the General Fund and all Special Revenue Funds prior to September 15 of each year. In accordance with state law the School Board may have variances of 5 percent of total revenues or expenditures in a fund before it is legally required to amend the budget. The School Board adopted its 2017-18 budget on August 16, 2017, and revised the budget on June 21, 2018. In the revision, the total original General Fund budgeted revenues and other financing sources increased from \$76.7 million to \$77.5 million. The total original 1996 Ad Valorem Tax Fund budgeted revenues and other financing sources decreased from \$3.3 million to \$3.1 million. The total budgeted General Fund expenditures and other financing uses increased from \$78.2 million to \$79.7 million. The total budgeted 1996 Ad Valorem expenditures and other financing uses decreased from \$3.4 million to \$3.3 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Capital Assets of the School Board used in performance of general School Board functions are recorded in the Fund Financial Statements as expenditures when purchased. The amount represents the original cost of the assets. Depreciation of capital assets is not recognized in the Fund Financial Statements as explained in the notes to the basic financial statements. In the Government-wide Financial Statements the capital assets are recorded as assets at their original cost at the time of purchase or fair market value, if donated. Depreciation of capital assets has been recognized in the Government-wide Financial Statements.

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Management's Discussion and Analysis (Continued)
Fiscal Year Ended June 30, 2018

At June 30, 2018 the School Board had \$59.6 million invested in land, buildings and improvements and furniture and equipment, net of depreciation. Net capital assets increased \$0.2 million from the prior year. In accordance with State guidelines, beginning July 1, 2008, items costing less than \$5,000 are considered supplies. Table 4 presents capital assets net of depreciation at June 30, 2018.

**Table 4
Governmental Activities
Capital Assets at Year-end
Net of Depreciation
June 30, 2018**

(With Comparative Totals for June 30, 2017)

	2018	2017
Land	\$ 1,755,833	\$ 1,683,234
Construction in Progress	175,548	-
Buildings and improvements	53,585,201	53,699,201
Furniture and equipment	4,094,779	3,986,843
Total	\$59,611,361	\$59,369,278

Debt

At June 30, 2018, the school board had \$1,810,000 in certificates of indebtedness outstanding. Of this amount outstanding, \$424,000 is due within one year. Table 5 summarizes bonds and certificates of indebtedness outstanding at June 30, 2018.

**Table 5
Governmental Activities
Outstanding Debt
June 30, 2018**

(With Comparative Totals for June 30, 2017)

	2018	2017
Certificates of Indebtedness:		
Series 2009 – Elementary School Cafeteria	\$ 165,000	\$ 325,000
Series 2011 – Refinance/Consolidate Debt	955,000	1,120,000
Series 2016 – Mitigation Project	690,000	768,000
Total	\$1,810,000	\$ 2,213,000

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Management's Discussion and Analysis (Continued)
Fiscal Year Ended June 30, 2018

The proceeds of the Series 2009 certificates of indebtedness were used to construct a cafeteria at Meaux Elementary School. The certificates will be paid out in 2019.

The proceeds of the Series 2011 certificates of indebtedness were used to refinance the outstanding obligation for the Series 2008 certificates of indebtedness and to add funding for a portion of the construction costs of the North Vermilion Middle School complex. The certificates will be paid out in 2023.

The proceeds of the Series 2016 certificates of indebtedness were used to finance the board's share of the cost of a mitigation project at Erath High School and Erath Middle School. The certificates will be paid out in 2026.

The state limits the amount of general obligation debt that school boards can issue to 25 percent of the assessed value of all taxable property within the School Board's corporate limits. At June 30, 2018, Vermilion Parish School Board's maximum legal debt limit was \$101,234,745. The District's outstanding general obligation bonded debt of \$1,810,000 is well below the maximum debt limit.

Other long-term obligations of the School Board include accrued vacation pay and sick leave. More detailed information about long-term obligations is presented on page 54 in note 8 to the basic financial statements. In addition to these liabilities, the Board has also accrued other post employment benefits (OPEB) payable and the net pension liability in accordance with GASB 68 and GASB 75 requirements.

FOR THE FUTURE

As we begin the 2018-19 fiscal year, we once again realize that district and school performance in Vermilion are the result of many years of investing and hiring high quality employees who are always doing what is best for students. Administrators and supervisors have tirelessly supported teachers to achieve high levels of success with our students. Our support employees take care of all of the other needs of the students so that teachers can focus their efforts on curriculum and instruction. Without this coordinated effort from all Vermilion School System employees, our students would not be experiencing such high levels of success in the classroom.

We will continue to make every effort to stabilize our financial future. Extraordinary increases in required contributions to employee retirement systems, increases in contributions to the employee group health insurance program and reductions in local revenue has created concerns for the upcoming fiscal years.

As the Educational System moves into the ensuing budget year, management will continue to monitor all expenditures and wherever possible, propose departmental restructuring, reconsider the necessity of vacant positions and monitor individual budget line items searching for possible additional adjustments.

The General Fund unassigned fund balance of \$11.0 million as of June 30, 2018 was 13.3% of the 2018-19 budgeted expenditures. In addition to this unassigned fund balance, the Board has assigned \$1.0 million to cover FEMA contingencies. An additional \$0.2 million is classified as non spendable because of inventories on hand and prepaid expenditures.

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Management's Discussion and Analysis (Continued)
Fiscal Year Ended June 30, 2018

As the System moves along this course, we will continue to exercise financial caution. It is important that we continue conducting the financial operations of the School System in a conservative and responsible manner.

Although the administration has concerns about the future, if we continue to operate in a fiscally conservative manner, we will be able to address all of those concerns. Management is committed to keeping the Vermilion Parish School System in a strong financial position.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School Board's finances and to show the School Board's accountability for the money it receives. If you have questions about this report or need additional financial information contact Eric Johnson, Chief Financial Officer, Vermilion Parish School Board, P.O. Drawer 520, Abbeville, LA 70511-0520 or call at (337) 898-5705 or e-mail to eric.johnson@vpsb.net.

BASIC FINANCIAL STATEMENTS

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

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Statement of Net Position
Governmental Activities
June 30, 2018

ASSETS

Cash and interest-bearing deposits	\$ 30,923,340
Investments	13,618,437
Receivables	3,821,268
Inventory	539,655
Prepaid expense	1,459
Capital assets:	
Non-depreciable	1,931,381
Depreciable, net	<u>57,679,980</u>
Total assets	<u>108,515,520</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources - pensions	15,683,286
Deferred outflows of resources - OPEB	<u>29,382,539</u>
Total Deferred outflows of resources	<u>45,065,825</u>

LIABILITIES

Accounts, salaries and other payables	12,728,325
Unearned revenue	119,161
Interest payable	17,205
Long-term liabilities:	
Other postemployment benefits payable	150,409,003
Net pension liability	109,163,207
Due within one year	424,000
Due in more than one year	<u>5,708,665</u>
Total liabilities	<u>278,569,566</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources - pensions	11,381,124
Deferred inflows of resources - OPEB	<u>8,810,561</u>
Total Deferred inflows of resources	<u>20,191,685</u>

NET POSITION

Net investment in capital assets	57,801,360
Restricted for:	
Tax dedications	3,883,630
Trust principal	14,146,670
Debt service	173,365
Other	2,097,773
Unrestricted	<u>(223,282,704)</u>
Total net position	<u>\$ (145,179,906)</u>

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

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Statement of Activities
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Instruction:				
Regular programs	\$ 39,635,546	\$ -	\$ 749,925	\$ (38,885,621)
Special education programs	11,240,802	85,483	1,618,512	(9,536,807)
Vocational education programs	2,487,207	-	123,189	(2,364,018)
Other instructional programs	1,678,229	-	187,442	(1,490,787)
Special programs	4,385,653	-	3,289,292	(1,096,361)
Support services:				
Pupil support services	6,450,068	-	1,117,962	(5,332,106)
Instructional staff support services	5,502,965	-	965,418	(4,537,547)
General administration	3,215,473	-	117,933	(3,097,540)
School administration	5,761,950	-	-	(5,761,950)
Business services	1,015,529	-	13,667	(1,001,862)
Operation and maintenance of plant services	9,098,376	-	38,397	(9,059,979)
Student transportation services	5,071,117	-	45,853	(5,025,264)
Central services	1,098,964	-	65,049	(1,033,915)
Non-instructional services:				
Food services	5,848,627	116,100	5,980,739	248,212
Community service programs	83,696	-	-	(83,696)
Facilities acquisition and construction	1,538,128	-	-	(1,538,128)
Interest on long-term debt	49,002	-	-	(49,002)
Total governmental activities	<u>104,161,332</u>	<u>201,583</u>	<u>14,313,378</u>	<u>(89,646,371)</u>

(continued)

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Statement of Activities (Continued)
For the Year Ended June 30, 2018

Taxes:	
Ad valorem taxes, levied for general purposes	1,712,181
Ad valorem taxes, levied for special purposes	10,631,715
Sales and use taxes, levied for general purposes	11,227,693
State revenue sharing	149,798
Grants and contributions not restricted to specific programs:	
State source - Minimum Foundation Program	53,690,870
State source - PIPS	33,602
Interest and investment earnings	906,486
Rentals, leases and royalties	2,426,557
Nonemployer pension contribution	77,715
Miscellaneous	959,354
Gain on disposal of capital assets	30,759
Transfer to other LEAs	(227,284)
Appropriation of capital expenditures from other governmental entity	<u>3,350,029</u>
Total general revenues	<u>84,969,475</u>
Change in net position	(4,676,896)
Net position, beginning	<u>(140,503,010)</u>
Net position, ending	<u>\$ (145,179,906)</u>

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

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FUND FINANCIAL STATEMENTS (FFS)

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Balance Sheet
Governmental Funds
June 30, 2018

	<u>General</u>	<u>1996 Ad valorem Tax Fund</u>	<u>Other Governmental</u>	<u>Total</u>
ASSETS				
Cash and interest-bearing deposits	\$ 19,667,809	\$ 3,327,490	\$ 3,868,288	\$ 26,863,587
Investments	-	-	13,618,437	13,618,437
Receivables	928,469	19,725	2,775,171	3,723,365
Due from other funds	1,783,389	-	-	1,783,389
Inventory	155,488	-	384,167	539,655
Accrued interest receivable	34,923	-	62,980	97,903
Prepaid expenses	<u>1,459</u>	<u>-</u>	<u>-</u>	<u>1,459</u>
Total assets	<u>\$ 22,571,537</u>	<u>\$ 3,347,215</u>	<u>\$ 20,709,043</u>	<u>\$ 46,627,795</u>
LIABILITIES				
Accounts payable	\$ 637,810	\$ 53,046	\$ 59,627	\$ 750,483
Accrued salaries payable	9,660,998	3,754	1,460,092	11,124,844
Due to other funds	-	-	1,783,389	1,783,389
Unearned revenue	<u>119,161</u>	<u>-</u>	<u>-</u>	<u>119,161</u>
Total liabilities	<u>10,417,969</u>	<u>56,800</u>	<u>3,303,108</u>	<u>13,777,877</u>
FUND BALANCES				
Nonspendable	156,947	-	14,530,837	14,687,784
Restricted	-	3,290,415	2,881,558	6,171,973
Assigned	1,000,000	-	-	1,000,000
Unassigned	<u>10,996,621</u>	<u>-</u>	<u>(6,460)</u>	<u>10,990,161</u>
Total fund balances	<u>12,153,568</u>	<u>3,290,415</u>	<u>17,405,935</u>	<u>32,849,918</u>
Total liabilities and fund balances	<u>\$ 22,571,537</u>	<u>\$ 3,347,215</u>	<u>\$ 20,709,043</u>	<u>\$ 46,627,795</u>

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

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2018

Total fund balances for governmental funds		\$ 32,849,918
Capital assets, net		59,611,361
Long-term liabilities:		
Bonds payable	(1,810,000)	
Compensated absences payable	(4,322,665)	
Net OPEB obligation payable	(150,409,003)	
Net pension liability	(109,163,207)	
Accrued interest payable	(17,205)	
Deferred inflows of resources related to net pension liability	(11,381,124)	
Deferred outflows of resources related to net pension liability	15,683,286	
Deferred outflows of resources related to total OPEB liability	29,382,539	
Deferred inflows of resources related to total OPEB liability	<u>(8,810,561)</u>	(240,847,940)
Net position of the internal service fund		<u>3,206,755</u>
Total net position of governmental activities		<u>\$ (145,179,906)</u>

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

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2018

	General	1996 Ad Valorem Tax Fund	Other Governmental	Total
Revenues				
Local sources:				
Ad valorem taxes	\$ 1,712,181	\$ 3,037,632	\$ 7,594,083	\$ 12,343,896
Sales taxes	7,485,295	-	3,742,398	11,227,693
Food services	-	-	116,100	116,100
Other	3,777,197	62,868	569,780	4,409,845
Total local sources	12,974,673	3,100,500	12,022,361	28,097,534
State sources	54,054,698	-	1,365,689	55,420,387
Federal sources	-	-	12,354,540	12,354,540
Other commodities	-	-	402,721	402,721
Total revenues	67,029,371	3,100,500	26,145,311	96,275,182
Expenditures				
Current:				
Instruction -				
Regular programs	34,298,910	864,005	750,912	35,913,827
Special education programs	8,535,046	-	1,590,648	10,125,694
Vocational education programs	2,115,546	-	123,188	2,238,734
Other instructional programs	1,496,080	-	7,014	1,503,094
Special programs	553,078	-	3,392,446	3,945,524
Support services -				
Pupil support services	4,708,705	-	1,117,806	5,826,511
Instructional staff support services	3,971,173	-	965,418	4,936,591
General administration	2,470,774	100,706	411,226	2,982,706
School administration	5,157,383	-	-	5,157,383
Business services	906,863	-	13,667	920,530
Operation and maintenance				
of plant services	8,421,419	134,596	38,397	8,594,412
Student transportation services	4,579,597	619,714	45,854	5,245,165
Central services	860,129	79,439	65,049	1,004,617
Non-instructional services -				
Food services	-	-	5,556,018	5,556,018
Community service programs	79,993	-	-	79,993
Facilities acquisition and construction	687,143	927,295	239,786	1,854,224

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VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
For the Year Ended June 30, 2018

	<u>General</u>	1996 <u>Ad valorem Tax Fund</u>	<u>Other Governmental</u>	<u>Total</u>
Debt service:				
Principal retirement	-	-	403,000	403,000
Interest and fiscal charges	-	-	52,727	52,727
Legal and technical fees	-	-	750	750
Total expenditures	<u>78,841,839</u>	<u>2,725,755</u>	<u>14,773,906</u>	<u>96,341,500</u>
Excess (deficiency) of revenues over expenditures	<u>(11,812,468)</u>	<u>374,745</u>	<u>11,371,405</u>	<u>(66,318)</u>
Other financing sources (uses):				
Proceeds from sale of capital assets	8,795	-	-	8,795
Transfer to other LEAs	(227,284)	-	-	(227,284)
Transfers in	12,952,180	1,626	792,408	13,746,214
Transfers out	<u>(87,565)</u>	<u>-</u>	<u>(11,658,649)</u>	<u>(11,746,214)</u>
Total other financing sources (uses)	<u>12,646,126</u>	<u>1,626</u>	<u>(10,866,241)</u>	<u>1,781,511</u>
Net change in fund balances	833,658	376,371	505,164	1,715,193
Fund balances, beginning	<u>11,319,910</u>	<u>2,914,044</u>	<u>16,900,771</u>	<u>31,134,725</u>
Fund balances, ending	<u>\$ 12,153,568</u>	<u>\$ 3,290,415</u>	<u>\$ 17,405,935</u>	<u>\$32,849,918</u>

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

VERMILION PARISH SCHOOL BOARD
Abbeville, 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, 2018

Net change in fund balances of governmental funds		\$ 1,715,193
Capital assets:		
Capital outlay	\$ 4,682,210	
Depreciation expense	<u>(4,440,128)</u>	242,082
Long-term debt:		
Principal payments on long term debt	403,000	
Decrease in accrued interest payable	4,475	
Compensated absences accumulated	<u>86,633</u>	494,108
Net revenue (expense) of the internal service fund		(98,814)
Transactions involving capital assets:		
Gain on disposal	(30,759)	
Proceeds on disposal of assets	<u>30,759</u>	-
Effect of the change in net pension liability and total OPEB liability and the related deferred outflows/inflows of resources:		
Decrease in pension expense	5,716,064	
Nonemployer pension contribution revenue recognized	77,715	
Increase in expense - OPEB	<u>(12,823,244)</u>	<u>(7,029,465)</u>
Changes in net position for the year per Statement of Activities		<u>\$ (4,676,896)</u>

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

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Proprietary Fund
Governmental Activities - Group Insurance Fund
Statement of Net Position
June 30, 2018

ASSETS

Current assets:

Cash and interest-bearing deposits	<u>\$ 4,059,753</u>
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LIABILITIES

Current liabilities:

Accounts payable	6,561
Claims payable	<u>846,437</u>
Total current liabilities	<u>852,998</u>

NET POSITION

Net position:

Unrestricted	<u>\$ 3,206,755</u>
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The accompanying notes are an integral part of the basic financial statements.

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Proprietary Fund
Governmental Activities - Group Insurance Fund
Statement of Revenues, Expenses and Changes in Fund Net Position
Year Ended June 30, 2018

Operating revenue:	
Premiums	\$ 17,563,634
Other	<u>502,308</u>
Total operating revenue	<u>18,065,942</u>
Operating expenses:	
Administration	802,325
Insurance	1,031,847
Claims	14,402,734
Central services	<u>3,171</u>
Total operating expenses	<u>16,240,077</u>
Operating income	1,825,865
Nonoperating revenue:	
Interest earned on interest-bearing deposits	<u>75,321</u>
Income before transfers	1,901,186
Transfers out	<u>(2,000,000)</u>
Change in net position	(98,814)
Net position, beginning	<u>3,305,569</u>
Net position, ending	<u>\$ 3,206,755</u>

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

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Proprietary Fund
Governmental Activities - Group Self Insurance
Statement of Cash Flows
Year Ended June 30, 2018

Cash flows from operating activities:	
Receipts from participants	\$ 17,563,634
Payments to suppliers	(16,594,394)
Other receipts	<u>502,308</u>
Net cash (used) provided by operating activities	1,471,548
Cash flows from noncapital financing activities:	
Transfers to other funds	(2,000,000)
Cash flows from investing activities:	
Interest income	<u>75,321</u>
Net (decrease) increase in cash and interest bearing deposits	(453,131)
Cash and interest bearing deposits, beginning of period	<u>4,512,884</u>
Cash and interest bearing deposits, end of period	<u>\$ 4,059,753</u>

(continued)

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Proprietary Funds
Statement of Cash Flows (Continued)
Year Ended June 30, 2018

Reconciliation of operating income (loss) to net cash (used) provided by operating activities:	
Operating income (loss)	\$ 1,825,865
Adjustments to reconcile operating income to net cash used by operating activities:	
Increase (decrease) in current liabilities:	
Accounts payable	(95,069)
Claims payable	<u>(259,248)</u>
Net cash (used) provided by operating activities	<u>\$ 1,471,548</u>
Reconciliation of cash and interest-bearing deposits per statement of cash flows to the statement of net position:	
Cash and interest bearing deposits, beginning of period -	
Cash and interest-bearing deposits	\$ 4,512,884
Cash and interest bearing deposits, end of period -	
Cash and interest-bearing deposits	<u>4,059,753</u>
Net (decrease) increase	<u>\$ (453,131)</u>

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

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Statement of Fiduciary Net Position
June 30, 2018

ASSETS

Cash and interest bearing deposits	<u>\$4,591,323</u>
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LIABILITIES

Due to other governmental units	\$2,193,969
Deposits due others	<u>2,397,354</u>
Total liabilities	<u>\$4,591,323</u>

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

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Vermilion Parish School Board (School Board) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

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

The School Board operates 20 schools within the parish with a total enrollment of 9,677 pupils. In conjunction with the regular educational programs, some of these schools offer special education and/or adult education programs. In addition, the School Board provides transportation and school food services for the students.

For financial reporting purposes, the School Board includes all funds and activities for which the School Board exercises financial accountability. 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, the School Board is a separate governmental reporting entity, primary government.

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. The statements distinguish between governmental and business-type activities. Governmental activities are generally financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The School Board's internal service fund is a governmental activity. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses.

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Notes to Basic Financial Statements

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

The accounts of the School Board are organized and operated on the basis of 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. The minimum number of funds is maintained consistent with legal and managerial requirements. Fund financial statements report detailed information about the School Board.

The various funds of the School Board are classified into three categories: governmental, and 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:

1. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, 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
2. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, 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.

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 1996 Ad valorem Tax Fund is used to account for funds derived from 10.00 mills ad valorem tax of which 3.00 mills is dedicated for acquiring and maintaining equipment and supplies for educational and instructional services including library books and textbooks, 5.00 mills is for maintaining and improving public school buildings including roof replacement, and heating and air conditioning systems, and 2.00 mills is for acquiring and maintaining school buses.

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In addition, the School Board reports the following:

Internal Service Fund

The Internal Service Fund is used to account for the accumulation of resources for and the payment of benefits by the School Board's group self-insurance program. The Government's internal service fund is presented in the proprietary fund's financial statements. Because the principal users of the internal services are the Government's governmental activities, the financial statements of the internal service fund are consolidated into the governmental column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity.

Fiduciary funds

The School Board's fiduciary funds are presented in the fiduciary fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the Government, these funds are not incorporated into the government-wide statements.

Permanent Fund

Permanent funds are used to account for resources that are legally restricted to the extent that only earnings and not principal, may be used for purposes that support the School Board's programs.

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 2 below. In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

1. 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 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.

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2. 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 Non-exchange 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 identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

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

VERMILION PARISH SCHOOL BOARD
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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 by the Vermilion Parish Tax Collector's Office. Such amounts are measurable and available to finance current operations.

Interest income on time deposits and revenues from rentals, leases, and royalties are recorded when earned.

Sales and use tax revenues are recorded in the month collected 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.

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.

VERMILION PARISH SCHOOL BOARD
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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 unearned revenue is removed from the balance sheet and the revenue is recognized. Recognition of revenue from ad valorem tax collections has been delayed in instances where the School Board has been advised by the tax collecting authority that certain amounts have been paid in protest. Recognition of revenue from minor federal and state grant advances has been delayed to the next fiscal year to allow proper matching of revenues and expenditures.

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. For the purpose of the proprietary fund statement of cash flows, "cash and interest-bearing deposits" 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

Trust fund investments are stated at fair value. Fair value is defined as the amount at which a financial instrument could be exchanged in a current asset transaction between willing parties. Fair value was determined based on quoted market prices.

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Notes to Basic Financial Statements

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.” Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include ad valorem taxes, sales and use taxes, and 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 General Fund consists of instructional supplies maintained in the central warehouse for use of all schools and janitorial and electrical supplies maintained in the central warehouse for the use of all departments and schools. All inventory purchased are valued at cost (first-in, first-out).

Inventory of the School Lunch/Breakfast Special Revenue Fund consists of 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 and expenditures when consumed. All inventory items purchased are valued at cost (first-in, first-out), and donated 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.

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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	10 - 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 12-month employees earn from 12 to 18 days of vacation leave each year, depending on their length of service with the School Board. Annual leave earned after June 30, 2002, will be accrued to a maximum of forty (40) days. Annual leave earned prior to June 30, 2002 is not subject to this limitation and will be available in full for use by employees. Leave accrued prior to June 30, 2002, may not be used until leave accrued subsequent to that date has been fully exhausted. Employees may only use 18 consecutive days if approved by the superintendent. Upon retirement or termination of employment, the employee may choose to be paid for any unused accumulated annual leave at the employee's daily rate of pay or may convert such unused accumulated annual leave to service credit for retirement purposes if allowed by the retirement system.

All employees earn from 10 to 13 days of sick leave each year, depending on the number of months of the school year they are employed by the School Board. Sick leave may be accumulated. Upon death or retirement, unused accumulated sick leave of up to 25 days is paid to employees (or heirs) at the employee's current rate of pay. Under the Louisiana Teachers' Retirement System, the total unused accumulated sick leave, including the 25 days paid, is used in the retirement benefit computation as earned service for leave earned prior to July 1, 1988. For sick leave earned after July 1, 1988, under the Louisiana Teachers' Retirement system and for sick leave earned under the Louisiana School Employees Retirement System all unpaid sick leave, which excludes the 25 days paid, is used in the retirement benefit computation as earned service. Employees are not compensated for unused sick leave upon resignation. However,

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employees who resign from Vermilion Parish School Board and begin employment in another district may transfer unused sick leave to the new district. In cases of layoffs and callbacks, employees are credited with unused sick leave balances at the time they are reinstated to service.

Act 1341 of 1999 changed the extended sick leave (gayle pay) regulations for public school employees. The Act provides that if teachers and school bus operators have no remaining sick leave, they are allowed up to 90 days extended sick leave in a six-year period. During these 90 days, the employee is paid 65% of their pay at the time that the leave begins. The School Board has adopted portions of Act 788 effective July 1, 2012, which redefines how school employees can qualify for extended sick leave.

Act 1342 of 1999 changed the sabbatical leave regulation. The Act allows both sabbatical medical leave and professional and cultural development sabbatical for teachers. It provides for two sabbatical semesters immediately following twelve or more consecutive semesters of consecutive service or one semester immediately following six semesters of consecutive service. Sabbatical medical leave may be granted if the teacher's regular sick leave balance is twenty-five days or less at the beginning of the sabbatical. No more than 5% of the work force can be on sabbatical at the same time. During sabbatical, the employee is paid 65% of their pay at the time the leave begins.

The cost of current leave privileges is recognized as a current-year expenditure in the governmental funds when leave is actually taken. The cost of leave privileges not requiring current resources is recorded the general fund.

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.

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 and certificates of indebtedness.

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.

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Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period and thus, will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Equity Classifications

In the government-wide statements, net position is 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 borrowing and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net 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 assets – 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 statements, governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

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.

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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 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, 2018, fund balances are composed of the following:

	General	1996 Ad valorem Tax Fund	Nonmajor Funds	Total Governmental Funds
Nonspendable:				
Prepaid items	\$ 1,459	\$ -	\$ -	\$ 1,459
Inventory	155,488	-	384,167	539,655
Nonexpendable trust	-	-	14,146,670	14,146,670
Restricted:				
Debt service	-	3,290,415	190,570	3,480,985
Special revenue funds	-	-	2,690,988	2,690,988
Assigned:				
FEMA contingencies	1,000,000	-	-	1,000,000
Unassigned	<u>10,996,621</u>	<u>-</u>	<u>(6,460)</u>	<u>10,990,161</u>
Total fund balances	<u>\$12,153,568</u>	<u>\$3,290,415</u>	<u>\$17,405,935</u>	<u>\$32,849,918</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.

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Notes to Basic Financial Statements

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>
Ad valorem taxes	See Note 3
Sales taxes	See Note 8

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

F. Capitalization of Interest Expense

It is the policy of the School Board to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets. At June 30, 2018, there were no borrowings for assets under construction and no capitalized interest expense was recorded on the books.

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, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(2) Cash and Investments

A. 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, and time certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

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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. The School Board does not have a policy for custodial credit risk; however, 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. Deposit balances (bank balances) at June 30, 2018, are secured as follows:

Bank balances	<u>\$ 34,286,930</u>
Deposits are secured as follows:	
Federal deposit insurance	\$ 500,000
Uninsured and collateral held by the pledging bank not in the School Board's name	<u>33,786,930</u>
Total	<u>\$ 34,286,930</u>

B. Investments

The School Board's investments (book balance) totaled \$13,618,437. The carrying amounts and approximate market values of investments at June 30, 2018 are summarized as follows:

Description	Interest Rate	Cost	Unrealized Gain/ (Loss)	Reported Amount/ Market Value
U.S. Treasury note	1.75%-3.5%	\$ 1,097,985	(9,942)	\$ 1,088,043
FNMA obligations	3.00% - 5.50%	751,379	(3,417)	747,962
GNMA obligations	6.50% - 8.00%	17,066	2,100	19,166
Other government debt obligations	3.00% - 4.00%	1,233,073	(28,761)	1,204,312
Other non-government debt obligations	2.15% - 7.500%	5,219,940	(124,054)	5,095,886
Foreign Obligations	3.25-5.125%		-	
Treasury & U.S. SECS	N/A		-	
Equity securities	N/A	<u>4,749,322</u>	<u>713,746</u>	<u>5,463,068</u>
Total investments		<u>\$ 13,068,765</u>	<u>\$ 549,672</u>	<u>\$ 13,618,437</u>

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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 limits the average effective maturity of the bond portfolio to 10 years and the average duration of the portfolio to 8 years 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 as follows:

Description	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Over 10
U.S. Treasury note	\$ 1,088,043	\$ -	\$ 992,599	\$ 95,444	\$ -
FNMA obligations	747,962	-	450	-	747,512
GNMA obligations	19,166	-	-	8,512	10,654
Other government debt obligations	1,204,312	-	-	-	1,204,312
Other non-government debt obligations	5,095,886	1,456,836	2,577,218	1,061,832	-
Equity securities	<u>5,463,068</u>	<u>5,463,068</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total investments	<u>\$13,618,437</u>	<u>\$6,919,904</u>	<u>\$3,570,267</u>	<u>\$1,165,788</u>	<u>\$1,962,478</u>

Credit risk is managed by restricting investments to those authorized by R.S. 33:2955. Credit risk ratings for the School Board's investments from issuers totaling five percent or more of a portfolio are as follows:

	Rating	Amount
Federal National Mortgage Association	AA	\$ 747,962
Federal Home Loan Mortgage Corporation	AA	1,204,312

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Concentration of credit risk: The School Board's investment policy limits its holdings to no more than 5 percent of the market value of the portfolio to be invested in any one issuer. There is no limit on U.S. Government and Agency holdings, with the exception of the non-insured Agency securities, such as the Federal National Mortgage Association (FNMA), which is governed by the 5 percent guideline. At June 30, 2018, no more than 5 percent of the investments were investments in any single issue.

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, 2018, the School Board held investments of \$13,068,765 of which the underlying securities are held by the counterparty's trust department, not in the School Board's name.

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

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

Asset Class	Total Fair Value	Level 1	Level 2	Level 3
U.S. Treasury note	\$ 1,088,043	\$ 1,088,043	\$ -	\$ -
FNMA obligations	747,962	747,962	-	-
GNMA obligations	19,166	19,166	-	-
Other government debt obligations	1,204,312	1,204,312	-	-
Other non-government debt obligations	5,095,886	-	5,095,886	-
Equity securities	5,463,068	5,463,068	-	-
	<u>\$ 13,618,437</u>	<u>\$ 8,522,551</u>	<u>\$ 5,095,886</u>	<u>\$ -</u>

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(3) Ad Valorem Taxes

For the year ended June 30, 2018, taxes of 39.65 mills were levied on property with assessed valuations and were dedicated as follows:

Parishwide Taxes:

School employee salary and benefit tax (1998)	25.00	mills
Special school maintenance and operational tax (1996)	2.00	mills
Special school improvement tax (1996)	5.00	mills
School operations tax (1996)	<u>3.00</u>	mills
Total Special Revenue Funds	35.00	mills
School maintenance and operational tax (General Fund)	<u>4.65</u>	mills
Total assessment	<u><u>39.65</u></u>	mills

(4) Tax Abatements

Louisiana's State Constitution Chapter VII Section 21 authorizes the State Board of Commerce and Industry to create a ten (10) year ad valorem tax abatement program for new manufacturing establishments in the State. Under the terms of this program, qualified businesses may apply for an exemption of local ad valorem taxes on capital improvements and equipment related to manufacturing for the first ten year of its operation; after which the property will be added to the local tax roll and taxed at the value and millage in force at the time. The future value of this exempt property could be subject to significant fluctuations from today's value; however, the School Board could receive a substantial increase in ad valorem tax revenues once the exemption on this property expires. Because these taxes are not assessed due, no adjustments have been made to the School Board's financial statements to record a receivable. The School board's ad valorem tax revenues were reduced by \$322,719 as a result of the tax abatement.

(5) Receivables

Receivables consisted of the following:

	Grants		Accounts	Accrued	Totals
	Federal	State		interest	
General Fund	\$ -	\$ 763,819	\$ 164,650	\$ 34,923	\$ 963,392
Special Revenue Funds	2,772,341	-	19,725	-	2,792,066
Capital Projects Fund	-	-	2,830	-	2,830
Permanent Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,980</u>	<u>62,980</u>
Total receivables	<u><u>\$ 2,772,341</u></u>	<u><u>\$ 763,819</u></u>	<u><u>\$ 187,205</u></u>	<u><u>\$ 97,903</u></u>	<u><u>\$ 3,821,268</u></u>

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Notes to Basic Financial Statements

(6) Capital Assets

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

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Ending</u>
Capital assets not being depreciated:				
Land	\$ 1,683,234	\$ 72,599	\$ -	\$ 1,755,833
Construction in progress	-	175,548	-	175,548
Other capital assets:				
Buildings	80,738,646	-	-	80,738,646
Improvements	54,528,957	3,503,841	-	58,032,798
Vehicles	9,252,238	753,660	441,505	9,564,393
Equipment	2,875,249	176,562	-	3,051,811
Total	<u>149,078,324</u>	<u>4,682,210</u>	<u>441,505</u>	<u>153,319,029</u>
Less accumulated depreciation:				
Buildings	49,252,886	1,440,908	-	50,693,794
Improvements	32,315,516	2,176,933	-	34,492,449
Vehicles	5,809,411	671,558	441,505	6,039,464
Equipment	2,331,233	150,728	-	2,481,961
Total	<u>89,709,046</u>	<u>4,440,127</u>	<u>441,505</u>	<u>93,707,668</u>
Net capital assets	<u>\$ 59,369,278</u>	<u>\$ 242,083</u>	<u>\$ -</u>	<u>\$ 59,611,361</u>

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Depreciation expense was charged to governmental activities as follows:

Regular programs	\$ 1,663,053
Special education programs	468,887
Vocational education programs	103,669
Other instructional programs	69,603
Special programs	182,705
Pupil support services	269,807
Instructional staff support services	228,598
General administration	138,120
School administration	238,822
Business services	42,627
Operation and maintenance of plant services	397,980
Student transportation services	242,887
Central services	46,521
Food services	257,281
Facility acquisition and construction	3,704
Community service programs	<u>85,863</u>
Total depreciation expense	<u>\$ 4,440,127</u>

(7) Accounts, Salaries, and Other Payables

Accounts, salaries, and other payables consisted of the following:

Salaries and related benefits payable	\$ 11,124,844
Accounts payable	757,044
Health claims payable	<u>846,437</u>
Total payables	<u>\$ 12,728,325</u>

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(8) Long-Term Liabilities

\$1,400,000 Certificates of Indebtedness, Series 2009, due in annual installments of \$120,000 to \$165,000 through February 1, 2019; at an interest rate of 3.31% (to be retired from income derived from trust fund investments).	\$ 165,000
\$2,025,000 Revenue Bonds, Series 2011, due in annual installments of \$140,000 to \$200,000 through February 1, 2023; at an interest rate of 2.57% (to be retired from income derived from trust fund investments).	955,000
\$840,000 Limited Tax Bonds, Series 2016, due in annual installments of \$72,000 to \$94,000 through March 1, 2026; at an interest rate of 2.14% (to be retired from income derived from ad valorem taxes).	<u>690,000</u>
Total	<u>\$ 1,810,000</u>

The bonds and certificates are due as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Governmental Activities</u>		<u>Total</u>
	<u>Principal</u> <u>payments</u>	<u>Interest</u> <u>payments</u>	
2019	\$ 424,000	\$ 44,771	\$ 468,771
2020	266,000	32,993	298,993
2021	273,000	26,505	299,505
2022	285,000	19,846	304,846
2023	287,000	12,887	299,887
2022-2026	<u>275,000</u>	<u>11,877</u>	<u>286,877</u>
Totals	<u>\$ 1,810,000</u>	<u>\$ 148,879</u>	<u>\$ 1,958,879</u>

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Changes in General Long-Term Liabilities

During the year ended June 30, 2018, the following changes occurred in long-term liabilities transactions and balances:

	<u>Balance</u> <u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Ending</u>	<u>Due Within</u> <u>One Year</u>
Certificates of Indebtedness, Series 2009	\$ 325,000	\$ -	\$ 160,000	\$ 165,000	\$ 165,000
Revenue Bonds, Series 2011	1,120,000	-	165,000	955,000	180,000
Limited Tax Bonds, Series 2016	768,000	-	78,000	690,000	79,000
Compensated absences	<u>4,409,298</u>	<u>-</u>	<u>86,633</u>	<u>4,322,665</u>	<u>-</u>
	<u>\$ 6,622,298</u>	<u>\$ -</u>	<u>\$ 489,633</u>	<u>\$ 6,132,665</u>	<u>\$ 424,000</u>

Compensated Absences

Compensated absences payable consists of the portion of accumulated sick and annual leave of the governmental funds that is not expected to require current resources. The liability for compensated absences is computed only at the end of each fiscal year; therefore, the decrease of \$86,633 for fiscal year 2018, is the net of leave benefits accrued and paid during those years.

(9) Sales and Use Taxes

The School Board is authorized to collect within the parish a one percent sales and use tax. The proceeds of the tax are dedicated to supplement salaries of teachers and/or the expenditures of operating the schools, including salaries of other personnel. On May 2, 2009, the voters of Vermilion Parish authorized the levy of a one-half percent sales and use tax dedicated to the salaries and benefits of school employees. The collection of the tax began July 1, 2009.

Effective March 1, 1992, the School Board was appointed the central sales tax collecting agency for all taxing bodies within Vermilion Parish. The following is a summary of taxes that the School Board has the responsibility of collecting:

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Taxing Bodies	Rate	Total Collections	Collection Cost	Interest and Other Adjustments	Net Distribution
Vermilion Parish Police Jury	1.50%	\$ 11,227,195	\$(169,562)	\$ 27,704	\$ 11,085,337
Vermilion Parish Sheriff	0.75%	5,613,598	(84,786)	13,885	5,542,697
Town of Gueydan	1.00%	171,804	(1,750)	(876)	169,178
City of Kaplan	1.00%	646,708	(4,304)	2,017	644,421
City of Abbeville	1.25%	3,572,289	(22,141)	1,938	3,552,086
Town of Erath	1.00%	263,150	(1,567)	749	262,332
Town of Delcambre	1.00%	156,779	(910)	91	155,960
Village of Maurice	1.50%	852,347	(10,440)	732	842,639
Vermilion Parish Tourist Commission	5.00%	53,458	(268)	(33)	53,157
Vermilion Parish School Board	1.50%	11,227,187	360,859	192,595	11,780,641
Hospital Service District #1	1.00%	1,210,726	(24,568)	16,969	1,203,127
Abbeville Hospital District #2	0.50%	2,911,544	(40,563)	(1,436)	2,869,545
Totals		<u>\$ 37,906,785</u>	<u>\$ -</u>	<u>\$ 254,335</u>	<u>\$ 38,161,120</u>

(10) Retirement Plans

Eligible employees of the Vermilion Parish School Board participate in one of several multiple-employer public employee retirement systems (PERS), which are controlled and administered by a separate board of trustees. These retirement systems provide retirement, disability and death benefits to plan members and their beneficiaries. Pertinent information relative to each plan follows:

A. Teachers' Retirement System of Louisiana (TRSL)

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 (TRSL) and additions to/deductions from TRSL's fiduciary net position have been determined on the same basis as they are reported by TRSL. 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. The following is a description of the plan and its benefits and is provided for general informational purposes only.

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. TRSL issues a publicly available financial report that can be obtained at www.trsl.org.

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Benefits Provided: TRSL provides retirement, deferred retirement option (DROP), disability, and survivor's benefits.

Normal retirement: Regular Plan – Members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after July 1, 2015 may retire with a 2.5% benefit factor after attaining age sixty-two with at least 5 years of service credit and are eligible for an actuarially reduced benefit with 20 years of service at any age. Members hired between January 1, 2011 and June 30, 2015 may retire with a 2.5% benefit factor after attaining age sixty with at least 5 years of service credit, or any age with at least 20 years of service. Members hired between July 1, 1999 and December 31, 2010, are eligible for a 2.5% benefit factor at the earliest of age 60 with 5 years of service, age 55 with 25 years of service, or at any age with 30 years of service. Members may retire with an actuarially reduced benefit with 20 years of service at any age. If hired before July 1, 1999, members are eligible for a 2.0% benefit factor at the earliest of age 60 with at least 5 years of service, or at any age with 20 years of service and are eligible for a 2.5% benefit factor at the earliest of age 65 with 20 years of service, age 55 with 25 years of service, or at any age with 30 years of service.

Normal retirement: Plan A – Members may retire with a 3.0% benefit factor at age 55 with 25 years of service, age 60 with 5 years of service or 30 years of service, regardless of age. Plan A is closed to new entrants.

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

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

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

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individual DROP account.

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

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

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

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

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

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

Permanent Benefit Increases/Cost-of-Living Adjustments: As fully described in Title 11 of the Louisiana Revised Statutes, TRSL 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

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and unclassified employees of public institutions of higher education an optional method of funding for their retirement.

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

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

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

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

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

TRSL Sub Plan	Employer Contribution
K-12 Regular Plan	26.6%
Higher Ed Regular Plan	25.4%
Plan A	26.6%
Plan B	26.6%
	Employer UAL
ORP	22.2%

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Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2018, the School Board reported a liability of \$99,812,481 for its proportionate share of the TRSL net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension obligation 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, 2017, the School Board's proportion was .97360%, which was a decrease of 0.01176% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the School Board recognized pension expense of \$7,713,968 less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$804,435.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ -	\$ 3,280,997
Changes of assumptions	1,052,525	-
Net difference between projected and actual earnings on pension plan investments	-	2,577,976
Change in proportion and differences between employer contributions and proportionate share of contributions	1,390,939	4,737,656
Employer contributions subsequent to the measurement date	<u>11,894,838</u>	<u>-</u>
Total	<u>\$ 14,338,302</u>	<u>\$ 10,596,629</u>

Deferred outflows of resources of \$11,894,838 related to pensions resulting from School Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year Ended <u>June 30,</u>	
2019	\$ (3,234,601)
2020	(522,082)
2021	(1,552,170)
2022	<u>(2,844,312)</u>
	<u>\$ (8,153,165)</u>

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.

Actuarial 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.

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

Actuarial Cost Method	Entry Age Normal
Amortization approach	Closed
Actuarial Assumptions:	
Expected Remaining Service Lives	5 years
Investment Rate of Return	7.70% net of investment expenses
Inflation Rate	2.5% per annum
Projected Salary Increases	Vary from 3.5% - 10.0% depending upon duration of service
Cost of living adjustment	None

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Mortality Rates	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 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return was 8.33% for 2017. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	27.0%	4.28%
International equity	19.0%	4.96%
Domestic fixed income	13.0%	1.98%
International fixed income	5.5%	2.75%
Private Equity	25.5%	8.47%
Other Private Assets	10.0%	3.51%

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

Sensitivity to Changes in the Discount Rate: The following presents the net pension liability of the participating employers calculated using the discount rate of 7.70%, 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 or one percentage-point higher than the current rate:

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	1.0% Decrease	Current Discount Rate	1.0% Increase
	<u>6.70%</u>	<u>7.70%</u>	<u>8.70%</u>
Employer's proportionate share of the net pension liability	\$ 128,610,659	\$ 99,812,481	\$ 75,314,566

Support of Non-Employer Contributing Entities: Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The School Board recognizes revenue in an amount equal to their proportionate share of the total contributions to the pension plan from the non-employer contributing entities. During the year ended June 30, 2018, the School Board recognized revenue as a result of support received from non-employer contributing entities of \$377,397 for its participation in TRSL.

B. Louisiana School Employees' Retirement System (LSERS)

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 State of Louisiana School Employees' Retirement System (System) and additions to/deductions from the System's fiduciary net position have been determined on the same 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. The following is a description of the plan and its benefits and is provided for general information purposes only.

Plan Description: Certain employees of the School Board are provided with pensions through a cost-sharing multiple-employer defined benefit plan administered by the State of Louisiana School Employees' Retirement System, a component unit of the State of Louisiana. The System was established and provided for by LA R.S. 11:1001 of the Louisiana Revised Statutes. LSERS issues a publicly available financial report that can be obtained at www.lasers.net.

Membership is mandatory for all persons employed by a Louisiana parish or city school board who work more than twenty hours per week or for part-time employees who have ten 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.

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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 employee whose employment falls below 4.1 hours per day or 20.1 hours per week and who is not vested will be eligible to receive a refund of their contributions.

Benefits Provided: Benefit provisions are authorized under Louisiana Revised Statutes 11:1141 – 11:1153.

Retirement: 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 credible service regardless of age, 25 years of creditable service and is at least age 55, 20 years of creditable service regardless of age with an actuarially reduced benefit, or 10 years of creditable service and is at least age 60. A member who joined the system on or after July 1, 2010 is eligible for normal retirement if he has at least 5 years of creditable service and is at least age 60, or 20 years of creditable service regardless of age with an actuarially reduced benefit. A member who joined the System on or after July 1, 2015, is eligible 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 limited to 100% of final average compensation plus a supplementary allowance of \$2.00 per month for each year of service. 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.

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 the DROP Plan, 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 the System. 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.

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

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

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

Survivor 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 status, a spouse is entitled to 75% of the members' benefits.

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

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. Contributions to the pension plan from the School Board were \$1,116,668 for the year ended June 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2018, the School Board reported a liability of \$8,940,292 for its proportionate share of the System's Net Pension Liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension obligation 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, 2017, the School Board's proportion was

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1.397080%, which was a decrease of 0.550367% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the School Board recognized pension expense of \$628,830 less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$19,694.

At June 30, 2018, 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	\$ -	\$ 208,479
Changes of assumptions	187,460	139,275
actual earnings on pension plan investments	-	139,796
Change in proportion and differences between employer contributions and proportionate share of contributions	(8,236)	289,414
Employer contributions subsequent to the measurement date	1,116,668	-
Total	\$ 1,295,892	\$ 776,964

Deferred outflows of resources of \$1,116,668 reported as deferred outflows of resources related to pensions resulting from School Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2019	\$ (543,989)
2020	212,601
2021	58,928
2022	(325,280)
	\$ (597,740)

VERMILION PARISH SCHOOL BOARD
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Notes to Basic Financial Statements

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 Pension Amounts by Employer due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

Actuarial 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.

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

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

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

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward-looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting long-term arithmetic nominal expected return is 8.10%. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017, are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Fixed Income		
Core fixed income	8%	2.02%
High yield	5%	4.43%
Emerging markets debt	7%	4.71%
Global fixed income	10%	1.38%
Equity		
US equity	20%	6.44%
Developed equity	18%	7.40%
Emerging markets equity	10%	9.42%
Global REITs	3%	5.77%
Alternatives		
Private equity	5%	10.47%
Hedge fund of funds	3%	3.75%
Real estate	5%	5.00%
Real Assets		
Timber	2%	5.67%
Oil and gas	2%	10.57%
Infrastructure	2%	6.25%
	<u>100%</u>	

VERMILION PARISH SCHOOL BOARD
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Notes to Basic Financial Statements

Discount Rate: 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 PERSAC 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 period of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in the Discount Rate: The following presents the employer's proportionate share of the net pension liability calculated using the discount rate of 7.125%, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	<u>6.125%</u>	<u>7.125%</u>	<u>8.125%</u>
Employer's proportionate share of the net pension liability	\$12,256,090	\$ 8,940,292	\$6,092,799

C. Louisiana State Employees' Retirement System (LASERS)

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 State Employees' Retirement System (LASERS) and additions to/deductions from LASERS' fiduciary net position have been determined on the same basis as they are reported by LASERS. 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.

Plan Description: The System was established for the purpose of providing retirement allowances and other benefits as stated under the provisions of LA R.S. 11:401, as amended, for eligible state officers, 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.

Benefits Provided: The following is a description of the plan and its benefits and is provided for general information purposes only.

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

Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1.0% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the basic retirement benefits, a member may elect to receive their retirement benefits under any one of six different options providing for reduced retirement benefits payable throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with twelve years of creditable service at age 55, 25 years of creditable service at any age or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members, hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

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Act 226 of the 2014 Louisiana Regular Legislative Session established new retirement eligibility for members of LASERS hired on or after July 1, 2015, excluding hazardous duty plan members. Regular members and judges under the new plan are eligible to retire at age 62 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment. Members in the regular plan will receive a 2.5% accrual rate, and judges a 3.5% accrual rate, with the extra 1.0% accrual rate based on all years of service as a judge.

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

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

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

Disability Benefits: Generally, active members with ten or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age.

Upon reaching age 60, the disability retiree may receive a regular retirement benefit by making application to the Board of Trustees.

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Notes to Basic Financial Statements

For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation.

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

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

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

Contributions: The employer contribution rate is established annually under Louisiana Revised Statutes (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 plan pays a separate actuarially-determined employer contribution rate. However, all assets of LASERS are used for the payment of benefits for all classes of members, regardless of their plan membership. Rates for the year ended June 30, 2018 are as follows:

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Plan	Plan Status	Rate
Regular Employees and Appellate Law Clerks		
Hired before 7/1/2006	Closed	37.9%
Hired after 7/1/2006	Open	37.9%
Hired on or after 1/1/11	Closed	37.9%
Hired on or after 7/1/15	Open	37.9%
Optional Retirement Plan (ORP)		
Hired before 7/1/2006	Closed	33.8%
Hired on or after 7/1/2006	Closed	33.8%
Legislators	Closed	41.7%
Special Legislative Employees	Closed	43.7%
Judges hired before 1/1/2011	Closed	40.1%
Judges hired after 12/31/2010	Closed	39.6%
Judges hired on or after 7/1/15	Open	39.6%
Corrections Primary	Closed	33.2%
Corrections Secondary	Closed	37.6%
Wildlife Agents	Closed	46.6%
Peace Officers	Closed	36.7%
Alcohol Tobacco Control	Closed	32.7%
Bridge Police	Closed	36.5%
Hazardous Duty	Open	38.3%
Aggregate rate		37.8%

The Agency's contractually required composite contribution rate for the year ended June 30, 2018 was 37.8% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the School Board were \$41,891 for the year ended June 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2018, the School Board reported a liability of \$410,434 for its proportionate share of the LASERS net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension obligation 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, 2017, the School Board's proportion was 0.00583%, which was a decrease of 0.00006% from its proportion measured as of June 30, 2016.

VERMILION PARISH SCHOOL BOARD
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For the year ended June 30, 2018, the School Board recognized pension expense of \$37,557 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$80,128.

At June 30, 2018, 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	\$ -	\$ 7,531
Changes of assumptions	1,621	-
Net difference between projected and actual earnings on pension plan investments	13,347	-
Change in proportion and differences between employer contributions and proportionate share of contributions	(8,167)	-
Employer contributions subsequent to the measurement date	41,891	-
Total	\$ 48,692	\$ 7,531

Deferred outflows of resources of \$41,891 reported as deferred outflows of resources related to pensions resulting from School Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2019	\$ (8,153)
2020	10,345
2021	5,341
2022	(8,263)
	\$ (730)

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

VERMILION PARISH SCHOOL BOARD
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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.

Actuarial 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.

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

Valuation Date	June 30, 2017																		
Actuarial Cost Method	Entry Age Normal																		
Expected Remaining Service Lives	3 years																		
Investment Rate of Return	7.70% per annum, net of investment expenses																		
Inflation Rate	2.75% per annum																		
Morality Rate	<p>Non-disabled members - Mortality rates based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015.</p> <p>Disabled members - Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.</p>																		
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a five-year (2009-2013) experience study of the System's members.																		
Salary increases	<p>Salary increases were projected based on a 2009-2013 experience study of the System's members. The salary increase ranges for specific types of members are:</p> <table border="0" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;"><u>Member Type</u></th> <th style="text-align: center;"><u>Lower Range</u></th> <th style="text-align: center;"><u>Upper Range</u></th> </tr> </thead> <tbody> <tr> <td>Regular</td> <td style="text-align: center;">3.8%</td> <td style="text-align: center;">12.8%</td> </tr> <tr> <td>Judges</td> <td style="text-align: center;">2.8%</td> <td style="text-align: center;">5.3%</td> </tr> <tr> <td>Corrections</td> <td style="text-align: center;">3.4%</td> <td style="text-align: center;">14.3%</td> </tr> <tr> <td>Hazardous Duty</td> <td style="text-align: center;">3.4%</td> <td style="text-align: center;">14.3%</td> </tr> <tr> <td>Wildlife</td> <td style="text-align: center;">3.4%</td> <td style="text-align: center;">14.3%</td> </tr> </tbody> </table>	<u>Member Type</u>	<u>Lower Range</u>	<u>Upper Range</u>	Regular	3.8%	12.8%	Judges	2.8%	5.3%	Corrections	3.4%	14.3%	Hazardous Duty	3.4%	14.3%	Wildlife	3.4%	14.3%
<u>Member Type</u>	<u>Lower Range</u>	<u>Upper Range</u>																	
Regular	3.8%	12.8%																	
Judges	2.8%	5.3%																	
Corrections	3.4%	14.3%																	
Hazardous Duty	3.4%	14.3%																	
Wildlife	3.4%	14.3%																	

VERMILION PARISH SCHOOL BOARD
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Notes to Basic Financial Statements

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 projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

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 expense 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 3.25% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 8.69% for 2017. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2017 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Cash	-0.24%
Domestic equity	4.31%
International equity	5.35%
Domestic Fixed Income	1.73%
International Fixed Income	2.49%
Alternative Investmetns	7.41%
Global Tactical Asset Allocaiton	2.84%
Total Fund	5.26%

Discount Rate: The discount rate used to measure the total pension liability was 7.70%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer 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 active and inactive 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.

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Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the Employer's proportionate share of the Net Pension Liability calculated using the discount rate of 7.70%, as well as what the Employer's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	1.0% Decrease 6.70%	Current Discount Rate 7.70%	1.0% Increase 8.70%
Employer's proportionate share of the net pension liability	\$515,254	\$410,434	\$321,313

(11) Self-insurance Group Health Insurance Program

On April 25, 2002, the School Board began a partially self-insured group health insurance program. A separate internal service fund was created to accumulate funds designated for the payment of health care claims, insurance and associated costs of school system employees, retirees and their covered dependents. The School Board has procured specific-loss insurance with a self-insured retention of \$175,000 per individual and aggregate-loss insurance with an attachment point of approximately \$20,374,964 based on projected enrollment of 1,603 subscribers.

The liability for unpaid claims of \$846,437 as of June 30, 2018 was determined based on reports obtained from third party administrator regarding claims incurred prior to June 30, 2018 paid out during the subsequent month period ending September 2018, and includes a \$32,790 provision for claims incurred but not reported.

Changes in the claims liability amount for the group health insurance program are as follows:

	Beginning of Fiscal Year Liability	Claims and Changes in Estimates	Benefit Payments and Claims	Balance at Fiscal Year-End
2015 - 2016	\$ 1,149,156	\$ 14,010,164	\$ 13,979,049	\$ 1,180,271
2016 - 2017	\$ 1,180,271	\$ 14,021,517	\$ 14,096,103	\$ 1,105,685
2017 - 2018	\$ 1,105,685	\$ 14,402,734	\$ 14,661,982	\$ 846,437

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Notes to Basic Financial Statements

(12) Commitments and Contingencies

A. Litigation

There are several lawsuits presently pending against the School Board. The School Board's management and legal counsel is of the opinion that any unfavorable outcome in these cases would not materially affect the financial statements. One of the cases was settled in November 2018 through mediation for \$175,000.

B. Grant Audits

The School Board receives federal and state grants for specific purposes that are subject to review and audit by governmental agencies. Such audits could result in a request for reimbursement by the grantor for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of the School Board, such disallowances, if any, will not be significant.

C. Intergovernmental Agreement

On January 19, 2000 the Vermilion Parish School Board negotiated an intergovernmental agreement with the Iberia Parish School Board to establish certain parameters for calculating annual payments that the School Board shall remit to the Iberia Parish School Board for Vermilion Parish resident students attending Iberia Parish Schools. This agreement is effective for a twenty-year period ending June 30, 2020 but is subject to renegotiation every five years.

(13) Interfund Transactions

A. Interfund receivables and payables, by fund, at June 30, 2018 are as follows:

	Interfund Receivables	Interfund Payables
Major funds:		
General Fund	\$ 1,783,389	\$ -
Nonmajor funds	-	1,783,389
Total	\$ 1,783,389	\$ 1,783,389

The amounts due to the General Fund from various other funds are for reimbursements owed for expenditures paid for those funds.

VERMILION PARISH SCHOOL BOARD
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Notes to Basic Financial Statements

B. Transfers consisted of the following at June 30, 2018:

	Transfers In	Transfers Out
Major funds:		
General Fund	\$ 12,952,180	\$ 87,565
1996 Ad Valorem Tax	1,626	-
Total major funds	12,953,806	87,565
Nonmajor funds	792,408	11,222,539
Dr. Daniel Dartez Educational Trust	-	436,110
Total nonmajor funds	792,408	11,658,649
Internal Service fund	-	2,000,000
Total	\$ 13,746,214	\$ 13,746,214

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.

(14) Postemployment Benefits Other Than Pensions (OPEB)

Plan Description: The Vermilion Parish School Board administers a partially self-insured group health insurance program. The program provides for the payment of health care claims, insurance and associated costs of the school system employees, retirees and their covered dependents.

Vermilion Parish School Board covers up to a \$15,000 of basic life insurance. Premiums are assessed on amounts in excess of \$15,000 and all supplemental life insurance. No trend is assumed for life insurance coverage or contributions.

Postemployment Benefit Plan Eligibility Requirements: An employee is eligible to elect medical coverage upon retiring or disability. Employees are covered by the Teachers' Retirement System of Louisiana (TRSL), whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age; age 55 and 25 years of service; age 60 and 5 years of service; or early retirement with 20 years of service at any age. Coverage is also provided to spouses of retirees who are currently receiving benefits. If the retiree pre-deceases the spouse, coverage for the surviving spouse continues.

Monthly retiree contributions: Below are the total monthly retiree premiums as determined by Vermilion Parish School Board.

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2017	Retiree only	Retiree + Spouse
Pre-65	\$ 273.08	\$ 576.33
Post-65	\$ 149.00	\$ 394.00

For participants hired or re-hired on or after May 1, 2005, the following schedule applies to the Board subsidy based upon a participant's service at retirement: less than 10 years of participation with 25% of board subsidy paid by retirees; 10-14.99 years of participation with 50% of board subsidy paid by retirees; 15-19.99 years of participation with 75% of board subsidy paid by retirees; or 20 plus years of participation with 100% of board subsidy paid by retirees.

Additionally, employees hired after May 1, 2005 who were previously employed by another Louisiana public school system(s), and are able to provide proof of health insurance coverage of at least ten years with said employer(s) and are then members of Vermilion Parish School System's group health insurance plan for five or more years, will be given credit for the years in the previous school system's health insurance plan, in addition to the years in Vermilion Parish School System's health insurance plan, when calculating participating years for retiree vesting purposes. Any new hired employee wishing to take advantage of the provisions of this paragraph will assume the responsibility of furnishing documented verification of coverage from another public-school district within ninety days of the date of hire.

Employees covered by benefit terms: At June 30, 2018, the following employees were covered by the benefit terms: 705 active participants, 968 retirees, and 267 spouses of current retirees.

The School Board's total OPEB liability of \$150,409,003 was measured as of June 30, 2018, and was determined by an actuarial valuation as of July 1, 2017, calculated based on the following discount rate and actuarial assumptions.

The employer does not pre-fund benefits. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis and there is not a trust for accumulating plan assets. The following actuarial methods and assumptions were used in the July 1, 2017 accounting valuation.

Valuation Timing	Actuarial valuations are performed biennially as of July 1 for accounting purposes only. The most recent valuation was performed as of July 1, 2017.
Measurement date	June 30, 2018
Actuarial cost method	Entry Age Normal

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Notes to Basic Financial Statements

Inflation	2.30%
Salary increases	3.00%
Discount Rate	3.87% (based on the Bond Buyer's 20-year bond general obligation index)
Health Care Cost Trend Rates	
Pre-65	5.2% for 2017, gradually decreasing to an ultimate rate of 4.0% for 2084 and beyond
Post-65	6.5% for 2017, gradually decreasing to an ultimate rate of 4.1% for 2084 and beyond

Mortality Rates: Pre-retirement - RP 2014 Total Dataset Mortality Table projected backward to 2006 with Mortality Improvement Scale MP-2014 and then forward with Mortality Improvement Scale MP-207 on a generational basis with healthy annuitant rates after benefit commencement. Post-retirement - RP-2014 Total Dataset Mortality Table projected backward to 2006 with Mortality Improvement Scale MP-2014 and then forward with Mortality Improvement Scale MP-2017 on a generational basis with healthy annuitant rates after benefit commencement. Disability retirement - RP-2014 Disabled Retiree Mortality Table projected backward to 2006 with Mortality Improvement Scale MP-2014 and then forward with Mortality Improvement Scale MP-2017 on a generational basis with disabled annuitant rates after benefit commencement.

The plan has not had a formal actuarial experience study performed.

Actuarial Cost Method: The actuarial cost method determines, in a systematic way, the incidence of plan sponsor contributions required to provide plan benefits. It also determines how actuarial gains and losses are recognized in OPEB costs. These gains and losses result from the difference between the actual experience under the plan and what was anticipated by the actuarial assumptions.

The cost of the Plan is derived by making certain specific assumptions as to rates of interest, mortality, turnover, etc. which are assumed to hold for many years into the future. Since actual experience may differ somewhat from the long-term assumptions, the costs determined by the valuation must be regarded as estimates of the true costs of the Plan.

Under this method a projected retirement benefit at assumed retirement age is computed for each participant using anticipated future pay increases. The normal cost for each participant is computed as the level percentage of pay which, if paid from each participant's date of employment by the employer or any predecessor employer (thus, entry age) to his assumed retirement date, would accumulate with interest at the rate assumed in the valuation to an amount sufficient to fund his projected retirement benefit. The normal cost for the plan is the total of the individually computed normal costs for all participants including the costs for any death or disability benefits under the plan.

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Notes to Basic Financial Statements

The accrued liability at any point in time for an active participant is the theoretical fund that would have been accumulated on his behalf from his normal cost payments and the earnings thereon for all prior years if the plan had always been in effect. For persons receiving benefits or entitled to a deferred vested retirement income, the accrued liability cost is equal to the present value of their future benefit payments. The accrued liability for the plan is the total of the individually computed accrued liability for all participants. The unfunded accrued liability for the plan is the excess of the accrued liability over the assets which have been accumulated for the plan.

It should be noted that the accrued liability as of any date is not the actuarially computed present value of accrued or accumulated plan benefits as of that date. The accrued liability is the portion of the ultimate cost assigned to prior years by the cost method being used.

Changes in actuarial methods since prior valuation: The actuarial cost method has not changed since the prior year valuation.

In addition to the actuarial method used, actuarial cost estimates depend to an important degree on the assumptions made relative to various occurrences, such as rate of expected investment earnings by the fund, rates of mortality among active and retired employees, rates of termination from employment, and retirement rates.

The following presents changes in the total OPEB liability.

Balance as of June 30, 2017	\$ 141,926,673
Changes for the year:	
Service cost	5,414,625
Interest on total OPEB liability	4,139,527
Effect of economic/demographic gains or losses	14,475,189
Effect of assumptions, changes, or inputs	(11,327,864)
Benefit payments	<u>(4,219,147)</u>
Balance as of June 30, 2018	<u>\$ 150,409,003</u>

There have been no significant changes between the valuation date and the fiscal year end.

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Notes to Basic Financial Statements

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the total OPEB liability of the Vermilion Parish School Board, calculated using the discount rate of 3.87%, as well as what the Vermilion's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	2.870%	3.870%	4.870%
Total OPEB liability	\$ 180,757,808	\$ 150,409,003	\$ 127,184,232

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents the total OPEB liability of the Vermilion Parish School Board, calculated using the current healthcare cost trend rates as well as what the School Board's total OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates.

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 125,444,880	\$ 150,409,003	\$ 183,543,867

For the year ended June 30, 2018, the School Board recognized OPEB expense of \$17,060,699. At June 30, 2018, the School Board reported deferred inflows and outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ 15,855,772	\$ -
Changes of assumptions	<u>13,526,767</u>	<u>8,810,561</u>
Total	<u>\$ 29,382,539</u>	<u>\$ 8,810,561</u>

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Notes to Basic Financial Statements

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits will be recognized in OPEB expense as follows:

<u>Year Ended</u> <u>June 30,</u>	
2019	\$ 7,506,547
2020	7,506,547
2021	5,209,183
2022	<u>349,701</u>
	<u>\$ 20,571,978</u>

(15) Risk Management

Commercial Insurance Coverage

The School Board purchases commercial insurance for property coverage, general liability, fleet liability, errors and omissions and flood. The deductibles per occurrence for these coverages are \$100,000, \$25,000, \$25,000 and \$25,000, respectively. For the fiscal year ending June 30, 2018, the deductible for property coverage for named storms is 2% of total insured value per building subject to a minimum of \$500,000 per occurrence.

(16) Excess Oil and Gas Revenue Policy

The School Board has adopted a policy on excess oil and gas royalty revenues whereby mineral revenues over \$6,250,000 will be reserved in the following manner:

- A. 50% of the amount over \$6,250,000 is to be placed in the Vermilion Parish Education Public Trust.
- B. 50% of the amount over \$6,250,000 is to be used for employee salary supplements.

For the year ended June 30, 2018 oil and gas royalty revenues did not exceed the \$6,250,000 threshold; therefore, a transfer was not made to the trust and for employee salary supplements.

(17) Non-expendable Trust Fund

On June 11, 1996, pursuant to Louisiana Revised Statute (LSA-RS) 17:81(m), the School Board established the Vermilion Parish Education Trust (a non-expendable trust fund). Trust principal is derived from excess revenues and may not be used for expenditures. Income from the investment of fund principal is restricted to meeting the capital outlay needs of the school system.

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Notes to Basic Financial Statements

The trust is administered by a board of trustees which consists of individuals who occupy the following positions:

- A. Vermilion Parish School Board President
- B. Vermilion Parish School Board Vice-President
- C. Vermilion Parish School System Superintendent
- D. Vermilion Parish School System Chief Financial Officer
- E. Vermilion Association of Educators President
- F. Vermilion Parish School Board legal advisor

The trustees of the Daniel R. Dartez Educational Trust believe that the following asset mixes will produce a pattern of returns over time that will conform to the desired return requirements, risk tolerance and liquidity:

Asset Class	Minimum	Target	Maximum
Intermediate Fixed Income	60%	75%	85%
Equities	15%	25%	35%

Cash equivalents may be held in lieu of equities or intermediate fixed income at the discretion of the investment advisor.

(18) Compensation of Board Members

A detail of the compensation paid to individual board members for the year ended June 30, 2018 follows:

Stacy Landry	\$ 10,200
Christopher Gautreaux	9,600
Sara Duplechain	9,600
Laura LeBeouf	9,600
Christopher Hebert	9,600
Kibbie Pillette	9,600
David Dupuis	2,400
Jean Broussard	4,000
Anthony Fontana	5,400
Luddy Herpin	4,000
Julio Moreno	3,200
	<u>\$ 77,200</u>

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Notes to Basic Financial Statements

(19) Compensation, benefits, and other payments to Agency Head

A detail of compensation, benefits, and other payments paid to Jerome Puyau, Superintendent, for the year ended June 30, 2018 follows:

Purpose	Amount
Salary	\$ 125,402
Benefits - insurance	7,780
Benefits - retirement	33,357
Benefits - medicare	1,818
Cell phone	2,760
Dues	975
Travel reimbursement	1,259
Registration fees	425
Conference travel	331
Material reimbursement	52
	\$ 174,159

(20) On-Behalf Payments

The accompanying financial statements include on-behalf payments made by the Vermilion Parish Tax Collector in the amount of \$299,682 to the Teacher's Retirement System of Louisiana for employee retirement benefits, as required by GASB Statement No. 24 *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*. The amount of \$299,682 is recorded in the accounting system of the Vermilion Parish School Board.

(21) New Accounting Pronouncements

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of local governments. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. The provisions of GASB Statement No. 84 are effective for fiscal years beginning after December 15, 2018. The effect of implementation on the School Board's financial statements has not yet been determined.

**OTHER REQUIRED
SUPPLEMENTARY INFORMATION**

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VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2018

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
Revenues				
Local sources:				
Ad valorem taxes	\$ 1,900,000	\$ 1,750,000	\$ 1,712,181	\$ (37,819)
Sales taxes	7,300,000	7,450,000	7,485,295	35,295
Other	<u>1,982,252</u>	<u>1,636,750</u>	<u>3,777,197</u>	<u>2,140,447</u>
Total local sources	11,182,252	10,836,750	12,974,673	2,137,923
State sources	<u>53,620,897</u>	<u>53,901,505</u>	<u>54,054,698</u>	<u>153,193</u>
Total revenues	<u>64,803,149</u>	<u>64,738,255</u>	<u>67,029,371</u>	<u>2,291,116</u>
Expenditures				
Current:				
Instruction -				
Regular programs	34,246,292	34,733,086	34,298,910	434,176
Special education programs	8,372,093	8,715,597	8,535,046	180,551
Vocational education programs	2,377,784	2,271,276	2,115,546	155,730
Other instructional programs	1,526,643	1,524,855	1,496,080	28,775
Special programs	662,760	719,657	553,078	166,579
Support services -				
Pupil support services	4,677,009	4,717,945	4,708,705	9,240
Instructional staff support services	3,956,869	3,969,178	3,971,173	(1,995)
General administration	2,443,716	2,538,577	2,470,774	67,803
School administration	5,179,205	5,158,960	5,157,383	1,577
Business services	884,290	908,292	906,863	1,429
Operation and maintenance of plant services	7,550,046	7,923,816	8,421,419	(497,603)
Student transportation services	4,524,952	4,611,783	4,579,597	32,186
Central services	950,319	933,564	860,129	73,435
Non-instructional services -				
Community service programs	82,000	82,000	79,993	2,007
Facilities acquisition and construction	<u>431,000</u>	<u>907,532</u>	<u>687,143</u>	<u>220,389</u>
Total expenditures	<u>77,864,978</u>	<u>79,716,118</u>	<u>78,841,839</u>	<u>874,279</u>
Deficiency of revenues over expenditures	<u>(13,061,829)</u>	<u>(14,977,863)</u>	<u>(11,812,468)</u>	<u>3,165,395</u>
Other financing sources (uses)				
Proceeds from sale of capital assets	1,000	8,795	8,795	-
Transfer to other LEAs	(316,733)	-	(227,284)	(227,284)
Transfers in	11,866,763	12,795,853	12,952,180	156,327
Transfers out	<u>-</u>	<u>-</u>	<u>(87,565)</u>	<u>(87,565)</u>
Total other financing sources (uses)	<u>11,551,030</u>	<u>12,804,648</u>	<u>12,646,126</u>	<u>(158,522)</u>
Net change in fund balance	(1,510,799)	(2,173,215)	833,658	3,006,873
Fund balances, beginning	<u>11,319,910</u>	<u>11,319,910</u>	<u>11,319,910</u>	<u>-</u>
Fund balances, ending	<u>\$ 9,809,111</u>	<u>\$ 9,146,695</u>	<u>\$ 12,153,568</u>	<u>\$ 3,006,873</u>

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

1996 Ad Valorem Fund
Budgetary Comparison Schedule
Year Ended June 30, 2018

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
Revenues				
Local sources:				
Ad valorem taxes	\$ 3,300,000	\$ 3,100,000	\$ 3,037,632	\$ (62,368)
Other	<u>10,000</u>	<u>10,000</u>	<u>62,868</u>	<u>52,868</u>
Total revenues	<u>3,310,000</u>	<u>3,110,000</u>	<u>3,100,500</u>	<u>(9,500)</u>
Expenditures				
Current:				
Instruction -				
Regular programs	900,000	840,000	864,005	(24,005)
Support services -				
General administration	110,000	110,000	100,706	9,294
Operation and maintenance of plant service	-	-	134,596	(134,596)
Student transportation services	631,000	616,000	619,714	(3,714)
Central Services	-	-	79,439	(79,439)
Facilities acquisition and construction	<u>1,800,000</u>	<u>1,700,000</u>	<u>927,295</u>	<u>772,705</u>
Total expenditures	<u>3,441,000</u>	<u>3,266,000</u>	<u>2,725,755</u>	<u>540,245</u>
Excess (deficiency) of revenues over expenditures	(131,000)	(156,000)	374,745	530,745
Other financing sources (uses):				
Transfers in	<u>-</u>	<u>1,626</u>	<u>1,626</u>	<u>-</u>
Net change in fund balance	(131,000)	(154,374)	376,371	530,745
Fund balances, beginning	<u>2,914,044</u>	<u>2,914,044</u>	<u>2,914,044</u>	<u>-</u>
Fund balances, ending	<u>\$ 2,783,044</u>	<u>\$ 2,759,670</u>	<u>\$ 3,290,415</u>	<u>\$ 530,745</u>

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Notes to Budgetary Comparison Schedule

(1) Budget Practices

The proposed budget for 2018 was completed and made available for public inspection at the School Board office prior to the required public hearing held for suggestions and comments from taxpayers. The School Board formally adopted the proposed fiscal year 2018 budget on August 16, 2017. In accordance with R.S.17:88(A), parish school boards must adopt the budget no later than September fifteenth of each year. The budget, which included proposed expenditures and the means of financing them, for the General and Special Revenue Funds, was published in the official journal ten days prior to the public hearing.

The budgets for the General and Special Revenue Funds for the fiscal year 2018 were prepared on the modified accrual basis of accounting, consistent with generally accepted accounting principles (GAAP).

The level of control over the budget is exercised at the function or program level for the General and Special Revenue. The Superintendent and/or assistant superintendents are authorized to transfer budget amounts within each fund; however, any supplemental appropriations that amend the total expenditures of any fund require School Board approval. As required by state law, when actual revenues within a fund are failing to meet estimated annual budgeted revenues by five percent or more, and/or actual expenditures within a fund are exceeding estimated budgeted expenditures by five percent or more, a budget amendment to reflect such changes is adopted by the School Board in an open meeting. Budgeted amounts included in the financial statements include the original adopted budget and all subsequent amendments. Amendments to the budget were not material.

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Schedule of Changes in Total OPEB Liability and Related Ratios
For the Year Ended June 30, 2018

	2018	2017
Changes for the year:		
Service cost	\$ 5,414,625	\$ 2,505,723
Interest on total OPEB liability	4,139,527	4,133,251
Changes of benefit terms	-	-
Effect of economic/demographic gains or (losses)	14,475,189	8,002,694
Effect of assumptions, changes, or inputs	(11,327,864)	23,735,647
Benefit payments	(4,219,147)	(4,813,427)
Net change in total OPEB liability	8,482,330	33,563,888
Total OPEB liability, beginning	141,926,673	108,362,785
Total OPEB liability, ending *	\$ 150,409,003	\$ 141,926,673
Covered payroll	\$ 53,723,470	\$ 52,944,472
Total OPEB liability as a % of covered payroll	279.97%	268.07%

* Equal to net OPEB liability

Notes to Schedule:

Changes of assumptions: No changes of assumptions and other inputs noted.

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

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Schedule of Employer's Share of Net Pension Liability
Teachers' Retirement System of Louisiana
For the Year Ended June 30, 2018

* 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
2015	1.04730%	\$107,048,569	\$45,851,508	233.5%	63.70%
2016	1.02119%	\$109,801,073	\$45,770,167	239.9%	62.50%
2017	0.98536%	\$115,651,221	\$45,812,785	252.4%	59.90%
2018	0.97360%	\$ 99,812,481	\$44,398,495	224.8%	65.60%

* 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.

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Schedule of Employer Contributions
Teachers' Retirement System of Louisiana
For the Year Ended June 30, 2018

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
2015	\$12,208,904	\$ 12,208,904	\$ -	\$45,770,167	26.7%
2016	\$12,047,589	\$ 12,047,589	\$ -	\$45,812,785	26.3%
2017	\$11,310,713	\$ 11,310,713	\$ -	\$44,398,495	25.5%
2018	\$11,896,064	\$ 11,896,064	\$ -	\$44,714,948	26.6%

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

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Schedule of Employer's Share of Net Pension Liability
School Employees' Retirement System of Louisiana
For the Year Ended June 30, 2018

* 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
2015	1.48580%	\$ 8,612,797	\$ 4,160,675	207.0%	76.18%
2016	1.50196%	\$ 9,524,353	\$ 4,132,523	230.5%	74.49%
2017	1.42043%	\$ 10,714,997	\$ 4,035,465	265.5%	70.09%
2018	1.39708%	\$ 8,940,292	\$ 3,999,683	223.5%	75.03%

* 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.

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Schedule of Employer Contributions
School Employees' Retirement System of Louisiana
For the Year Ended June 30, 2018

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
2015	\$ 1,364,981	\$ 1,364,981	\$ -	\$ 4,132,523	33.0%
2016	\$ 1,219,398	\$ 1,219,398	\$ -	\$ 4,035,465	30.2%
2017	\$ 1,094,450	\$ 1,094,450	\$ -	\$ 3,999,683	27.4%
2018	\$ 1,117,068	\$ 1,117,068	\$ -	\$ 4,044,936	27.6%

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

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Schedule of Employer's Share of Net Pension Liability
Louisiana State Employees' Retirement System
For the Year Ended June 30, 2018

* 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
2015	0.00238%	\$ 148,631	\$ 36,653	405.5%	65.00%
2016	0.00607%	\$ 413,056	\$ 90,470	456.6%	62.70%
2017	0.00589%	\$ 462,123	\$ 119,294	387.4%	57.70%
2018	0.00583%	\$ 410,434	\$ 94,726	433.3%	62.50%

* 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.

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Schedule of Employer Contributions
Louisiana State Employees' Retirement System
For the Year Ended June 30, 2018

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
2015	\$ 39,568	\$ 39,568	\$ -	\$ 105,797	37.4%
2016	\$ 40,683	\$ 40,683	\$ -	\$ 109,363	37.2%
2017	\$ 34,844	\$ 34,844	\$ -	\$ 94,726	36.8%
2018	\$ 38,426	\$ 38,426	\$ -	\$ 107,048	35.9%

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

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Notes to Retirement System Schedules

(1) Retirement Systems

A. Teachers' Retirement System of Louisiana

- 1) Changes of benefit terms – There were no changes of benefit terms for the year ended June 30, 2018.
- 2) Changes of Assumptions – Changes of assumptions for the year ended June 30, 2018 were as follows for valuation date June 30, 2017:
 - a) Investment rate of return used was 7.70% per annum, a decrease from 7.75% in 2016.

B. Louisiana School Employees' Retirement System

- 1) Changes of benefit terms – There were no changes of benefit terms for the year ended June 30, 2018.
- 2) Changes of Assumptions – There were no changes of benefit assumptions for the year ended June 30, 2018.

C. Louisiana State Employees' Retirement System

- 1) Changes of benefit terms – There were no changes of benefit terms for the year ended June 30, 2018.
- 2) Changes of Assumptions – Changes of assumptions for the year ended June 30, 2018 were as follows for valuation date June 30, 2017:
 - a) Investment rate of return used was 7.70% per annum, a decrease from 7.75% in 2016.
 - b) Inflation rate used was 2.75% per annum, a decrease from 3.0% in 2016.
 - c) Salary increases were based on 2009-2013 experience study, ranging from 2.8% to 14.3%, a decrease from a range of 3.0% to 14.5% in 2016.

OTHER SUPPLEMENTARY INFORMATION

OTHER FINANCIAL INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana
Nonmajor Governmental Funds

Combining Balance Sheet
June 30, 2018
With Comparative Totals for June 30, 2017

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals	
					2018	2017
ASSETS						
Cash and interest-bearing deposits	\$ 3,202,156	\$ 190,570	\$ -	\$ 475,562	\$ 3,868,288	\$ 2,327,652
Investments	-	-	-	13,618,437	13,618,437	14,045,997
Receivables	2,772,341	-	2,830	62,980	2,838,151	3,957,267
Inventory	<u>384,167</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>384,167</u>	<u>303,255</u>
Total assets	<u>\$ 6,358,664</u>	<u>\$ 190,570</u>	<u>\$ 2,830</u>	<u>\$ 14,156,979</u>	<u>\$ 20,709,043</u>	<u>\$ 20,634,171</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 49,318	\$ -	\$ -	\$ 10,309	\$ 59,627	\$ 127,297
Accrued salaries and related benefits	1,460,092	-	-	-	1,460,092	1,483,594
Due to other funds	<u>1,774,099</u>	<u>-</u>	<u>9,290</u>	<u>-</u>	<u>1,783,389</u>	<u>2,122,509</u>
Total liabilities	<u>3,283,509</u>	<u>-</u>	<u>9,290</u>	<u>10,309</u>	<u>3,303,108</u>	<u>3,733,400</u>
Fund balances:						
Nonspendable	384,167	-	-	14,146,670	14,530,837	14,440,485
Restricted	2,690,988	190,570	-	-	2,881,558	2,460,286
Unassigned	<u>-</u>	<u>-</u>	<u>(6,460)</u>	<u>-</u>	<u>(6,460)</u>	<u>-</u>
Total fund balances	<u>3,075,155</u>	<u>190,570</u>	<u>(6,460)</u>	<u>14,146,670</u>	<u>17,405,935</u>	<u>16,900,771</u>
Total liabilities and fund balances	<u>\$ 6,358,664</u>	<u>\$ 190,570</u>	<u>\$ 2,830</u>	<u>\$ 14,156,979</u>	<u>\$ 20,709,043</u>	<u>\$ 20,634,171</u>

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana
Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2018
With Comparative Totals for Year Ended June 30, 2017

	Special	Debt	Capital	Permanent	Totals	
	Revenue	Service	Projects		2018	2017
Revenues						
Local sources -						
Ad valorem taxes	\$ 7,594,083	\$ -	\$ -	\$ -	\$ 7,594,083	\$ 8,246,076
Sales tax	3,742,398	-	-	-	3,742,398	3,669,043
Investment earnings	65,230	2,825	-	487,080	555,135	702,886
Food services	116,100	-	-	-	116,100	242,138
Other	14,645	-	-	-	14,645	5,002
State sources	1,365,689	-	-	-	1,365,689	1,604,849
Federal sources	12,354,540	-	-	-	12,354,540	12,041,957
Other commodities	402,721	-	-	-	402,721	372,492
Total revenues	<u>25,655,406</u>	<u>2,825</u>	<u>-</u>	<u>487,080</u>	<u>26,145,311</u>	<u>26,884,443</u>
Expenditures						
Current:						
Instruction -						
Regular programs	750,912	-	-	-	750,912	949,605
Special education programs	1,590,648	-	-	-	1,590,648	1,553,691
Vocational education programs	123,188	-	-	-	123,188	111,528
Other instructional programs	7,014	-	-	-	7,014	-
Special programs	3,392,446	-	-	-	3,392,446	3,027,612
Support services -						
Pupil support services	1,117,806	-	-	-	1,117,806	1,337,722
Instructional staff support services	965,418	-	-	-	965,418	1,042,725
General administration	369,696	-	-	41,530	411,226	442,997
Business services	13,667	-	-	-	13,667	13,215
Operation and maintenance of plant services	38,397	-	-	-	38,397	72,013
Student transportation services	45,854	-	-	-	45,854	40,934
Central services	65,049	-	-	-	65,049	64,584
Non-instructional services -						
Food service operations	5,556,018	-	-	-	5,556,018	5,184,001
Facilities acquisition and construction	-	-	239,786	-	239,786	592,085
Debt service:						
Principal retirement	-	403,000	-	-	403,000	392,000
Interest and fiscal charges	-	52,727	-	-	52,727	56,645
Legal and technical fees	-	750	-	-	750	750
Total expenditures	<u>14,036,113</u>	<u>456,477</u>	<u>239,786</u>	<u>41,530</u>	<u>14,773,906</u>	<u>14,882,107</u>
Excess (deficiency) of revenues over expenditures	<u>11,619,293</u>	<u>(453,652)</u>	<u>(239,786)</u>	<u>445,550</u>	<u>11,371,405</u>	<u>12,002,336</u>
Other financing sources (uses)						
Transfers in	356,298	436,110	-	-	792,408	798,529
Transfers out	<u>(11,222,539)</u>	<u>-</u>	<u>-</u>	<u>(436,110)</u>	<u>(11,658,649)</u>	<u>(12,268,273)</u>
Total other financing sources (uses)	<u>(10,866,241)</u>	<u>436,110</u>	<u>-</u>	<u>(436,110)</u>	<u>(10,866,241)</u>	<u>(11,469,744)</u>
Net change in fund balances	753,052	(17,542)	(239,786)	9,440	505,164	532,592
Fund balances, beginning	<u>2,322,103</u>	<u>208,112</u>	<u>233,326</u>	<u>14,137,230</u>	<u>16,900,771</u>	<u>16,368,179</u>
Fund balances, ending	<u>\$ 3,075,155</u>	<u>\$ 190,570</u>	<u>\$ (6,460)</u>	<u>\$ 14,146,670</u>	<u>\$ 17,405,935</u>	<u>\$ 16,900,771</u>

NONMAJOR SPECIAL REVENUE FUNDS

Special revenue funds are used to account for special revenues that are legally restricted to expenditures for expenditures for specific purposes.

1998 Ad valorem Tax Fund

In January, 1998 Vermilion Parish voters approved a 25.00 mills ad valorem tax dedicated solely for the purpose of increasing the salaries and benefits of school employees to a level comparable with surrounding parishes.

No Child Left Behind (NCLB):

Title I

federally financed, state administered, and locally operated by the School Board. Title I services are provided through various projects that are designed to meet the special needs of educationally deprived children. The activities supplement, rather than replace, state and locally mandated activities.

Title II

Title II of the NCLB is a program by which the federal government provides funds to the School Board for projects that are designed to improve the skills of teachers in the areas of mathematics, science, computer learning, and to increase the accessibility of such instructions to all students.

Title III

Title III of the NCLB is a program to help ensure that children who are limited English proficient, including immigrant children and youth, attain English proficiency, develop high levels of academic attainment in English, and meet the same challenging State academic content and student academic achievement standards as all children are expected to meet.

Title IV

Title IV of NCLB is a program by which the federal government provides funds to the School Board for the Drug Free Schools program.

Education Excellence Fund

The Education Excellence Fund accounts for restricted revenues derived from the state's tobacco settlement. Expenditures from this fund are restricted to instructional enhancements for pre-kindergarten to twelfth grade students.

Individuals With Disabilities Education Act Fund

The IDEA Fund is a federally financed program of free education in the least restricted environment to children with exceptionalities.

(continued)

NONMAJOR SPECIAL REVENUE FUNDS (continued)

Preschool Flow-Through Fund

Preschool Flow-Through Fund is a program by which the federal government provides funds to the Vermilion School Board for providing a free appropriate public education to preschool-age handicapped children.

School Lunch/Breakfast Fund

The School Lunch/Breakfast Fund is a program that provides nourishing morning and noon meals for students in all grades. This fund is supplemented by both federal and state funds that are based on reimbursement and participation.

Truancy Assessment and Service Centers (TASC) Fund

The TASC Fund accounts for programs to provide for early identification and assessment of truants and the delivery of coordinated interventions to prevent unauthorized school absences.

Preschool LA-4 Fund

The Preschool LA-4 Fund accounts for the Early Childhood Development program for four year old children considered to be at risk of achieving academic success.

2009 Sales Tax Fund

In May, 2009 Vermilion Parish voters approved a 1/2 cent sales tax dedicated solely for the purpose of increasing the salaries and benefits of school employees to a level comparable with surrounding parishes.

District School Improvement Grant (LASIG) Fund

District School Improvement Grant (LASIG) Fund is a federal program that provides to improve systems of professional development, service delivery, and student outcomes in the district.

School Wide Positive Behavior Fund

The School Wide Positive Behavior Fund is a program that aims to provide positive behavior support in the form of training and professional development to teachers and administrators in the district. This program is financed pursuant to a subcontract between the Vermilion Parish School Board and Louisiana State University which is the primary grantee.

Preschool (TANF) Fund

TANF is a federal program that promotes early child development for four year old children considered to be at risk of achieving academic success.

Child Care and Development (CCDF) Fund

The CCDF Fund accounts for a federal program that unifies publicly-funded preschool, Head Start, and child care programs into a statewide network to prepare our youngest learners for Kindergarten.

(continued)

NONMAJOR SPECIAL REVENUE FUNDS (continued)

Carl Perkins

The Carl Perkins Fund is a federal program that more fully develops the academic, vocational, and technical skills of secondary students who elect to enroll in career and technical educational programs.

Striving Readers Fund

The purpose of the Striving Readers Comprehensive Literacy Program advances literacy skills for students from birth to grade 12.

VERMILION PARISH SCHOOL BOARD
 Abbeville, Louisiana
 Nonmajor Special Revenue Funds

Combining Balance Sheet
 June 30, 2018
 With Comparative Totals for June 30, 2017

	1998	No Child Left Behind		
	Ad valorem	Title I	Title II	Title III
	Tax Fund	Fund	Fund	Fund
ASSETS				
Cash and interest bearing deposits	\$ 25,239	\$ 59,068	\$ 8,579	\$ 658
Receivables	49,316	1,057,956	214,764	4,161
Inventories	-	-	-	-
Total assets	\$ 74,555	\$ 1,117,024	\$223,343	\$ 4,819
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 1,049	\$ 2,506	\$ -
Accrued salaries and related benefits	-	446,564	84,011	658
Due to other funds	-	669,411	136,826	4,161
Total liabilities	-	1,117,024	223,343	4,819
Fund balances:				
Nonspendable	-	-	-	-
Restricted	74,555	-	-	-
Total fund balances	74,555	-	-	-
Total liabilities and fund balances	\$ 74,555	\$ 1,117,024	\$223,343	\$ 4,819

<u>No Child Left Behind Title IV Fund</u>	<u>Education Excellence Fund</u>	<u>Individuals With Disabilities Educaton Act Fund</u>	<u>Pre-School Flow-Through Fund</u>	<u>School Lunch/ Breakfast Fund</u>	<u>TASC Fund</u>	<u>Preschool LA-4 Fund</u>	<u>2009 Sales Tax Fund</u>
\$ 72 12,699 -	\$ 42,021 - -	\$ 31,644 982,585 -	\$ 1,765 7,883 -	\$ 2,489,910 12,042 384,167	\$ 1,142 18,969 -	\$ 10,974 166,055 -	\$ 518,660 - -
<u>\$ 12,771</u>	<u>\$ 42,021</u>	<u>\$ 1,014,229</u>	<u>\$ 9,648</u>	<u>\$ 2,886,119</u>	<u>\$ 20,111</u>	<u>\$ 177,029</u>	<u>\$ 518,660</u>
\$ - 72 12,699 12,771	\$ - 34,166 - 34,166	\$ 7,272 248,876 758,081 1,014,229	\$ 1,045 8,603 - 9,648	\$ 31,629 385,477 - 417,106	\$ 808 1,142 13,089 15,039	\$ 2,971 114,881 59,177 177,029	\$ - - - -
- - -	- 7,855 7,855	- - -	- - -	384,167 2,084,846 2,469,013	- 5,072 5,072	- - -	- 518,660 518,660
<u>\$ 12,771</u>	<u>\$ 42,021</u>	<u>\$ 1,014,229</u>	<u>\$ 9,648</u>	<u>\$ 2,886,119</u>	<u>\$ 20,111</u>	<u>\$ 177,029</u>	<u>\$ 518,660</u>

(continued)

VERMILION PARISH SCHOOL BOARD
 Abbeville, Louisiana
 Nonmajor Special Revenue Funds

Combining Balance Sheet (continued)

June 30, 2018

With Comparative Totals for June 30, 2017

	District School Improvement Grant (LASIG) Fund	School Wide Positive Behavior Fund	Preschool TANF Fund	Child Care and Development Fund
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and interest bearing deposits	\$ -	\$ 20	\$ 12,404	\$ -
Receivables	-	24,388	150,941	771
Inventories	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ -</u>	<u>\$ 24,408</u>	<u>\$ 163,345</u>	<u>\$ 771</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 60	\$ -	\$ 697
Accrued salaries and related benefits	-	1,301	131,139	-
Due to other funds	<u>-</u>	<u>23,047</u>	<u>32,206</u>	<u>74</u>
Total liabilities	<u>-</u>	<u>24,408</u>	<u>163,345</u>	<u>771</u>
Fund balances:				
Nonspendable	-	-	-	-
Restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 24,408</u>	<u>\$ 163,345</u>	<u>\$ 771</u>

Carl Perkins Fund	Striving Readers Fund	Totals	
		2018	2017
\$ -	\$ -	\$ 3,202,156	\$ 2,094,549
69,811	-	2,772,341	3,225,802
<u>-</u>	<u>-</u>	<u>384,167</u>	<u>303,255</u>
<u>\$ 69,811</u>	<u>\$ -</u>	<u>\$ 6,358,664</u>	<u>\$ 5,623,606</u>
\$ 1,281	\$ -	\$ 49,318	\$ 117,003
3,202	-	1,460,092	1,483,594
<u>65,328</u>	<u>-</u>	<u>1,774,099</u>	<u>1,700,906</u>
<u>69,811</u>	<u>-</u>	<u>3,283,509</u>	<u>3,301,503</u>
-	-	384,167	303,255
-	-	2,690,988	2,018,848
<u>-</u>	<u>-</u>	<u>3,075,155</u>	<u>2,322,103</u>
<u>\$ 69,811</u>	<u>\$ -</u>	<u>\$ 6,358,664</u>	<u>\$ 5,623,606</u>

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana
Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2018
With Comparative Totals for June 30, 2017

	1998	No Child Left Behind		
	Ad valorem Tax Fund	Title I Fund	Title II Fund	Title III Fund
Revenues				
Local Sources:				
Taxes:				
Ad valorem tax	\$ 7,594,083	\$ -	\$ -	\$ -
Sales tax	-	-	-	-
Interest income	26,337	-	-	-
Food services	-	-	-	-
Other	-	-	-	-
State sources	-	-	-	-
Federal sources	-	2,925,635	528,535	30,705
Other commodities	-	-	-	-
Total revenues	7,620,420	2,925,635	528,535	30,705
Expenditures				
Current:				
Instruction -				
Regular programs	-	-	455,985	-
Special education programs	-	-	-	-
Vocational education programs	-	-	-	-
Other instructional programs	-	-	-	-
Special programs	-	1,901,164	-	29,601
Support services -				
Pupil support services	-	318,001	-	-
Instructional staff support services	-	597,572	53,823	1,104
General administration	251,764	79,636	35,296	-
Business services	-	13,667	-	-
Operation and maintenance of plant services	-	-	-	-
Student transportation services	-	3,391	-	-
Central services	-	65,049	-	-
Non-instructional services -				
Food service operations	-	-	-	-
Total expenditures	251,764	2,978,480	545,104	30,705
Excess (deficiency) of revenues over expenditures	7,368,656	(52,845)	(16,569)	-
Other financing sources (uses)				
Transfers in	-	92,337	16,569	-
Transfers out	(7,329,424)	(39,492)	-	-
Total other financing sources (uses)	(7,329,424)	52,845	16,569	-
Net change in fund balances	39,232	-	-	-
Fund balances, beginning	35,323	-	-	-
Fund balances, ending	\$ 74,555	\$ -	\$ -	\$ -

<u>No Child Left Behind</u>		Individuals With		School		Preschool	2009
Title IV	Education	Disabilities	Pre-School	Lunch/ Breakfast	TASC	LA-4	Sales
Fund	Excellence Fund	Education Act Fund	Flow-Through Fund	Fund	Fund	Fund	Tax Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	3,742,398
-	-	-	-	22,702	-	-	16,191
-	-	-	-	116,100	-	-	-
-	-	-	-	14,368	277	-	-
-	181,237	-	-	581,245	64,082	539,125	-
50,741	-	2,535,924	80,553	4,986,773	-	-	-
-	-	-	-	402,721	-	-	-
<u>50,741</u>	<u>181,237</u>	<u>2,535,924</u>	<u>80,553</u>	<u>6,123,909</u>	<u>64,359</u>	<u>539,125</u>	<u>3,758,589</u>
-	38,185	-	-	-	-	-	-
-	-	1,588,992	1,231	-	-	-	-
-	-	-	-	-	-	-	-
7,014	-	-	-	-	-	-	-
17,910	136,004	-	591	-	-	549,213	-
10,466	-	666,246	58,856	-	64,237	-	-
15,351	-	183,157	20,155	-	-	2,997	-
-	-	3,000	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	24,308	-	-	-	14,089	-
-	-	42,357	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	5,556,018	-	-	-
<u>50,741</u>	<u>174,189</u>	<u>2,508,060</u>	<u>80,833</u>	<u>5,556,018</u>	<u>64,237</u>	<u>566,299</u>	<u>-</u>
-	7,048	27,864	(280)	567,891	122	(27,174)	3,758,589
-	807	66,553	280	120,549	-	27,174	-
-	-	(94,417)	-	-	-	-	(3,741,186)
-	807	(27,864)	280	120,549	-	27,174	(3,741,186)
-	7,855	-	-	688,440	122	-	17,403
-	-	-	-	1,780,573	4,950	-	501,257
<u>\$ -</u>	<u>\$ 7,855</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,469,013</u>	<u>\$ 5,072</u>	<u>\$ -</u>	<u>\$ 518,660</u>

(continued)

VERMILION PARISH SCHOOL BOARD
 Abbeville, Louisiana
 Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued)
 Year Ended June 30, 2018
 With Comparative Totals for June 30, 2017

	District School Improvement Grant (LASIG) Fund	School Wide Positive Behavior Fund	Preschool TANF Fund	Child Care and Development Fund
Revenues				
Local Sources:				
Taxes:				
Ad valorem tax	\$ -	\$ -	\$ -	\$ -
Sales tax	-	-	-	-
Interest income	-	-	-	-
Food services	-	-	-	-
Other	-	-	-	-
State sources	-	-	-	-
Federal sources	8,449	53,126	631,568	19,345
Other commodities	-	-	-	-
Total revenues	<u>8,449</u>	<u>53,126</u>	<u>631,568</u>	<u>19,345</u>
Expenditures				
Current:				
Instruction -				
Regular programs	-	-	-	-
Special education programs	425	-	-	-
Vocational education programs	-	-	-	-
Other instructional programs	-	-	-	-
Special programs	-	-	661,160	14,345
Support services -				
Pupil support services	-	-	-	-
Instructional staff support services	8,024	53,126	-	5,000
General administration	-	-	-	-
Business services	-	-	-	-
Operation and maintenance of plant services	-	-	-	-
Student transportation services	-	-	-	-
Central services	-	-	-	-
Non-instructional services -				
Food service operations	-	-	-	-
Total expenditures	<u>8,449</u>	<u>53,126</u>	<u>661,160</u>	<u>19,345</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(29,592)</u>	<u>-</u>
Other financing sources (uses)				
Transfers in	-	-	29,592	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>29,592</u>	<u>-</u>
Net change in fund balances	-	-	-	-
Fund balances, beginning	-	-	-	-
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Carl Perkins Fund	Striving Readers Fund	Totals	
		2018	2017
\$ -	\$ -	\$ 7,594,083	\$ 8,246,076
-	-	3,742,398	3,669,043
-	-	65,230	42,120
-	-	116,100	242,138
-	-	14,645	5,002
-	-	1,365,689	1,604,849
127,704	375,482	12,354,540	12,041,957
-	-	402,721	372,492
<u>127,704</u>	<u>375,482</u>	<u>25,655,406</u>	<u>26,223,677</u>
-	256,742	750,912	949,605
-	-	1,590,648	1,553,691
123,188	-	123,188	111,528
-	-	7,014	-
-	82,458	3,392,446	3,027,612
-	-	1,117,806	1,337,722
4,410	20,699	965,418	1,042,725
-	-	369,696	402,162
-	-	13,667	13,215
-	-	38,397	72,013
106	-	45,854	40,934
-	-	65,049	64,584
-	-	5,556,018	5,184,001
<u>127,704</u>	<u>359,899</u>	<u>14,036,113</u>	<u>13,799,792</u>
-	15,583	11,619,293	12,423,885
-	2,437	356,298	379,885
-	(18,020)	(11,222,539)	(11,849,629)
-	(15,583)	(10,866,241)	(11,469,744)
-	-	753,052	954,141
-	-	2,322,103	1,367,962
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,075,155</u>	<u>\$ 2,322,103</u>

NONMAJOR DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources for the payment of bonded debt principal, interest, and related costs.

Certificates of Indebtedness, Series 2009

To accumulate monies for the payment of the Certificates of Indebtedness, Series 2009 issued in the amount of \$1,400,000. The certificates were issued for the purpose of constructing and equipping a new cafeteria at Meaux Elementary School. The certificates are secured by and payable from a pledge and dedication of the excess of annual revenues.

Revenue Bonds, Series 2011

To accumulate monies for the payment of the Revenue Bonds, Series 2011 issued in the amount of \$2,025,000. The bonds were issued for the purpose of refinancing the Certificates of Indebtedness, Series 2008 and constructing a new Middle School complex on the North Vermilion High School campus. The bonds are secured by and payable from a pledge and dedication of the excess of annual revenues.

Limited Tax Bonds, Series 2016

To accumulate monies for the payment of Limited Tax Bonds, Series 2016 issued in the amount of \$840,000. The bonds were issued for the purpose of paying costs of acquiring and constructing improvements for Erath High School and Middle School and paying costs of issuance of the bonds. The bonds shall be secured by and payable from a pledge and dedication of the property tax

VERMILION PARISH SCHOOL BOARD
 Abbeville, Louisiana
 Nonmajor Debt Service Fund

Comparative Balance Sheet
 June 30, 2018 and 2017

	2018	2017
ASSETS		
Cash and interest-bearing deposits	<u>\$190,570</u>	<u>\$208,112</u>
LIABILITIES AND FUND BALANCE		
Liabilities	\$ -	\$ -
Fund balance:		
Restricted	<u>190,570</u>	<u>208,112</u>
Total liabilities and fund balance	<u>\$190,570</u>	<u>\$208,112</u>

VERMILION PARISH SCHOOL BOARD
 Abbeville, Louisiana
 Nonmajor Debt Service Fund

Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance
 For the Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenues		
Local Sources:		
Interest income	\$ 2,825	\$ 1,631
Expenditures		
Debt service:		
Principal retirement	403,000	392,000
Interest and fiscal charges	52,727	56,645
Legal and technical fees	<u>750</u>	<u>750</u>
Total expenditures	<u>456,477</u>	<u>449,395</u>
Deficiency of revenues over expenditures	(453,652)	(447,764)
Other financing sources:		
Transfers in	<u>436,110</u>	<u>418,644</u>
Net change in fund balance	(17,542)	(29,120)
Fund balance, beginning	<u>208,112</u>	<u>237,232</u>
Fund balance, ending	<u>\$ 190,570</u>	<u>\$ 208,112</u>

NONMAJOR CAPITAL PROJECTS

Capital projects are used to account for capital asset acquisition, construction, and improvements of public school facilities and is currently funded by bond proceeds from the Limited Tax Bonds, Series 2016, which is being used for the purpose of paying costs of acquiring and contracting improvements for Erath High School, and Middle School.

VERMILION PARISH SCHOOL BOARD
 Abbeville, Louisiana
 Nonmajor Capital Projects Fund

Comparative Balance Sheet
 June 30, 2018

	<u>2018</u>	<u>2017</u>
ASSETS		
Receivables	<u>\$2,830</u>	<u>\$654,929</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Due to other funds	<u>\$9,290</u>	<u>\$421,603</u>
Fund balance:		
Restricted	-	233,326
Unassigned	<u>(6,460)</u>	<u>-</u>
Total fund balance	<u>(6,460)</u>	<u>233,326</u>
Total liabilities and fund balance	<u>\$2,830</u>	<u>\$654,929</u>

VERMILION PARISH SCHOOL BOARD
 Abbeville, Louisiana
 Nonmajor Capital Projects

Comparative Statement of Revenues, Expenditures and Changes in Fund Balance
 Years Ended June 30, 2018 and 2017

	2018	2017
Revenues	\$ -	\$ -
Expenditures		
Facility acquisition and construction	239,786	592,085
Deficiency of revenues over expenditures	(239,786)	(592,085)
Fund balance, beginning	233,326	825,411
Fund balance, ending	\$ (6,460)	\$233,326

NONMAJOR PERMANENT FUND

Non-expendable trust

Dr. Daniel R. Dartez Educational Public Trust Fund

On June 11, 1996 pursuant to Louisiana Revised Statute LSR-R.S. 17:81(m), the School Board established a nonexpendable trust fund. Trust principal is derived from surplus revenues and may not be used for expenditures. Income from the investment of fund principal is restricted to meeting the capital outlay needs of the Vermilion Parish School System.

VERMILION PARISH SCHOOL BOARD
 Abbeville, Louisiana
 Nonmajor Permanent Fund

Comparative Balance Sheet
 June 30, 2018 and 2017

	2018	2017
ASSETS		
Cash and interest-bearing deposits	\$ 475,562	\$ 24,991
Investments	13,618,437	14,045,997
Accrued interest	62,980	76,536
Total assets	\$ 14,156,979	\$ 14,147,524
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 10,309	\$ 10,294
Fund balance:		
Nonspendable	14,146,670	14,137,230
Total liabilities and fund balance	\$ 14,156,979	\$ 14,147,524

VERMILION PARISH SCHOOL BOARD
 Abbeville, Louisiana
 Nonmajor Permanent Fund

Comparative Statement of Revenues, Expenditures and Changes in Fund Balance
 Years Ended June 30, 2018 and 2017

	2018	2017
Operating revenues:		
Investment earnings:		
Interest and dividends	\$ 193,706	\$ 410,165
Net decrease in fair value of investments	<u>293,374</u>	<u>248,970</u>
Total operating revenues	487,080	659,135
 Operating expenses:		
Administration	<u>41,530</u>	<u>40,835</u>
 Operating income	445,550	618,300
 Other financing (uses):		
Transfers out	<u>(436,110)</u>	<u>(418,644)</u>
 Net income	9,440	199,656
 Fund balance, beginning	<u>14,137,230</u>	<u>13,937,574</u>
 Fund balance, ending	<u><u>\$ 14,146,670</u></u>	<u><u>\$ 14,137,230</u></u>

FIDUCIARY FUNDS

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore can not be used to support the School Boards own programs.

Agency Funds

School Activity Fund

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

Sales Tax Collection Fund

The Sales Tax Collection Fund accounts for the collection and distribution of sales tax that the School Board has the responsibility of collecting. Effective March 1, 1992, the School Board was appointed the central sales tax collecting agency for all taxing bodies within Vermilion Parish. The cost of collecting the taxes is divided among all of the taxing bodies based upon their respective sales and use tax in relation to the combined total.

VERMILION PARISH SCHOOL BOARD
 Abbeville, Louisiana
 Agency Funds

Combining Statement of Assets and Liabilities
 June 30, 2018
 With Comparative Totals for June 30, 2017

	School Activity	Sales Tax Collection Fund	Totals	
			2018	2017
ASSETS				
Cash and interest-bearing deposits	<u>\$2,217,294</u>	<u>\$2,374,029</u>	<u>\$4,591,323</u>	<u>\$ 4,858,581</u>
LIABILITIES				
Due to other governmental units	\$ -	2,193,969	\$2,193,969	\$ 2,622,342
Deposits due others	<u>2,217,294</u>	<u>180,060</u>	<u>2,397,354</u>	<u>2,236,239</u>
Total liabilities	<u>\$2,217,294</u>	<u>\$2,374,029</u>	<u>\$4,591,323</u>	<u>\$ 4,858,581</u>

VERMILION PARISH SCHOOL BOARD
 Abbeville, Louisiana
 School Activity Agency Fund

Schedule of Changes in Deposits Due Others
 For the Year Ended June 30, 2018

Schools	Balance July 01, 2017	Additions	Deductions	Balance June 30, 2018
Abbeville High	\$ 95,283	\$ 406,339	\$ 367,653	\$ 133,969
Cecil Picard at Maurice Elementary	89,114	197,991	175,554	111,551
Dozier Elementary	101,556	136,984	133,307	105,233
Eaton Park Elementary	32,039	56,496	52,655	35,880
Erath High	166,935	751,735	763,511	155,159
Erath Middle	180,747	281,480	286,348	175,879
F.I./E. Broussard Elementary	79,956	119,169	109,347	89,778
Gueydan High	133,813	248,963	240,554	142,222
James Herod Elementary	29,901	56,190	48,530	37,561
Indian Bayou Elementary	49,836	73,495	71,169	52,162
J. H. Williams Middle	138,116	113,548	108,397	143,267
Jesse Owens Elementary	41,660	63,055	65,319	39,396
Kaplan Elementary	169,866	158,153	127,133	200,886
Kaplan High	226,419	662,388	679,579	209,228
LeBlanc Elementary	33,328	93,316	89,691	36,953
Meaux Elementary	70,654	117,614	91,492	96,776
North Vermilion High	159,377	820,158	799,011	180,524
North Vermilion Middle	148,482	223,252	225,172	146,562
Rene A. Rost Middle	50,103	192,066	186,947	55,222
Seventh Ward Elementary	<u>70,717</u>	<u>51,723</u>	<u>53,354</u>	<u>69,086</u>
Total balances	<u>\$ 2,067,902</u>	<u>\$ 4,824,115</u>	<u>\$ 4,674,723</u>	<u>\$ 2,217,294</u>

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana
Sales Tax Collection Agency Fund

Schedule of Cash Receipts and Disbursements
For the Year Ended June 30, 2018
With Comparative Totals for June 30, 2017

	2018	2017
Deposits due others - beginning	\$ 168,337	\$ 166,534
Additions:		
Sales tax collections - parishwide	38,128,626	37,169,404
Interest earnings	44,217	26,129
Total Additions	38,172,843	37,195,533
Beginning balance plus additions	38,341,180	37,362,067
Deductions:		
Transfers to:		
General Fund:		
Sales tax	11,196,555	10,982,592
Sales tax administrative allowance	360,859	367,820
Refunds	210,117	46,708
Interest Earnings	13,110	7,752
Vermilion Parish Police Jury:		
Sales Tax	11,072,231	10,866,748
Interest Earnings	13,106	7,754
Vermilion Parish Sheriff:		
Sales Tax	5,536,144	5,431,557
Interest Earnings	6,553	3,877
City of Kaplan:		
Sales Tax	643,652	621,582
Interest Earnings	769	444
City of Abbeville:		
Sales Tax	3,547,889	3,586,033
Interest Earnings	4,197	2,540
Town of Gueydan:		
Sales Tax	168,973	183,513
Interest Earnings	205	131
Town of Erath:		
Sales Tax	262,018	263,564
Interest Earnings	314	184
Town of Delcambre:		
Sales Tax	155,772	170,072
Interest Earnings	188	118

(continued)

VERMILION PARISH SCHOOL BOARD
 Abbeville, Louisiana
 Sales Tax Collection Agency Fund

Schedule of Cash Receipts and Disbursements (Continued)
 Year Ended June 30, 2018
 With Comparative Totals for June 30, 2017

	2018	2017
Deductions:		
Village of Maurice:		
Sales Tax	841,737	623,545
Interest Earnings	902	443
Vermilion Parish Tourist Commission:		
Sales Tax	53,095	58,967
Interest Earnings	62	41
Hospital Service District #1:		
Sales Tax	1,201,705	1,167,587
Interest Earnings	1,422	849
Hospital Service District #2:		
Sales Tax	2,866,156	2,797,312
Interest Earnings	3,389	1,996
Total deductions	38,161,120	37,193,730
Deposits due others - ending	\$ 180,060	\$ 168,337

**INTERNAL CONTROL, COMPLIANCE
AND
OTHER MATTERS**

KOLDER, SLAVEN & COMPANY, LLC

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

Mr. Jerome Puyau, Superintendent,
and Members of the Vermilion Parish School Board
Abbeville, 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, the major funds, and the aggregate remaining fund information of the Vermilion Parish School Board (the School Board), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements, and have issued our report thereon dated December 19, 2018.

Internal Control Over Financial Reporting

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

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 School Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as item 2018-001.

Vermilion Parish School Board's Response to Findings

The Vermilion Parish School Board's response to the finding identified in our audit is described in the accompanying schedule of current and prior year findings and management's corrective action plan. The Vermilion Parish School Board's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
December 19, 2018

KOLDER, SLAVEN & COMPANY, LLC

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

Mr. Jerome Puyau, Superintendent
and Members of the Vermilion Parish School Board
Abbeville, Louisiana

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such 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 the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
December 19, 2018

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/ Program Title	Pass-Through Entity Identifying Number	CFDA Number	Expenditures
<u>United States Department of Agriculture</u>			
Passed through Louisiana Department of Agriculture and Forestry :			
Food Distribution Program (noncash)	N/A	10.555	\$ <u>402,721</u>
Passed through Louisiana Department of Education			
School Breakfast Program *	N/A	10.553	1,447,245
National School Lunch Program *	N/A	10.555	<u>3,539,531</u>
Total for Child Nutrition Cluster			<u>4,986,776</u>
Total United States Department of Agriculture			<u>5,389,497</u>
<u>United States Department of Education</u>			
Passed through State Department of Education:			
Title I Grant to Local Education Agencies	S010A170018	84.010	2,815,295
Title I Grant to Local Education Agencies	S010A160019	84.010	<u>37,000</u>
Total Title I			<u>2,852,295</u>
Migrant Education - State Grant Program	S011A150018	84.011	<u>73,340</u>
Career and Technical Education - Basic Grants to States (Perkins IV)	V048A150018A	84.048	<u>127,704</u>
Special Education - Grants to States (IDEA, Part B)	H027A150033	84.027	2,589,049
Special Education - Preschool Grants (IDEA Preschool)	H173A150082	84.173	78,732
Special Education - Preschool Grants (IDEA Preschool)	H173A170082	84.173	<u>1,821</u>
Total for Special Education Cluster			<u>2,669,602</u>
Special Education - State Personnel Development: State Wide Positive Behavioral Support Project (SWPBSP)	H323A110003	84.323	<u>8,447</u>
English Language Acquisition Grants - Title III Immigrant Set Aside	S3654A170018	84.365	<u>30,705</u>
Improving Teacher Quality State Grants	S367A170017	84.367	<u>528,535</u>
Student Support and Academic Enrichment Program	S424A170019	84.424	<u>50,741</u>
Striving Readers	S371C11045-12	84.371	<u>375,480</u>
Total United States Department of Education			<u>6,716,849</u>

(continued)

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Schedule of Expenditures of Federal Awards (continued)
Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/ Program Title	Pass-Through Entity Identifying Number	CFDA Number	Expenditures
<u>United States Department of Health & Human Services</u>			
Passed through Vermilion Parish Health Unit:			
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	N/A	93.243	<u>11,007</u>
Passed through Louisiana Department of Education:			
The Cecil J. Picard LA 4 Early Childhood Program	G61102LATANF	93.558	631,569
Child Care and Development Block Grant	N/A	93.575	<u>8,339</u>
Total for 477 Cluster			<u>639,908</u>
Total United States Department of Health and Human Services			<u>650,915</u>
 TOTAL FEDERAL AWARDS			 <u>\$ 12,757,261</u>

*Denotes major program

See accompanying notes to schedule of expenditures of federal awards.

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

(1) General

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

The School Board's reporting entity is defined in Note 1 to the basic financial statements for the year ended June 30, 2018. 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 following programs are considered major federal programs of the School Board: School Breakfast Program and National School Lunch Program.

(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, 2018. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(3) Noncash Programs

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

(4) Indirect Cost Rate

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

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

Part I. Summary of Auditor's Results:

1. An unmodified report was issued on the basic financial statements.
2. No significant deficiencies or material weaknesses in internal control were disclosed by the audit of the basic financial statements.
3. There was one instance of noncompliance.
4. No significant deficiencies or material weaknesses in internal control over the major programs were disclosed by the audit of the basic financial statements.
5. An unmodified opinion was issued on compliance for the major programs.
6. The audit disclosed no findings required to be reported in accordance with 2 CFR section 200.516(a) of the Uniform Guidance.
7. The following program was considered to be a major program:
U.S. Department of Agriculture; Passed through the Louisiana Department of Education – School Breakfast Lunch Program, CFDA 10.553.
U.S. Department of Agriculture; Passed through the Louisiana Department of Education – National School Lunch Program, CFDA 10.555.
8. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
9. The auditee did qualify as a low-risk auditee.

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2018

Part II. Findings which are required to be reported in accordance with generally accepted Governmental Auditing Standards:

A. Internal Control Findings –

There were no internal control findings.

B. Compliance Findings –

See compliance finding 2018-001 on the schedule of current and prior year findings and management's corrective action plan.

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

There are no findings and questioned costs related to federal programs that are required to be reported under the above guidance.

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Schedule of Current and Prior Year Audit Findings and
Management's Corrective Action Plan
Year Ended June 30, 2018

Part I. Current Year Findings and Management's Corrective Action

A. Internal Control Over Financial Reporting

There were no internal control findings.

B. Compliance

2018-001 Open Meeting Law

CONDITION: It is alleged that the School Board violated the Open Meeting Law by not allowing public comment at a meeting.

CRITERIA: LSA-RS 42:15 states that each school board shall allow public comment at any meeting of the school board prior to taking any vote. The comment period shall be for each agenda item and shall precede each agenda item.

CAUSE: It is alleged that the School Board did not allow comment regarding an agenda item at a board meeting.

EFFECT: Members of the public may not have been allowed an opportunity to comment on an agenda item at a board meeting.

RECOMMENDATION: The School Board should comply with the requirements of LSA-RS 42:15 by allowing adequate comment period for each agenda item.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The School Board has consulted with legal counsel to provide additional training to comply with LSA-RS 42:15.

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Schedule of Current and Prior Year Audit Findings and
Management's Corrective Action Plan (Continued)
Year Ended June 30, 2018

Part II. Prior Year Findings

A. Internal Control Over Financial Reporting

There were no internal control findings.

B. Compliance

2017-001 Proceeds from an ad valorem tax may not have been used as intended by the tax proposition

CONDITION: Approximately \$1.4 million from the proceeds of a tax proposition was spent on roofing, air conditioner units, and architect fees for a new school building for the North Vermilion Middle School in prior fiscal years. These expenditures may not be in compliance with the requirements of the tax proposition.

RECOMMENDATION: The Vermilion Parish School Board should consult with legal counsel to determine how to address the above finding.

CURRENT STATUS: Resolved.



Jerome Puyau
Superintendent

Ellen T. Arceneaux
Assistant Superintendent
Curriculum & Instruction

E. Paul Hebert
Assistant Superintendent
Administration & Personnel

VERMILION PARISH SCHOOLS

220 South Jefferson Street
P.O. Drawer 520
Abbeville, Louisiana 70511-0520
Phone (337) 893-3973

CORRECTIVE ACTION PLAN

December 12, 2018

Board Members:

David Dupuis
District A

Chris Gautreaux
District B

Laura Lebeouf
District C

Stacy Landry
District D

Jean Broussard
District E

Kibbie Pillette
District F

Sara Duplechain
District G

Chris Hebert
District H

Louisiana Legislative Auditor

Vermilion Parish School Board respectfully submits the following corrective action plan for the year ended June 30, 2018.

Name and address of independent public accounting firm:

Kolder, Slaven, and Company, LLC
P.O. Box 1055
Abbeville, LA 70511

Audit period: July 1, 2017 through June 30, 2018

The finding from the June 30, 2018 schedule of findings and questioned costs is discussed below. The finding is numbered consistently with the number assigned in the schedule.

FINDINGS – FINANCIAL STATEMENT AUDIT

2018-001 Open Meeting Law

RECOMMENDATION: The School Board should comply with the requirements of LSA-RS 42:15 by allowing adequate comment period for each agenda item.

ACTION TAKEN: The School Board has consulted with legal counsel to provide additional training to comply with LSA-RS 42:15.

Any questions regarding this plan can be directed to Eric Johnson at 337-898-5781.

Sincerely yours,

Eric Johnson
Chief Financial Officer

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

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Members of the Vermilion Parish School Board,
the Louisiana Department of Education, and the
Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Vermilion 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 School Board for the fiscal year ended June 30, 2018; and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE), in compliance with Louisiana Revised Statute 24:514 I. Management of Vermilion 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, and
 - Nonpublic Transportation Revenue.

There were no exceptions noted.

Class Size Characteristics (Schedule 2)

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

There were no exceptions noted.

Education Levels/Experience of Public School Staff

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

There were no exceptions noted.

Public School Staff Data: Average Salaries

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

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 Vermilion 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, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
December 19, 2018

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Schedules Required by State Law
(R.S. 24:514 – Performance and Statistical Data)
For the Year Ended June 30, 2018

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 – (Formerly 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.

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Schedule 1
General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2018

General Fund Instructional and Equipment Expenditures

General fund instructional expenditures:		
Teacher and student interaction activities -		
Classroom teacher salaries	\$27,686,534	
Other instructional staff salaries	3,105,110	
Instructional staff employee benefits	14,569,924	
Purchased professional and technical services	163,943	
Instructional materials and supplies	<u>585,985</u>	
Total teacher and student interaction activities		\$46,111,496
Other instructional activities		887,145
Pupil support activities	4,728,420	
Less: Equipment for pupil support activities	<u>-</u>	
Net pupil support activities		4,728,420
Instructional staff services	3,951,441	
Less: Equipment for instructional staff services	<u>-</u>	
Net instructional staff services		3,951,441
School Administration	5,157,381	
Less: Equipment for School Administration	<u>-</u>	
Net School Administration		<u>5,157,381</u>
Total general fund instructional expenditures		<u>\$60,835,883</u>
Total general fund equipment expenditures		<u>\$ 100,218</u>

Certain Local Revenue Sources

Local taxation revenue:		
Ad Valorem Taxes:		
Constitutional ad valorem taxes		\$ 1,388,635
Renewable ad valorem tax		10,655,579
Debt service ad valorem tax		-
Up to 1% of collections by the Sheriff on taxes other than school taxes		299,682
Sales and use taxes		<u>11,227,692</u>
Total local taxation revenue		<u>\$23,571,588</u>
Local earnings on investment in real property:		
Earnings from 16th section property		<u>\$ 2,394,559</u>
State revenue in lieu of taxes:		
Revenue sharing - constitutional tax		<u>\$ 149,798</u>
Nonpublic textbook revenue		<u>\$ 19,391</u>
Nonpublic transportation revenue		<u>\$ -</u>

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Schedule 2
Class Size Characteristics
As of October 1, 2017

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	56.2%	619	40.8%	450	3.0%	33	0.0%	-
Elementary activity classes	48.4%	107	43.9%	97	5.4%	12	2.3%	5
Middle/Junior high	49.5%	262	35.0%	185	15.5%	82	0.0%	-
Middle/Junior high activity classes	53.1%	85	25.0%	40	14.4%	23	7.5%	12
High	71.4%	918	20.9%	269	7.3%	94	0.4%	5
High activity classes	75.4%	147	10.3%	20	9.7%	19	4.6%	9
Combination	0.0%	-	0.0%	-	0.0%	-	0.0%	-
Combination activity classes	0.0%	-	0.0%	-	0.0%	-	0.0%	-

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.

VERMILION PARISH SCHOOL BOARD
Abbeville, Louisiana

Agreed-Upon Procedures Report

Year Ended June 30, 2018

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Management of
Vermilion Parish School Board, and
The Louisiana Legislative Auditor

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

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. We obtained and inspected the entity's written policies and procedures and observed that they address each of the following categories and subcategories:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving.

- d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or 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).
- e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Board or Finance Committee

- 2. We obtained and inspected the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) We observed that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, we observed that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes*

referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

- c) For governmental entities, we obtained the prior year audit report and observed the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Bank Reconciliations

- 3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a) Bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations included evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Collections

- 4. Obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly selected 5 deposit sites (or all deposit sites if less than 5).
- 5. For each deposit site selected, obtained a listing of collection locations and management's representation that the listing is complete. Randomly selected one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtained and inspected written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observed that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* We obtained supporting documentation for each of the 10 deposits and:
- a) Observed that receipts are sequentially pre-numbered.
 - b) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Traced the deposit slip total to the actual deposit per the bank statement.
 - d) Observed that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - e) Traced the actual deposit per the bank statement to the general ledger.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

- 8. Obtained a listing of locations that process payments for the fiscal period and management’s representation that the listing is complete. Randomly selected 5 locations (or all locations if less than 5).
- 9. For each location selected under #8 above, obtained a listing of those employees involved with non-payroll purchasing and payment functions. Obtained written policies and procedures relating to employee job duties (if the agency has no written policies and

procedures, inquired of employees about their job duties), and observed that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. Randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction and:
- a) Observed that the disbursement matched the related original invoice/billing statement.
 - b) Observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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

11. Obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtained management's representation that the listing is complete.
12. Using the listing prepared by management, randomly selected 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly selected one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtained supporting documentation, and:
 - a) Observed that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]
 - b) Observed that finance charges and late fees were not assessed on the selected statements.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observed that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtained from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly selected 5 reimbursements, obtained the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, agreed the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observed that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observed that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observed that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

15. Obtained from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtained management's representation that the listing is complete. Randomly selected 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observed that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observed that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

- c) If the contract was amended (e.g. change order), observed that the original contract terms provided for such an amendment.
- d) Randomly selected one payment from the fiscal period for each of the 5 contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

Payroll and Personnel

- 16. Obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly selected 5 employees/officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.
- 17. Randomly selected one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtained attendance records and leave documentation for the pay period, and:
 - a) Observed that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observed that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observed that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
- 18. Obtained a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly selected two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agreed the hours to the employee/officials' cumulative leave records, and agreed the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
- 19. Obtained management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Ethics

- 20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtained ethics documentation from management, and:

- a. Observed that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
- b. Observed that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Debt Service

21. Obtained a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Selected all bonds/notes on the listing, obtained supporting documentation, and observed that State Bond Commission approval was obtained for each bond/note issued.
22. Obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly selected one bond/note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed actual reserve balances and payments to those required by debt covenants.

Other

23. Obtained a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Selected all misappropriations on the listing, obtained supporting documentation, and observed that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observed that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Findings:

In accordance with Statewide Agreed-Upon Procedures, certain categories may be excluded from testing. Therefore, the following categories were not tested this year: Travel and Travel-Related Expense Reimbursements, Contracts, Ethics, Debt Service, and Other.

No exceptions were found as a result of applying the procedures listed above except:

Board (or Finance Committee, if applicable):

The Vermilion Parish School Board (the School Board) did not meet with a quorum at least monthly.

Bank Reconciliations:

1 of the 5 bank reconciliations did not have documentation reflecting that management had researched reconciling items that had been outstanding for more than 12 months from the statement closing date.

Collections:

In 5 of the locations tested, the person responsible for collecting cash, also deposits the cash in the bank.

In 5 of the locations tested, the person responsible for collecting cash, also records the deposit.

In 4 of the locations tested, the person responsible for collecting cash, also reconciles the bank account.

Non-Payroll Disbursements:

The documentation tested for 2 disbursements did not include evidence of segregation of duties.

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

2 transactions tested did not have written documentation of the business/public purpose.

Management's Response:

Management of the School Board concurs with the exceptions and are working to address the deficiencies identified.

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

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
December 19, 2018