

ST. MARTIN PARISH SCHOOL BOARD

Breaux Bridge, Louisiana

Financial Report

Year Ended June 30, 2018

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INDEPENDENT AUDITORS' REPORT

Mr. Allen Blanchard, Jr., Interim Superintendent
and Members of the St. Martin Parish
School Board
Breaux Bridge, Louisiana

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Martin Parish 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.

Emphasis of Matter

As described in Note 2 to the financial statements, in 2018, the St. Martin Parish School Board adopted new accounting guidance, GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

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

Other Supplementary Information

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

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

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

Champagne & Company, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
December 19, 2018

BASIC FINANCIAL STATEMENTS

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

ST. MARTIN PARISH SCHOOL BOARD
Breux Bridge, Louisiana

Statement of Net Position
June 30, 2018

	Governmental Activities
ASSETS	
Cash and interest-bearing deposits	\$ 5,855,834
Investments	69,515,022
Receivables, net	2,488,367
Due from other governmental agencies	1,287,931
Inventories	222,354
Prepaid items	600,206
Other current assets	198,797
Capital assets, net	115,490,655
TOTAL ASSETS	195,659,166
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred amount on pension	14,126,308
Deferred amount on bond refunding	1,410,126
Total deferred outflows of resources	15,536,434
 LIABILITIES	
Salaries and payroll tax liabilities	5,549,299
Claims payable	2,444,356
Other payables	3,659,974
Contracts and retainage payable	675,378
Unearned revenue	55,308
Interest payable	1,136,652
Long-term liabilities:	
Due within one year	7,192,381
Due in more than one year	96,741,152
OPEB obligation payable	85,281,835
Net pension liability	88,717,285
TOTAL LIABILITIES	291,453,620
 DEFERRED INFLOWS OF RESOURCES	
Deferred amount on pension	9,552,334
Deferred amount on post employment benefit plan	991,920
Total deferred inflows of resources	10,544,254
 NET POSITION	
Net investment in capital assets	38,751,935
Restricted for:	
Salaries and benefits	974,539
Debt service	5,187,590
Unrestricted (deficit)	(135,716,338)
TOTAL NET POSITION	\$ (90,802,274)

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

ST. MARTIN PARISH SCHOOL BOARD
Breaux Bridge, Louisiana

Statement of Activities
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position Governmental Activities
Governmental activities:					
Instruction:					
Regular education programs	\$ 29,055,381	\$ -	\$ 110,074	\$ -	\$ (28,945,307)
Special education programs	6,727,518	-	319,348	-	(6,408,170)
Vocational education programs	1,476,221	-	118,831	-	(1,357,390)
Other instructional programs	1,221,365	-	451,497	-	(769,868)
Special programs	5,503,407	-	5,358,341	-	(145,066)
Support services:					
Pupil support services	5,696,334	-	1,796,947	-	(3,899,387)
Instructional staff support	3,167,067	-	669,964	-	(2,497,103)
General administration	1,562,096	-	174,278	-	(1,387,818)
School administration	4,545,422	-	-	-	(4,545,422)
Business services	1,128,972	-	-	-	(1,128,972)
Operation and maintenance of plant services	7,628,604	-	-	-	(7,628,604)
Student transportation services	5,196,024	-	10,211	-	(5,185,813)
Central services	871,657	-	-	-	(871,657)
Food services	5,557,288	52,224	3,907,189	-	(1,597,875)
Community service programs	69,558	-	42,912	-	(26,646)
Interest on long-term debt	3,557,432	-	-	-	(3,557,432)
Total governmental activities	<u>\$ 82,964,346</u>	<u>\$ 52,224</u>	<u>\$ 12,959,592</u>	<u>\$ -</u>	<u>\$ (69,952,530)</u>
Taxes:					
Property taxes, levied for general purposes					4,946,258
Property taxes, levied for debt service					8,167,017
Sales and use taxes					15,367,394
Grants and contributions not restricted to specific programs:					
State source - Minimum Foundation Program					44,467,873
State source - PIPS					31,855
State revenue sharing					257,467
Rents, leases and royalties					126,103
Miscellaneous					<u>2,353,906</u>
Total general revenues					<u>75,717,873</u>
Change in net position					5,765,343
Net position - July 1, 2017, as restated					<u>(96,567,617)</u>
Net position - June 30, 2018					<u>\$ (90,802,274)</u>

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

FUND FINANCIAL STATEMENTS (FFS)

ST. MARTIN PARISH SCHOOL BOARD
Breux Bridge, Louisiana

Balance Sheet - Governmental Funds
June 30, 2018

	Major Funds			All Other Non-Major Governmental Funds	Total Governmental Funds
	General Fund	State and Local Special Revenue Fund	Capital Projects Fund		
ASSETS					
Cash and interest-bearing deposits	\$ 5,293,492	\$ 24,853	\$ 16,287	\$ 292,313	\$ 5,626,945
Investments	34,323,532	410,722	26,953,987	4,842,768	66,531,009
Receivables -					
Accrued interest	33,042	-	-	-	33,042
Taxes receivable	759,178	768,115	-	-	1,527,293
Due from other funds	1,171,723	-	-	-	1,171,723
Due from other governmental agencies	-	123,243	-	1,164,688	1,287,931
Other receivables	363,921	2,697	-	52,509	419,127
Inventories, at cost	-	222,354	-	-	222,354
Prepaid expenses	600,206	-	-	-	600,206
Other current assets	198,797	-	-	-	198,797
Total assets	<u>\$ 42,743,891</u>	<u>\$ 1,551,984</u>	<u>\$ 26,970,274</u>	<u>\$ 6,352,278</u>	<u>\$ 77,618,427</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 623,336	\$ 6,081	\$ 3,008,997	\$ 21,560	\$ 3,659,974
Contracts and retainage payable	-	-	675,378	-	675,378
Salaries and payroll taxes payable	5,549,299	-	-	-	5,549,299
Claims payable	1,651,728	-	-	-	1,651,728
Due to other funds	-	70,723	2,725	1,143,128	1,216,576
Unearned revenue	2,788	52,520	-	-	55,308
Total liabilities	<u>7,827,151</u>	<u>129,324</u>	<u>3,687,100</u>	<u>1,164,688</u>	<u>12,808,263</u>
Fund Balances:					
Nonspendable	600,206	222,354	-	-	822,560
Restricted	8,933,536	974,539	22,997,052	5,187,590	38,092,717
Committed	16,667,735	-	-	-	16,667,735
Assigned	997,929	-	286,122	-	1,284,051
Unassigned	7,717,334	225,767	-	-	7,943,101
Total fund balances	<u>34,916,740</u>	<u>1,422,660</u>	<u>23,283,174</u>	<u>5,187,590</u>	<u>64,810,164</u>
Total liabilities and fund balances	<u>\$ 42,743,891</u>	<u>\$ 1,551,984</u>	<u>\$ 26,970,274</u>	<u>\$ 6,352,278</u>	<u>\$ 77,618,427</u>

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

ST. MARTIN PARISH SCHOOL BOARD
Breau Bridge, Louisiana

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

Total fund balances for governmental funds at June 30, 2018		\$ 64,810,164
Cost of capital assets at June 30, 2018	\$ 171,064,663	
Less: Accumulated depreciation as of June 30, 2018:		
Buildings	(48,300,321)	
Movable property	<u>(7,273,687)</u>	115,490,655
The deferred outflows of expenditures are not a use of current resources, and therefore, are not reported in the funds:		
Pension	\$ 14,126,308	
Bond refunding	<u>1,410,126</u>	15,536,434
Long-term liabilities at June 30, 2018		
Bonds payable	\$ (95,010,000)	
Bond premium	(5,095,022)	
Accumulated amortization of bond premium	369,250	
Compensated absences payable	(4,197,761)	
Net OPEB obligation payable	(85,281,835)	
Net pension liability	(88,717,285)	
Accrued interest payable	<u>(1,136,652)</u>	(279,069,305)
The deferred inflows of contributions are not available resources, and therefore, are not reported in the funds:		
Pension	\$ (9,552,334)	
Post employment benefit plan	<u>(991,920)</u>	(10,544,254)
Receivable recorded under the accrual basis of accounting		421,164
Assets and liabilities of Self - Insurance Internal Service Fund		<u>2,552,868</u>
Net position at June 30, 2018		<u>\$ (90,802,274)</u>

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

ST. MARTIN PARISH SCHOOL BOARD
Breau Bridge, Louisiana

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

	Major Funds			All Other Non-Major Governmental Funds	Total Governmental Funds
	General Fund	State and Local Special Revenue Funds	Capital Projects Fund		
REVENUES					
Local sources -					
Ad valorem taxes	\$ 4,946,258	\$ -	\$ -	\$ 8,167,017	\$ 13,113,275
Sales taxes	7,634,731	7,732,663	-	-	15,367,394
Tuition	6,900	-	-	-	6,900
Transportation	7,642	-	-	-	7,642
Interest earnings	392,533	2,905	515,592	72,278	983,308
Rentals, leases, and royalties	126,103	-	-	-	126,103
Income from meals	-	52,224	-	-	52,224
Contributions and donations	19,449	-	-	-	19,449
Medicaid	185,367	-	-	-	185,367
Kid Med	183,844	-	-	-	183,844
Other miscellaneous revenues	249,601	50,171	-	-	299,772
State sources -					
Unrestricted grants-in-aid	44,396,688	71,185	-	-	44,467,873
Restricted grants-in-aid	59,728	1,445,235	-	-	1,504,963
Revenue in lieu of taxes	257,467	-	-	-	257,467
Other state revenues	8,123	-	-	-	8,123
Federal sources -					
Restricted revenues	50,346	-	-	-	50,346
Restricted grants-in-aid through the state	-	4,099,327	-	7,304,955	11,404,282
Value of USDA Commodities	-	449,020	-	-	449,020
Total revenues	58,524,780	13,902,730	515,592	15,544,250	88,487,352
EXPENDITURES					
Current:					
Instruction -					
Regular education programs	29,106,063	-	-	-	29,106,063
Special education programs	6,417,686	-	-	319,347	6,737,033
Vocational education programs	1,360,718	-	-	118,831	1,479,549
Other instructional programs	773,913	50,100	-	403,382	1,227,395
Special programs	412,986	998,488	-	4,098,350	5,509,824
Support services -					
Pupil support services	4,039,873	427,298	-	1,779,256	6,246,427
Instructional staff services	2,504,022	13,453	-	114,497	2,631,972
General administration	1,097,063	171,660	-	295,618	1,564,341
School administration	4,552,111	-	-	-	4,552,111
Business services	1,134,416	-	-	-	1,134,416
Operation and maintenance of plant	6,953,513	-	133,786	-	7,087,299
Student transportation services	4,564,981	1,645	637,290	8,538	5,212,454
Central services	874,168	-	-	-	874,168
Food service	229,610	5,325,056	-	25,271	5,579,937
Community service programs	26,860	-	-	50,605	77,465
Construction Services	-	-	23,608,574	-	23,608,574
Debt service	-	-	221,236	8,900,928	9,122,164
Total expenditures	64,047,983	6,987,700	24,600,886	16,114,623	111,751,192
Excess (deficiency) of revenues over expenditures	(5,523,203)	6,915,030	(24,085,294)	(570,373)	(23,263,840)
Other financing sources (uses):					
Proceeds from refunding bonds	-	-	10,940,000	-	10,940,000
Proceeds from bond premium	-	-	1,415,241	-	1,415,241
Payment to refunded bond escrow agent	-	-	(12,134,005)	-	(12,134,005)
Transfers in	15,697,224	900,000	770,491	1,794	17,369,509
Transfers out	(8,842,948)	(8,139,681)	-	(386,880)	(17,369,509)
Total other financing sources (uses)	6,854,276	(7,239,681)	991,727	(385,086)	221,236
Net change in fund balance	1,331,073	(324,651)	(23,093,567)	(955,459)	(23,042,604)
FUND BALANCES, BEGINNING	33,585,667	1,747,311	46,376,741	6,143,049	87,852,768
FUND BALANCES, ENDING	\$ 34,916,740	\$ 1,422,660	\$ 23,283,174	\$ 5,187,590	\$ 64,810,164

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

ST. MARTIN PARISH SCHOOL BOARD
Breaux Bridge, Louisiana

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

Total net change in fund balances for the year ended June 30, 2018 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ (23,042,604)
Add: Facilities acquisition and construction costs which are considered expenditures	23,543,723
Less: Depreciation expense for year ended June 30, 2018	(3,405,664)
Less: Loss on disposal of assets	(506,457)
Add: Net loss of the Self - Insurance Internal Service Fund	(117,336)
Less: Receivable recorded in a prior year under the accrual basis of accounting	242,331
Expenses not required the use of current financial resources and therefore, are not reported as expenditures in the governmental funds:	
Bond principal retirement	\$ 16,745,000
Proceeds of bonds	(11,441,232)
Interest accrued on long-term debt	(45,875)
Amortization of bond premium	242,761
Amortization of deferred outflow on bond premium	(157,154)
Net change in compensated absences payable	(260,874)
Net change in OPEB liability and related deferreds	27,325
Net change in pension liability and related deferreds	<u>3,941,399</u> <u>9,051,350</u>
Total change in net position for the year ended June 30, 2018 per Statement of Activities	<u>\$ 5,765,343</u>

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

ST. MARTIN PARISH SCHOOL BOARD
Breux Bridge, Louisiana

Statement of Net Position
Proprietary Fund - Internal Service Fund
June 30, 2018

ASSETS

Current Assets:

Cash and interest-bearing deposits	\$ 228,889
Investment	2,984,011
Due from other funds	44,853
Other receivables	<u>87,742</u>
Total assets	<u>3,345,495</u>

DEFERRED OUTFLOWS OF RESOURCES

-

LIABILITIES

Current Liabilities:

Accounts payable	\$ 9,560
Claims payable	<u>783,073</u>
Total liabilities	<u>792,633</u>

DEFERRED INFLOWS OF RESOURCES

-

NET POSITION

Net position:

Unrestricted	<u>2,552,862</u>
Total liabilities and net position	<u>\$ 3,345,495</u>

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

ST. MARTIN PARISH SCHOOL BOARD
Breux Bridge, Louisiana

Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund - Internal Service Fund
For the Year Ended June 30, 2018

Operating Revenues:	
Charges for services -	
Employer contributions	\$ 684,978
Other recoveries	<u>67,950</u>
Total operating revenues	<u>752,928</u>
Operating Expenses:	
Contractual services	102,773
Premium payments	709,797
Claim payments	<u>99,324</u>
Total operating expenses	<u>911,894</u>
Operating loss	(158,966)
Nonoperating Revenue:	
Interest earned	<u>41,627</u>
Net loss	(117,339)
Net position, beginning	<u>2,670,201</u>
Net position, ending	<u>\$ 2,552,862</u>

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

ST. MARTIN PARISH SCHOOL BOARD
Breux Bridge, Louisiana

Statement of Cash Flows
Proprietary Fund - Internal Service Fund
For the Year ended June 30, 2018

Cash flows from operating activities:	
Receipts from other funds and employees	\$ 718,658
Payments to providers and employees	<u>(845,932)</u>
Net cash used by operating activities	(127,274)
Cash flows from investing activities:	
Interest on investments	41,627
Cash flows from noncapital financing activities:	
Transfer from other fund	<u>295</u>
Net decrease in cash and cash equivalents	(85,352)
Cash and cash equivalents, beginning of period	<u>3,298,252</u>
Cash and cash equivalents, end of period	<u>\$ 3,212,900</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating loss	\$ (158,966)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Changes in current assets and liabilities:	
Increase in receivables	(34,270)
Increase in payables	<u>65,962</u>
Net cash used by operating activities	<u>\$ (127,274)</u>

(continued)

ST. MARTIN PARISH SCHOOL BOARD
Breaux Bridge, Louisiana

Statement of Cash Flows (Continued)
Proprietary Fund - Internal Service Fund
For the Year ended June 30, 2018

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

Cash and cash equivalents, beginning of period -	
Cash and interest-bearing deposits	\$ 848,440
Investments, at cost	<u>2,449,812</u>
Total cash and cash equivalents	<u>3,298,252</u>
Cash and cash equivalents, end of period -	
Cash and interest-bearing deposits	228,889
Investments, at cost	<u>2,984,011</u>
Total cash and cash equivalents	<u>3,212,900</u>
Net decrease	<u>\$ (85,352)</u>

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

ST. MARTIN PARISH SCHOOL BOARD
Breaux Bridge, Louisiana

Statement of Fiduciary Net Position
June 30, 2018

	Agency Funds	Private Purpose Trust Fund	Total
ASSETS			
Cash and interest-bearing deposits	\$ 175,303	\$ 3,639	\$ 178,942
Investments	1,241,411	18,158	1,259,569
Due from other funds	15,397	-	15,397
Total assets	1,432,111	21,797	1,453,908
LIABILITIES			
Due to other funds	-	2,850	2,850
Due to other governmental units	81,878	-	81,878
School activity funds payable	1,350,233	-	1,350,233
Total liabilities	1,432,111	2,850	1,434,961
NET POSITION			
Reserved for specific purposes	\$ -	\$ 18,947	\$ 18,947

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

ST. MARTIN PARISH SCHOOL BOARD
Breux Bridge, Louisiana

Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund
For the Year Ended June 30, 2018

ADDITIONS	\$ 1,617
DEDUCTIONS	
Benefits	<u>(1,500)</u>
Change in net position	117
Net position - beginning	<u>18,830</u>
Net position - ending	<u>\$ 18,947</u>

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

ST. MARTIN PARISH SCHOOL BOARD
Breux Bridge, Louisiana

Notes to Basic Financial Statements

Introduction

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

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

(1) Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

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

ST. MARTIN PARISH SCHOOL BOARD
Breux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

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

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

Fund Financial Statements (FFS)

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

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

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

ST. MARTIN PARISH SCHOOL BOARD
Breux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

The School Board reports the following major governmental funds:

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

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

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

Additionally, the School Board reports the following fund types:

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

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

Proprietary Funds -

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

Internal Service Funds

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are derived from contributions made from the employer and employees. These revenues are planned to match: (1) expenses of

ST. MARTIN PARISH SCHOOL BOARD
Breaux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

insurance premiums in excess of self-insurance amounts; (2) actual claims and estimated liabilities for claims incurred but not yet reported at year-end, and (3) operating expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary Funds -

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of other funds within the School Board. The funds accounted for in this category by the School Board are the agency funds. The agency funds have no measurement focus but use the modified accrual basis of accounting. The agency funds are as follows:

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

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

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

C. Measurement Focus/ Basis of Accounting

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

Measurement Focus

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

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

ST. MARTIN PARISH SCHOOL BOARD
Breaux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

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

Basis of Accounting

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

Program revenues

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

Allocation of indirect expenses

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

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

ST. MARTIN PARISH SCHOOL BOARD
Breaux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

Revenues

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

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

Interest income on time deposits is recorded when earned.

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

Substantially all other revenues are recorded when received.

Expenditures

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

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

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

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

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

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.

ST. MARTIN PARISH SCHOOL BOARD
Breaux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

Other Financing Sources (Uses)

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

Unearned Revenues

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

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

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

Cash and interest-bearing deposits

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

Investments

Under state law the School Board may deposit funds with a fiscal agent organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The School Board may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool (LAMP), a nonprofit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. At June 30, 2018, the School Board's investments in LAMP are stated at market value. See additional information in Note 3.

ST. MARTIN PARISH SCHOOL BOARD
Breaux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

Interfund receivables and payables

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

Receivables

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

Inventories

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

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

Capital Assets

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

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

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:

ST. MARTIN PARISH SCHOOL BOARD
Breaux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

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

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

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

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

Compensated Absences

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

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

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

ST. MARTIN PARISH SCHOOL BOARD
Breaux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

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

At June 30, 2018, employees of the School Board have accumulated and vested \$4,197,761 of compensated absence benefits payable. Salary related payments are not accrued since this amount is deemed to be insignificant.

Long-term debt

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

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources

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

Equity Classifications

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.

ST. MARTIN PARISH SCHOOL BOARD
Breux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

b. Restricted net position – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use, either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net position – Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

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

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

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

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

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

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

ST. MARTIN PARISH SCHOOL BOARD
Breux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

As of June 30, 2018, fund balances are composed of the following:

	General Fund	State and Local Special Revenue Funds	Capital Projects Funds	All Other Non-Major Governmental Funds	Total Governmental Funds
Nonspendable:					
Inventories	\$ -	\$ 222,354	\$ -	\$ -	\$ 222,354
Prepaid items	600,206	-	-	-	600,206
Restricted:					
Debt retirement	-	-	-	5,187,590	5,187,590
Capital expenditures	-	-	22,997,052	-	22,997,052
Other purposes	8,933,536	974,539	-	-	9,908,075
Committed:					
Economic stabilization	16,667,735	-	-	-	16,667,735
Assigned:					
Health centers	907,391	-	-	-	907,391
Capital expenditures	-	-	286,122	-	286,122
Other purposes	90,538	-	-	-	90,538
Unassigned:	<u>7,717,334</u>	<u>225,767</u>	<u>-</u>	<u>-</u>	<u>7,943,101</u>
Total fund balances	<u>\$ 34,916,740</u>	<u>\$ 1,422,660</u>	<u>\$ 23,283,174</u>	<u>\$ 5,187,590</u>	<u>\$ 64,810,164</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.

In fiscal year 2009 the School Board members established a stabilization policy. Under this policy, a portion of the fund balance of the General Fund is committed for stabilization arrangements, such as might be needed in emergency situations. The policy states that, at fiscal year end, an amount approximately equal to 25 percent of the total General Fund expenditures is committed for use in covering Board declared emergencies, including natural disasters. At June 30, 2018,

ST. MARTIN PARISH SCHOOL BOARD
Breau Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

\$16,667,735 of the fund balance for the General Fund was reported as committed for economic stabilization.

E. Revenue Restrictions

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

Revenue Source	Legal Restrictions on Use
Sales and use taxes	See Note 11
Ad valorem taxes	See Note 5

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

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2018 are recorded as prepaid items. The prepaid items that existed at June 30, 2018 were prepaid insurance and supplies.

G. Use of Estimates

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

(2) Restatement of Net Position

During the year ended June 30, 2018, the School Board implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. As a result of implementation, net position was restated as follows:

Net position at June 30, 2017	\$ (53,906,711)
Restatement due to implementation of GASB 75	<u>(42,660,906)</u>
Net position at June 30, 2017, as restated	<u>\$ (96,567,617)</u>

ST. MARTIN PARISH SCHOOL BOARD
Breaux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

(3) Cash and Interest-Bearing Deposits

Under state law, the School Board may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The School Board may invest in direct obligations of the United States government, bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies and/or the United States government, in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2018, the School Board has cash and interest-bearing deposits (book balances) totaling \$6,031,926 as follows:

	Governmental Funds	Fiduciary Funds	Total
Demand deposits	\$ 11,529	\$ 104,179	\$ 115,708
Interest-bearing deposits	5,841,455	74,763	5,916,218
Amounts owed to governmental funds	2,850	(2,850)	-
Total	\$ 5,855,834	\$ 176,092	\$ 6,031,926

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the School Board's deposits may not be recovered or will not be able to recover the collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the pledging financial institution. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the financial institution. These securities are held in the name of the pledging financial institution in a holding or custodial bank that is mutually acceptable to both parties. Cash Funds invested at US Bank are protected from loss and backed by the full faith and credit of the United States of America. Deposit balances (bank balances) at June 30, 2018 are secured as follows:

Bank balances	\$ 8,239,993
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At June 30, 2018 the deposits are secured as follows:

Insured (FDIC)	\$ 785,985
Backed by the full faith and credit of the United States of America	30,729
Pledged securities	7,423,279
Total	\$ 8,239,993

Deposits in the amount of \$7,423,279 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the School Board's name. The School Board does not have a policy for custodial credit risk.

ST. MARTIN PARISH SCHOOL BOARD
Breaux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

(4) Investments

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

Investments consist of amounts on deposit with the Louisiana Asset Management Pool (LAMP), US Bank, and certificates of deposit with local banks. The certificates of deposit are in the amount of \$599,106. An investment in the amount of \$49,883,579 at June 30, 2018 is deposited in LAMP, a local government investment pool, of which \$1,259,569 is attributable to the fiduciary fund, which is not presented in the statement of net position.

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

While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2-a 7, which governs registered money market funds.

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

At June 30, 2018, the School Board's investment, at cost, is \$49,883,579. The amortized cost of this investment at June 30, 2018 was also \$49,883,579.

An investment in the amount of \$20,291,906 at June 30, 2018 is deposited into US Bank. This investment is composed of taxable bonds issued by federal agencies and backed by the full faith

ST. MARTIN PARISH SCHOOL BOARD
Breux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

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

As of June 30, 2018, the investments in US Bank were comprised of the following:

Taxable Bonds	Maturities	Cost	Unrealized Gain / (Loss)	Fair Values
US Treasury Note	08/31/2018	\$ 749,121	\$ 367	\$ 749,488
FHLMC Note	09/13/2018	1,111,700	1,215	1,112,915
Federal Home Loan Bank	10/30/2018	274,995	(688)	274,307
US Treasury Note	10/31/2018	799,750	(1,814)	797,936
US Treasury Note	11/30/2018	424,602	(864)	423,738
Federal Home Loan Bank	12/14/2018	1,005,490	(7,530)	997,960
Federal Farm Credit Bank	01/25/2019	822,731	(2,731)	820,000
Federal Home Loan Bank	03/08/2019	802,152	(6,192)	795,960
FNMA Note	04/17/2019	498,580	(3,000)	495,580
FHLMC Note	05/30/2019	1,740,824	(571)	1,740,253
Federal Home Loan Bank	07/26/2019	999,610	(9,600)	990,010
Federal Home Loan Bank	08/28/2019	800,000	(8,400)	791,600
FHLMC Note	10/25/2019	1,601,216	(19,040)	1,582,176
FNMA Debenture	11/26/2019	816,857	8	816,865
Federal Home Loan Bank	12/19/2019	425,196	(1,390)	423,806
Federal Farm Credit Bank	01/10/2020	801,680	(13,224)	788,456
Federal Home Loan Bank	02/28/2020	800,000	(12,048)	787,952
Federal Farm Credit Bank	03/05/2020	799,200	(14,096)	785,104
FHLMC Note	04/13/2020	800,536	(12,080)	788,456
FNMA Note	04/27/2020	801,024	(13,136)	787,888
Federal Farm Credit Bank	05/13/2020	497,605	(8,075)	489,530
FHLMC Note	05/29/2020	199,800	(3,378)	196,422
FHLMC Note	09/21/2020	980,600	(920)	979,680
FHLMC Note	11/27/2020	599,100	(13,356)	585,744
FHLMC Note	01/27/2021	800,976	(896)	800,080
Federal Home Loan Bank	04/30/2021	500,000	(10,000)	490,000
		<u>\$20,453,345</u>	<u>\$ (161,439)</u>	<u>\$20,291,906</u>
Total				

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The School Board's investment policy does not

ST. MARTIN PARISH SCHOOL BOARD
Breau Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Information about the exposure of the School Board's debt type investments to this risk, using the segmented time distribution model is shown above.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the School Board will not be able to recover the value of its investment or collateral securities that are in the possession of another party. At June 30, 2018, the School Board held investments of \$20,291,906 of which the underlying securities are backed by the full faith and credit of the United States of America.

(5) Ad Valorem Taxes

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

	Millages	
	2018	2017
Parishwide taxes:		
Constitutional	2.48	2.48
Special school-		
Maintenance	7.91	7.91
Operation and maintenance	1.62	1.62
School bonds	21.50	21.50

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. During the fiscal year ended June 30, 2018, taxes were levied by the School Board in July and were billed to taxpayers by the Assessor in November. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year.

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

ST. MARTIN PARISH SCHOOL BOARD
Breau Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

(6) Receivables

Receivables at June 30, 2018 of \$2,488,367 consisted of the following:

Accrued interest	\$ 33,042
Specific stop loss receivables	206,282
Rebates	175,463
Sales taxes	1,527,293
Medicaid	421,164
Retirement	29,357
Other	95,766
	\$ 2,488,367

(7) Due from Other Governmental Agencies

Due from other governmental agencies of \$1,287,931 consisted primarily of amounts due from the State of Louisiana Department of Education for various appropriations and reimbursements.

(8) Capital Assets

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

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Capital assets not being depreciated:				
Land	\$ 2,046,722	\$ 126,647	\$ -	\$ 2,173,369
Construction in progress	15,472,682	11,119,090	(13,846,320)	12,745,452
Other capital assets:				
Building and improvements	121,055,386	25,247,156	(1,312,799)	144,989,743
Furniture and equipment	10,531,444	897,150	(272,495)	11,156,099
Total	149,106,234	37,390,043	(15,431,614)	171,064,663
Less accumulated depreciation:				
Buildings and improvements	46,679,598	2,521,641	(900,918)	48,300,321
Furniture and equipment	6,567,583	884,023	(177,919)	7,273,687
Total	53,247,181	3,405,664	(1,078,837)	55,574,008
Net capital assets	\$95,859,053	\$33,984,379	\$ (14,352,777)	\$ 115,490,655

At June 30, 2018, construction in progress of \$12,745,452 consists of costs incurred to date on multiple school improvement projects.

ST. MARTIN PARISH SCHOOL BOARD
Breux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

Regular education programs	\$	1,254,445
Special education programs		290,360
Vocational education programs		63,767
Other instructional programs		52,814
Special programs		237,716
Pupil support services		245,910
Instructional staff support		136,796
General administration		67,654
School administration		196,192
Business services		48,783
Operation and maintenance of plant services		305,456
Student transportation services		224,653
Central services		37,666
Food services		240,490
Community service programs		<u>2,962</u>
Total depreciation expense	\$	<u>3,405,664</u>

(9) Other Payables

At June 30, 2018, a breakdown of other payables of \$3,659,974 was as follows:

Accounts	\$	650,977
Other liabilities		<u>3,008,997</u>
		<u>\$ 3,659,974</u>

(10) Changes in General Long-Term Liabilities

On October 26, 2017, the School Board issued \$10,940,000 of general obligation refunding bonds with interest rates ranging between 2.0% and 5.0%. The School Board issued the bonds to advance refund \$5,000,000 of the outstanding series 2011 general obligation bonds with interest rates ranging between 4.0% and 5.0% and \$6,220,000 of the outstanding series 2010 general obligation bonds with interest rates ranging between 2.0% and 4.125%. The School Board used the net proceeds along with other resources to purchase non-callable direct general obligations. These securities were deposited in a special trust fund to provide for all future debt service on the refunded portion of the 2010 and 2011 series bonds. As a result, that portion of the 2010 and 2011 series bonds are considered defeased, and the School Board has removed the liability from its accounts. The outstanding principal of the defeased bonds is \$11,220,000 at June 30, 2018. The escrow agent has not been authorized to substitute assets that are not essentially risk-free in the trust portfolio.

ST. MARTIN PARISH SCHOOL BOARD
Breux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

The advance refunding reduced total debt service payments over the next 13 years by \$417,796. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$293,030.

The following is a summary of the changes in general long-term debt for the year ended June 30, 2018:

	Compensated Absences	Bonded Debt	Total
Obligations payable at July 1, 2017	\$ 3,936,887	\$ 104,368,292	\$ 108,305,179
Additions	2,322,917	10,940,000	13,262,917
Bond premium	-	1,415,241	1,415,241
Less: amortization	-	(242,761)	(242,761)
Reductions	(2,062,043)	(16,745,000)	(18,807,043)
Obligations payable at June 30, 2018	\$ 4,197,761	\$ 99,735,772	\$ 103,933,533

Compensated Absences

Compensated absences payable consists of the portion of accumulated sick leave and vacation leave of the governmental funds that is not expected to require current resources. The General Fund and Special Revenue Funds have historically been used to pay compensated absences (when applicable).

Bonded Debt

The Debt Service Fund has historically been used to pay the bonded debt. School Board bonds outstanding at June 30, 2018 consist of parishwide general obligation school bonds as follows:

ST. MARTIN PARISH SCHOOL BOARD
Breux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

Date of Issue	Original Issue	Interest Rates	Final Payment Date	Interest to Maturity	Principal Outstanding
Parishwide general obligation school refunding bonds; March 1, 2006	8,080,000	4.00 - 5.00	03/01/20	18,800	310,000
General obligation school bonds; July 1, 2009	1,345,000	4.00 - 4.50	03/01/19	21,150	470,000
General obligation school bonds; March 1, 2010 (\$6,200,000 refunded)	10,000,000	2.00-4.125	03/01/20	54,288	915,000
General obligation school bonds; March 1, 2011 (\$5,000,000 refunded)	10,000,000	4.00-5.00	03/01/21	135,000	1,500,000
Parishwide general obligation school refunding bonds; March 30, 2012	2,580,000	2.350	03/01/23	100,228	1,390,000
General obligation school bonds; August 22, 2013	5,000,000	2.00 - 4.25	03/01/33	1,383,625	4,100,000
General obligation school bonds; March 6, 2014	12,000,000	3.00 - 4.00	03/01/34	3,424,760	10,305,000
General obligation school bonds; March 12, 2015	11,675,000	3.00 - 3.25	03/01/35	3,188,019	10,460,000
General obligation school bonds; September 24, 2015	11,675,000	2.00 - 5.00	03/01/35	3,552,288	10,460,000
General obligation school refunding bonds; March 1, 2017	6,280,000	2.00 - 4.00	03/01/29	1,547,100	6,245,000
General obligation school bonds; May 25, 2017	20,000,000	3.00 - 5.00	03/01/37	7,631,156	19,335,000
General obligation school bonds; July 21, 2016	20,000,000	2.00 - 4.00	03/01/36	6,567,950	18,640,000
General obligation school refunding bonds; October 26, 2017	10,940,000	2.00 - 5.00	03/01/31	3,783,150	10,880,000

ST. MARTIN PARISH SCHOOL BOARD
Breux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

All principal and interest requirements on the parishwide general obligation school bonds are funded in accordance with Louisiana law by an annual ad valorem tax levy on taxable property within the parish. At June 30, 2018, the School Board has accumulated \$5,135,081 in the debt service funds for future debt requirements. The bonds are due as follows:

Year Ending June 30	Principal Payments	Amortization	Interest Payments	Total
2019	\$ 4,815,000	\$ 315,338	\$ 5,019,778	\$ 10,150,116
2020	4,995,000	315,338	3,126,948	8,437,286
2021	5,005,000	315,338	2,944,069	8,264,407
2022	5,185,000	315,338	2,762,514	8,262,852
2023	5,375,000	315,338	2,579,115	8,269,453
2024-2028	28,375,000	1,576,690	9,835,091	39,786,781
2029-2033	27,660,000	1,083,773	4,473,581	33,217,354
2034-2037	13,600,000	488,619	666,418	14,755,037
	<u>\$ 95,010,000</u>	<u>\$ 4,725,772</u>	<u>\$ 31,407,514</u>	<u>\$ 131,143,286</u>

(11) Sales and Use Taxes

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

1. March 20, 1965 (1%)

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

2. July 21, 1990 (1%)

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

In May 2013, an election was held to continue to levy and collect this tax. At that time, the tax was also rededicated for any

ST. MARTIN PARISH SCHOOL BOARD
Breux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

lawful purpose of the School Board. This rededication was made retroactively. As a result of the rededication, this tax is now accounted for in the General Fund.

(12) Changes in Agency Deposits Due Others

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

	School Activity Fund	Sales Tax Fund	Total
Balance at July 1, 2017	\$1,265,321	\$ -	\$ 1,265,321
Additions	1,968,818	28,933,556	30,902,374
Reductions	<u>(1,883,906)</u>	<u>(28,933,556)</u>	<u>(30,817,462)</u>
Balance at June 30, 2018	<u>\$1,350,233</u>	<u>\$ -</u>	<u>\$ 1,350,233</u>

(13) Risk Management

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

A. Workers' Compensation

The School Board has established a limited risk management program for workers' compensation. The School Board hired LoCA as administrator for this program. During fiscal year 2018, a total of \$911,894 was incurred in benefits and administrative costs. The School Board purchases commercial insurance for individual claims in excess of \$350,000. Incurred but not paid claims have been accrued as a liability in the Workers Compensation Fund (internal service fund).

B. Group Self-Insurance

The School Board also established a limited risk management program for group hospitalization insurance. This plan provides employee health benefits up to a \$1,000,000 lifetime maximum with an annual \$10,000 restoration. The School Board purchases commercial insurance for individual claims in excess of \$175,000.

ST. MARTIN PARISH SCHOOL BOARD
Breaux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

The self-insurance activity is reported in the General Fund. Both the General and Special Revenue Funds of the School Board participate in the program and make contributions based on amounts needed to pay prior and current year claims. The claims liability of \$1,300,000 reported in the general fund at June 30, 2018, is based on the loss that is probable at the date of the financial statements and the amount of the loss that can be reasonably estimated. The School Board currently does not discount its claims liabilities.

C. Reconciliation of Claims Liabilities

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

	Balance at Beginning of Fiscal Year	Claims and Changes in Estimates	Benefit Payments and Claims	Balance at Fiscal Year-End
Workers' compensation:				
2015-2016	744,592	409,216	341,603	812,205
2016-2017	812,205	386,492	472,027	726,670
2017-2018	726,670	611,924	545,966	792,628
Group hospitalization:				
2015-2016	1,250,000	12,995,447	13,245,447	1,000,000
2016-2017	1,000,000	11,838,865	11,538,865	1,300,000
2017-2018	1,300,000	12,226,178	12,226,178	1,300,000

Claims payable of \$792,628 for workers' compensation at June 30, 2018 was obtained from information provided by the third party administrator.

Claims payable for group hospitalization of \$1,300,000 at June 30, 2018 was determined as follows:

1. Claims incurred on or prior to June 30, 2018 and paid between July 1, and September 30, 2018	\$1,042,151
2. Provision for claims incurred but not reported	<u>257,849</u>
Total claims payable	<u>\$1,300,000</u>

The provision for claims incurred but not reported of \$257,849 was calculated utilizing historical information.

ST. MARTIN PARISH SCHOOL BOARD
Breaux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

(14) Compensation of Board Members

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

James Blanchard	\$ 9,600
Burton Dupuis	10,800
Aaron Flegeance	9,600
Russell Foti	9,600
Steve Fuselier	9,600
Mark Hebert	9,600
Floyd Knott	9,600
Richard Potier	9,600
Frederic Stelly	9,600
Wanda Vital	9,600
	<hr/>
	\$ 97,200

(15) Commitments and Contingencies

A. Contingent Liabilities

At June 30, 2018, the School Board is involved in several lawsuits. In the opinion of management and/or legal counsel for the School Board, resolution of these lawsuits will not involve any material liability (after meeting the insurance deductible of \$25,000 and/or \$50,000 per occurrence) to the School Board in excess of insurance coverage. Total liability for lawsuits accrued at June 30, 2018 is \$351,728 and is included in claims payable on the statement of net position.

B. Grant Audit

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

C. Commitments

The School Board has construction commitments with respect to unfinished projects of approximately \$10,707,842.

ST. MARTIN PARISH SCHOOL BOARD
Breux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

(16) Interfund Transactions

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

	Receivables	Payables
Major Funds		
General Fund	\$ 1,171,723	\$ -
State and Local Special Revenue Funds	-	70,723
Capital Projects Funds	-	2,725
Total major funds	1,171,723	73,448
Nonmajor governmental funds	-	1,143,128
Internal service funds	44,853	-
Total	\$ 1,216,576	\$ 1,216,576

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

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

	Transfers In	Transfers Out
Major Funds		
General Fund	\$ 15,697,224	\$ 8,842,948
State and Local Special Revenue Funds	900,000	8,139,681
Capital Projects Funds	770,491	-
Nonmajor governmental funds	1,794	386,880
Total	\$ 17,369,509	\$ 17,369,509

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.

(17) Post-Employment Health Care and Life Insurance Benefits / GASB 75

Plan description – The St. Martin Parish School Board provides certain continuing health care and life insurance benefits for its retired employees. The St. Martin Parish School Board's OPEB Plan is a single-employer defined benefit OPEB plan administered by the School Board. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with

ST. MARTIN PARISH SCHOOL BOARD
Breux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

the School Board. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 *Postemployment Benefits Other Than Pensions—Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit*. The plan does not issue a stand-alone report.

Benefits Provided – Medical benefits are provided through a self-insured medical plan and are made available to employees with at least fifteen years of service upon actual retirement. Employees are covered by a retirement system with the following retirement (D.R.O.P. entry) provisions: attainment of age 30 years of service at any age, or age 55 and 12 years of service. For employees hired on or after January 1, 2012, the retirement (D.R.O.P. entry) provisions are as follows: attainment of age 55 and 30 years of service; age 60 and 20 years of service; or, age 62 and 12 years of service.

Basic life insurance of \$10,000 is provided to retirees. The employer pays for 100% of the cost of coverage but based on blended rates. Amounts of life insurance coverage is reduced to 75% at age 65 and to 50% at age 70.

Employees covered by benefit terms – At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	678
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>746</u>
	<u><u>1,424</u></u>

Total OPEB Liability

The School Board's total OPEB liability of \$85,281,835 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs – The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	4.0%, including inflation
Discount rate	3.5%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Flat 5.5% annually

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index over the 52 weeks immediately preceding the applicable measurement dates.

Mortality rates were based on the RP-2000 Table without projection with 50% / 50% unisex blend.

ST. MARTIN PARISH SCHOOL BOARD
Breux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2009 to June 30, 2018.

Changes in the Total OPEB Liability

Balance at June 30, 2017	\$ <u>86,301,080</u>
Changes for the year:	
Service cost	1,241,285
Interest	2,951,034
Differences between expected and actual experience	(1,239,900)
Benefit payments and net transfers	<u>(3,971,664)</u>
Net changes	<u>(1,019,245)</u>
Balance at June 30, 2018	\$ <u>85,281,835</u>

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the School Board, as well as what the School Board’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.5%) or 1-percentage-point higher (4.5%) than the current discount rate:

	<u>1.0% Decrease (2.5%)</u>	<u>Current Discount Rate (3.5%)</u>	<u>1.0% Increase (4.5%)</u>
Total OPEB liability	<u>\$ 99,249,248</u>	<u>\$ 85,281,835</u>	<u>\$ 74,072,330</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the School Board, as well as what the School Board’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.5%) or 1-percentage-point higher (6.5%) than the current healthcare trend rates:

	<u>1.0% Decrease (4.5%)</u>	<u>Current Trend (5.5%)</u>	<u>1.0% Increase (6.5%)</u>
Total OPEB liability	<u>\$ 74,030,470</u>	<u>\$ 85,281,835</u>	<u>\$ 99,129,341</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the School Board recognized OPEB expense of \$3,944,339. At June 30, 2018, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

ST. MARTIN PARISH SCHOOL BOARD
Breux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ -	\$ 991,920
Total	\$ -	\$ 991,920

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

Years Ending June 30:		
2019		\$ (247,980)
2020		(247,980)
2021		(247,980)
2022		(247,980)
2023		-
Thereafter		-

(18) Parish Collections on Behalf of All Taxing Authorities

Jurisdictions	Total Collections	Collection Costs	Final Distribution
School Board			
Fund 70 (1%)	\$ 8,333,426	\$ 169,464	\$ 8,163,962
Fund 60 (1%)	6,863,993	168,131	6,695,862
Breux Bridge			
City (1%)	2,440,626	33,826	2,406,800
Econ Dist #1 (1%)	843,946	11,849	832,097
St. Martinville (2%)	1,620,109	18,723	1,601,386
Parks (2%)	170,901	2,361	168,540
Henderson (1%)	193,915	4,652	189,263
Sheriff (0.5%)	3,828,394	81,057	3,747,337
Parish Government			
District #2 (1%)	1,372,731	54,797	1,317,934
District #1 (1%)	2,993,441	66,829	2,926,612
Tourism Tax (4%)	280,892	501	280,391
Totals	\$ 28,942,374	\$ 612,190	\$ 28,330,184

ST. MARTIN PARISH SCHOOL BOARD
Breaux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

(19) Pension Plans / GASB 68

A. Teachers' Retirement System of Louisiana (TRSL)

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

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

Summary of Significant Accounting Policies:

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

Basis of Accounting:

The System's employer pension schedules were prepared using the accrual basis of accounting. Member and employer contributions are recognized when due, pursuant to formal commitments as well as statutory or contractual requirements. The member's earnable compensation is attributed to the employer(s) for which the member is employed as of June 30, 2017.

System Employees:

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

ST. MARTIN PARISH SCHOOL BOARD
Breaux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

Plan Fiduciary Net Position:

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

Plan Description:

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

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

Retirement Benefits:

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

Normal Retirement:

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

ST. MARTIN PARISH SCHOOL BOARD
Breaux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

Members hired prior to July 1, 1999

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

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

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

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

2.5% benefit factor	<ul style="list-style-type: none"> · At least age 62 with at least 5 years of service credit, or · Any age with at least 20 years of service credit (actuarially reduced)
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Plan A - Plan A is closed to new entrants.

All Plan A members

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

Members hired before July 1, 2015

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

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

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

ST. MARTIN PARISH SCHOOL BOARD
Breaux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

other members, final average compensation is defined as the highest average 36-month period.

Payment Options:

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

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

Deferred Retirement Option Program (DROP):

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

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

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

Disability Retirement Benefits:

Active members whose first employment makes them eligible for membership in a Louisiana state retirement system before January 1, 2011, and who have five or more years of service credit are eligible for disability retirement benefits if certified by the State Medical Disability Board (SMDB) to be disabled from performing their job. All other members must have at least 10 years of service to be

ST. MARTIN PARISH SCHOOL BOARD
Breaux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

eligible for a disability benefit. Calculation of the disability benefit as well as the availability of a minor child benefit is determined by the plan to which the member belongs and the date on which the member's first employment made them eligible for membership in a Louisiana state retirement system.

Survivor Benefits:

A surviving spouse with minor children of a deceased active member with 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 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, the System allows for the payment of ad hoc permanent benefit increases, also known as cost-of-living adjustments (COLAs) that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature.

Optional Retirement Plan (ORP):

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

The ORP is a defined contribution pension plan which provides for portability of assets and full and immediate vesting of all contributions submitted on behalf of the affected employees to the approved providers. These providers are selected by the TRSL Board of Trustees. Monthly employer and employee

ST. MARTIN PARISH SCHOOL BOARD
Breux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

contributions are invested as directed by the employee to provide the employee with future retirement benefits. The amount of these benefits is entirely dependent upon the total contributions and investment returns accumulated during the employee's working lifetime. Employees in eligible positions of higher education can make an irrevocable election to participate in the ORP rather than TRSL and purchase annuity contracts – fixed, variable, or both – for benefits payable at retirement.

Employer Contributions:

The employer contribution rate is established annually under La. R.S. 11:101 – 11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the System's actuary. Each sub plan pays a separate actuarially determined employer contribution rate. However, all assets of TRSL are used for the payment of benefits for all classes of members, regardless of their plan. The employer contributed \$9,994,628 during the fiscal year ending June 30, 2018.

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

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

Rates for the year ended June 30, 2017, are as follows:

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

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

ST. MARTIN PARISH SCHOOL BOARD
Breux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

Schedule of Employer Allocations:

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

The allocation method used in determining each employer's proportion was based on the employer's projected contribution effort to the plan for 2018 as compared to the total of all employers' projected contribution effort to the plan for 2018. The employers' projected contribution effort was actuarially determined by the System's actuary, Foster and Foster Actuaries & Consultants.

The employers' projected contribution effort was calculated by multiplying the eligible annual compensation of active members in the System on June 30, 2017, by the 2018 employers' actuarially required contribution rates. Eligible compensation reported during the fiscal year was the basis for the computations. If reported compensation was less than a full year at June 30, the compensation was annualized to project a full year. Most employees of TRSL are 9 month employees and receive a full year credit for working 9 months. Compensation reported over the 9 month period represents a full year and does not need to be annualized. Also, some members may be employed full-time with one employer and part time with a second employer; these are referred to as primary and secondary employers respectively. Salaries for secondary employers were added to the employers' total payroll without annualizing. For ORP members, their earnings for the fiscal year were included in the employers' totals with no adjustments.

Rates for the year ended June 30, 2018, are as follows:

TRSL Sub Plan	Total Employer Contribution 2018
K-12 Regular Plan	26.6%
Higher Ed Regular Plan	25.4%
Plan A	26.6%
Plan B	26.6%
ORP	Employer UAL
2018	22.2%

ST. MARTIN PARISH SCHOOL BOARD
Breux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

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 \$79,594,754 for its proportionate share of the 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 liability was determined by an actuarial valuation as of that date. The School Board's proportion of the net pension liability was based on a projection of the School Board's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the School Board's proportion was .77639% which was a decrease of .03686% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the School Board recognized pension expense of \$6,151,449 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$692,352.

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	\$ -	\$ 2,616,408
Changes of assumptions	839,328	4,096,390
Net difference between projected and actual earnings on pension plan investments	-	2,055,789
Change in proportion and differences between employer contributions and proportionate share of contributions	1,846,184	-
Employer contributions subsequent to the measurement date	<u>9,994,628</u>	<u>-</u>
Total	<u>\$ 12,680,140</u>	<u>\$ 8,768,587</u>

Deferred outflows of resources of \$9,994,628 related to pensions resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

ST. MARTIN PARISH SCHOOL BOARD
Breux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

Fiscal Year <u>Ended</u>	
6/30/2019	\$ (2,630,273)
6/30/2020	242,294
6/30/2021	(965,952)
6/30/2022	(2,729,144)

Actuarial Methods and Assumptions:

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

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
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	3.50% - 10.0% varies depending on duration of service
Cost-of-living adjustments	None
Mortality	Mortality rates were projected based on the RP-2000 Mortality Table with projection to 2025 using Scale AA.
Termination and disability	Termination, disability, and retirement assumptions were projected based on a five year (2008 - 2012) experience study of the System's members.

**The investment rate of return used in the actuarial valuation for funding purposes was 8.20%, recognizing an additional 40 basis points for the experience account and 10 basis points to offset administrative expenses.*

ST. MARTIN PARISH SCHOOL BOARD
Breau Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return was 8.33% 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 2017	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%

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 System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate:

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.70%, 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 (6.70%) or one percentage point higher (8.70%) than the current rate.

	Changes in Discount Rate		
	1% Decrease 6.70%	Current Discount Rate 7.70%	1% Increase 8.70%
Employer's proportionate share of net pension liability	<u>\$ 102,559,657</u>	<u>\$ 79,594,754</u>	<u>\$ 60,059,066</u>

ST. MARTIN PARISH SCHOOL BOARD
Breaux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

Change in Net Pension Liability:

The changes in the net pension liability for the year ended June 30, 2017, were recognized as pension expense or benefit in the current reporting period except as follows:

1. Differences between Expected and Actual Experience: Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in a deferred inflow of resources in the amount of \$2,616,408 for the year ended June 30, 2017.
2. Differences between Projected and Actual Investment Earnings: Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a deferred inflow of resources in the amount of \$2,055,789 for the year ended June 30, 2017.
3. Change in Actuarial Assumptions: Changes in actuarial assumptions related to inflation and salary factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. Changes in actuarial assumptions resulted in a deferred outflow of \$739,328 and a deferred inflow of resources in the amount of \$4,096,390 for the year ended June 30, 2017.
4. Changes in the employer's proportionate share of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date are recognized in employer's pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. The change in proportion resulted in a deferred outflow of \$1,846,184 for the year ended June 30, 2017.

Contributions – Proportionate Share / Change in 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.

ST. MARTIN PARISH SCHOOL BOARD
Breux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

Estimates:

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

Retirement System Audit Reports:

TRSL issues stand-alone audit reports on its financial statements. Access to these reports can be found on the Louisiana Legislative Auditors' website, www.la.la.gov and the TRSL website, www.trsl.org.

B. Louisiana School Employees' Retirement System (LSERS)

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

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

Summary of Significant Accounting Policies:

Basis of Presentation:

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

ST. MARTIN PARISH SCHOOL BOARD
Breaux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

Basis of Accounting:

The System's employer pension schedules are prepared using the accrual basis of accounting. Members' earnable compensation, for which the employer allocations are based, is recognized in the period in which the employee is compensated for services performed and attributed to the employer for which the member is employed during the period.

System Employees:

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

Plan Fiduciary Net Position:

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

Estimates:

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

Plan Description:

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

ST. MARTIN PARISH SCHOOL BOARD
Breaux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

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

Eligibility Requirements:

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

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:

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

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

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

ST. MARTIN PARISH SCHOOL BOARD
Breaux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

benefits; however, the calculation consists of the five highest consecutive years of membership service, subject to the 10% salary limitation.

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

Disability:

A member is eligible to retire and receive disability benefits if he has at least five years of creditable service, is not eligible for normal retirement and has become totally and permanently disabled, and is certified as disabled by the Medical Board. A vested person with 20 or more years of creditable service, who has withdrawn from active service prior to the age at which he is eligible for retirement benefits, is eligible for a disability benefit until normal retirement age. A member who joins the System on or after July 1, 2006, must have at least 10 years of service to qualify for disability benefits.

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

Deferred Retirement Option Plan:

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

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

ST. MARTIN PARISH SCHOOL BOARD
Breux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

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, the benefits become payable.

Initial Benefit Retirement Plan:

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

Employer Contributions:

Contributions for all participating school boards are actuarially determined as required by Act 81 of 1988 but cannot be less than the rate required by the Constitution. The actual employer rate for the years ended June 30, 2017, was 27.3%. The employer contributed \$1,173,156 during the fiscal year ending June 30, 2018.

Schedule of Employer Allocations:

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

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

The allocation method used in determining each employer's proportion was based on each employer's contribution the System during the year ended June 30, 2017, as compared to the total of all contributions to the System during the year ended June 30, 2017.

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

At June 30, 2018, the School Board reported a liability of \$9,122,531 for its proportionate share of the 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 liability was determined by an actuarial valuation as of that date. The School Board's proportion of the net pension liability was based on a projection of the School Board's long-term share of contributions to the pension plan relative to the projected contributions of all participating

ST. MARTIN PARISH SCHOOL BOARD
Breux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

employers, actuarially determined. At June 30, 2017, the School Board's proportion was 1.425558% which was a decrease of .063012% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the School Board recognized pension expense of \$684,416 less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$880.

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	\$ -	\$ 212,729
Changes of assumptions	191,281	142,114
Net difference between projected and actual earnings on pension plan investments	-	142,646
Change in proportion and differences between employer contributions and proportionate share of contributions	81,731	286,258
Employer contributions subsequent to the measurement date	1,173,156	-
Total	\$ 1,446,168	\$ 783,747

Deferred outflows of resources of \$1,173,156 related to pensions resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 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:

Fiscal Year Ended	
6/30/2019	\$ (365,992)
6/30/2020	127,040
6/30/2021	60,129
6/30/2022	(331,912)

ST. MARTIN PARISH SCHOOL BOARD
Breux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

Actuarial Methods and Assumptions:

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

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Actuarially-determined amounts regarding the net pension liability are subject to continual revision, as actual results are compared to past expectations, and new estimates are made about the future.

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 Cost
Investment Rate of Return (discount rate)	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
Expected Remaining Service Lives	3 years, closed period Not substantively automatic
Cost-of-Living Adjustments (COLA)	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.
Salary Increases, including inflation and merit increases	2008 - 2012 experience study, ranging from 3.075% to 5.375%

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 legislature to pay a cost of living increase from the Experience Account and such an act will be dependent upon a range of economic

ST. MARTIN PARISH SCHOOL BOARD
Breaux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

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 Allocation	Long-Term Expected Real Rate of Return
Fixed Income	Core Fixed Income	8.00%	2.02%
	High Yield	5.00%	4.43%
	Emerging Markets Debt	7.00%	4.71%
	Global Fixed Income	10.00%	1.38%
Equity	US Equity	20.00%	6.44%
	Developed Equity	18.00%	7.40%
	Emerging Markets Equity	10.00%	9.42%
	Global REITs	3.00%	5.77%
Alternative	Private Equity	5.00%	10.47%
	Hedge Fund of Funds	3.00%	3.75%
	Real Estate	5.00%	5.00%
Real Assets	Timber	2.00%	5.67%
	Oil & Gas	2.00%	10.57%
	Infrastructure	2.00%	6.25%
Total		<u>100.00%</u>	

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

ST. MARTIN PARISH SCHOOL BOARD
Breux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate:

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.125%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.125%) or one percentage point higher (8.125%) than the current rate as of June 30, 2017.

	Changes in Discount Rate		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	6.125%	7.125%	8.125%
Employer's proportionate share of net pension liability	<u>\$ 12,505,917</u>	<u>\$ 9,122,531</u>	<u>\$ 6,216,994</u>

Change in Net Pension Liability:

The changes in the net pension liability for the year ended June 30, 2017, were recognized in the current reporting period as pension expense except as follows:

1. Differences between Expected and Actual Experience: Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized as pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in a deferred inflow of resources in the amount of \$212,729 for the year ended June 30, 2017.

2. Changes in Assumptions or Other Inputs: Changes in assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The changes in assumptions or other inputs resulted in a deferred outflow of resources in the amount of \$191,281 and in a deferred inflow of resources in the amount of \$142,114 for the year ended June 30, 2017.

3. Differences between Projected and Actual Investment Earnings: Differences between projected and actual investment earnings on pension plan investments

ST. MARTIN PARISH SCHOOL BOARD
Breaux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a deferred outflow of resources in the amount of \$142,646 for the year ended June 30, 2017.

4. Change in Proportion: Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense/(benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. The change in proportion resulted in a deferred outflow of resources in the amount of \$81,731 and in a deferred inflow of resources in the amount of \$286,258 for the ending June 30, 2017.

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 pensions 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.

Retirement System Audit Report:

The System issued a stand-alone audit report on its financial statements for the year ended June 30, 2017. Access to the audit report can be found on the Louisiana Legislative Auditors' official website at www.la.gov and on the System's website at www.lasers.net.

ST. MARTIN PARISH SCHOOL BOARD
Breaux Bridge, Louisiana

Notes to Basic Financial Statements (Continued)

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

Under Act 706, the St. Martin Parish School Board is required to disclose the compensation, reimbursements, benefits, and other payments made to the superintendent, in which the payments are related to the position. The following is a schedule of payments made to the superintendent for the year ended June 30, 2018.

Entity head: Dr. Lottie P. Beebe, Superintendent

Salary	\$ 139,931
Benefits-insurance	6,132
Benefits-retirement	37,222
Benefits-cell phone	643
Reimbursements	47
Travel	880
Conference travel	<u>585</u>
Total	<u>\$ 185,440</u>

**REQUIRED SUPPLEMENTARY
INFORMATION**

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

Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Budget		Actual	Variance - Final budget vs. Actual
	Original	Final		Positive (Negative)
Revenues:				
Local sources -				
Ad valorem taxes	\$ 4,902,500	\$ 4,902,500	\$ 4,946,258	\$ 43,758
Sales taxes	6,900,000	6,900,000	7,634,731	734,731
Tuition	10,000	10,000	6,900	(3,100)
Transportation	14,750	14,750	7,642	(7,108)
Interest earnings	150,000	150,000	392,533	242,533
Rentals, leases, and royalties	155,000	155,000	126,103	(28,897)
Other	610,000	610,000	638,261	28,261
State sources -				
Unrestricted grants-in-aid	46,448,059	46,448,059	44,396,688	(2,051,371)
Restricted grants-in-aid	30,000	30,000	59,728	29,728
Revenue in lieu of taxes	171,650	171,650	257,467	85,817
Other state revenues	-	-	8,123	8,123
Federal sources -				
Restricted revenues	-	-	50,346	50,346
Restricted grants-in-aid direct	70,500	70,500	-	(70,500)
Total revenues	<u>59,462,459</u>	<u>59,462,459</u>	<u>58,524,780</u>	<u>(937,679)</u>
Expenditures:				
Instruction -				
Regular education programs	29,745,388	29,745,388	29,106,063	639,325
Special education programs	6,228,274	6,228,274	6,417,686	(189,412)
Vocational education programs	1,326,456	1,326,456	1,360,718	(34,262)
Other instructional programs	775,137	775,137	773,913	1,224
Special programs	541,612	541,612	412,986	128,626
Support services -				
Pupil support services	3,834,794	3,834,794	4,039,873	(205,079)
Instructional staff services	2,771,838	2,771,838	2,504,022	267,816
General administration	1,402,094	1,402,094	1,097,063	305,031
School administration	4,478,032	4,478,032	4,552,111	(74,079)
Business services	1,192,985	1,192,985	1,134,416	58,569
Operation and maintenance of plant	7,709,227	7,709,227	6,953,513	755,714
Student transportation services	4,654,579	4,654,579	4,564,981	89,598
Central services	837,443	837,443	874,168	(36,725)
Food service programs	263,248	263,248	229,610	33,638
Community service programs	27,500	27,500	26,860	640
Total expenditures	<u>65,788,607</u>	<u>65,788,607</u>	<u>64,047,983</u>	<u>1,740,624</u>
Deficiency of revenues over expenditures	(6,326,148)	(6,326,148)	(5,523,203)	802,945
Other financing sources (uses):				
Operating transfers in	14,947,000	14,947,000	15,697,224	750,224
Operating transfers out	(8,950,385)	(8,950,385)	(8,842,948)	107,437
Total other financing sources	<u>5,996,615</u>	<u>5,996,615</u>	<u>6,854,276</u>	<u>857,661</u>
Net change in fund balance	(329,533)	(329,533)	1,331,073	1,660,606
Fund balance, beginning	<u>33,053,607</u>	<u>33,053,607</u>	<u>33,585,667</u>	<u>(532,060)</u>
Fund balance, ending	<u>\$ 32,724,074</u>	<u>\$ 32,724,074</u>	<u>\$ 34,916,740</u>	<u>\$ 1,128,546</u>

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

Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Budget		Actual	Variance - Final budget vs. Actual
	Original	Final		Positive (Negative)
Revenues:				
Local sources -				
Sales taxes	\$ 7,000,000	\$ 7,000,000	\$ 7,732,663	\$ 732,663
Other	107,636	140,162	105,300	(34,862)
State sources -				
Unrestricted grants-in-aid	71,185	71,185	71,185	-
Restricted grants-in-aid	786,802	1,474,471	1,445,235	(29,236)
Federal sources -				
Restricted grants-in-aid through the state	4,236,790	4,236,790	4,099,327	(137,463)
Value of USDA Commodities	350,000	350,000	449,020	99,020
Total revenues	<u>12,552,413</u>	<u>13,272,608</u>	<u>13,902,730</u>	<u>630,122</u>
Expenditures:				
Instruction -				
Other instructional programs	33,541	63,347	50,100	13,247
Special programs	786,802	1,039,276	998,488	40,788
Support services -				
Pupil support services	18,745	436,598	427,298	9,300
Instructional staff services	-	20,062	13,453	6,609
General administration	153,200	153,200	171,660	(18,460)
Student transportation services	1,850	1,850	1,645	205
Food service	5,610,479	5,610,479	5,325,056	285,423
Total expenditures	<u>6,604,617</u>	<u>7,324,812</u>	<u>6,987,700</u>	<u>337,112</u>
Excess of revenues over expenditures	5,947,796	5,947,796	6,915,030	967,234
Other financing sources (uses):				
Operating transfers in	900,000	900,000	900,000	-
Operating transfers out	(7,538,500)	(7,538,500)	(8,139,681)	(601,181)
Total other financing uses	<u>(6,638,500)</u>	<u>(6,638,500)</u>	<u>(7,239,681)</u>	<u>(601,181)</u>
Net change in fund balance	(690,704)	(690,704)	(324,651)	366,053
Fund balance, beginning	<u>1,774,825</u>	<u>1,747,311</u>	<u>1,747,311</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,084,121</u>	<u>\$ 1,056,607</u>	<u>\$ 1,422,660</u>	<u>\$ 366,053</u>

ST. MARTIN PARISH SCHOOL BOARD
Breaux Bridge, Louisiana

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

	2018
Total OPEB Liability	
Service cost	\$ 1,241,285
Interest	2,951,034
Changes of benefit terms	-
Differences between expected and actual experience	(1,239,900)
Changes of assumptions	-
Benefit payments	(3,971,664)
Net change in total OPEB liability	(1,019,245)
 Total OPEB liability - beginning	 86,301,080
 Total OPEB liability - ending	 \$ 85,281,835
 Covered-employee payroll	 \$ 29,646,202
 Net OPEB liability as a percentage of covered-employee payroll	 287.67%

Notes to Schedule:

Benefit Changes. There were no changes of benefit terms for the year ended June 30, 2018.

Changes of Assumptions. There were no changes of assumptions for the year ended June 30, 2018.

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

ST. MARTIN PARISH SCHOOL BOARD
Breaux Bridge, Louisiana

Schedule of Employer's Share of Net Pension Liability
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
LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM (LSERS)					
2015	1.492500%	\$ 8,652,035	\$ 4,138,527	209.1%	76.10%
2016	1.442834%	9,149,400	4,191,243	218.3%	74.50%
2017	1.488570%	11,228,987	4,111,932	273.1%	70.10%
2018	1.425558%	9,122,531	4,072,235	224.0%	75.03%
TEACHERS' RETIREMENT SYSTEM OF LOUISIANA (TRSL)					
2015	0.805190%	\$ 82,301,864	\$38,642,596	213.0%	63.70%
2016	0.837910%	90,094,407	38,792,318	232.2%	62.50%
2017	0.813250%	95,450,928	39,673,196	240.6%	59.90%
2018	0.763900%	79,594,754	\$38,153,185	208.6%	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.

ST. MARTIN PARISH SCHOOL BOARD
Breux Bridge, Louisiana

Schedule of Employer Contributions
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
LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM (LSERS)					
2015	\$ 1,383,110	\$ 1,383,110	\$ -	\$ 4,191,243	33.00%
2016	1,241,804	1,241,804	-	4,111,932	30.20%
2017	1,111,720	1,111,720	-	4,072,235	27.30%
2018	1,173,156	1,173,156	-	4,250,567	27.60%
TEACHER'S RETIREMENT SYSTEM OF LOUISIANA (TRSL)					
2015	\$ 10,860,630	\$ 10,860,630	\$ -	\$ 38,792,318	28.00%
2016	10,438,827	10,438,827	-	39,673,196	26.31%
2017	9,733,470	9,733,470	-	38,153,185	25.51%
2018	9,994,628	9,994,628	-	37,568,549	26.60%

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

ST. MARTIN PARISH SCHOOL BOARD
Breaux Bridge, Louisiana

Notes to the Required Supplementary Information
For the Year Ended June 30, 2018

(1) Budget Practices

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

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

(2) Pension Plan

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

OTHER SUPPLEMENTARY INFORMATION

**INTERNAL CONTROL
COMPLIANCE
AND
OTHER INFORMATION**

Champagne & Company, LLC

Certified Public Accountants

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

Mr. Allen Blanchard, Jr., Interim Superintendent
and Members of the St. Martin Parish
School Board
Breaux Bridge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Martin Parish School Board, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the St. Martin Parish School Board's basic financial statements, and have issued our report thereon dated December 19, 2018.

Internal Control over Financial Reporting

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

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

deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

Champagne & Company, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
December 19, 2018

Champagne & Company, LLC

Certified Public Accountants

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

Mr. Allen Blanchard, Jr., Interim Superintendent
and Members of the St. Martin Parish
School Board
Breux Bridge, Louisiana

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

School Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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

We consider the deficiency in internal control over compliance described in the accompanying schedule of findings, questioned costs, and management's corrective action plan as Item 2018-001 to be a significant deficiency.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Champagne & Company, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
December 19, 2018

ST. MARTIN PARISH SCHOOL BOARD
Breaux Bridge, Louisiana

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

(1) General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the St. Martin Parish School Board (the School Board). The School Board reporting entity is defined in Note 1 to the basic financial statements for the year ended June 30, 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 major programs are identified with an asterisk (*) on the schedule.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the School Board's basic financial statements for the year ended June 30, 2018.

(3) Indirect cost rate

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

(4) Relationship to Federal Financial Reports

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

ST. MARTIN PARISH SCHOOL BOARD
Breaux Bridge, Louisiana

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

Federal Grantor/Pass-Through Grantor/Program Name	Pass-through Identifying Number 2017	Pass-through Identifying Number 2018	CFDA Number	Expenditures
<u>United States Department of Agriculture:</u>				
Passed through Louisiana Department of Agriculture and Forestry - Food Donation*	-	-	10.555	\$ 449,020
Passed through Louisiana Department of Education - National School Lunch Program*	-	-	10.555	3,162,741
School Breakfast Program*			10.553	<u>936,585</u>
Total Child Nutrition Cluster				<u>4,548,346</u>
Child Nutrition Discretionary Grants Limited Availability			10.579	<u>25,271</u>
Total United States Department of Agriculture				<u>4,573,617</u>
<u>United States Department of Education:</u>				
Passed through Louisiana Department of Education - Career and Technical Education - Basic Grants to States - Carl Perkins	28-17-02-50	28-18-02-50	84.048	<u>118,831</u>
Title I Grants to Local Educational Agencies	28-17-T1-50	28-18-T1-50	84.010	3,084,769
Title I Grants to Local Educational Agencies - Formula Transition	-	28-17-BPT0-50	84.010	3,499
Title I Grants to Local Educational Agencies - Redesign Planning	-	28-17-RD1-50	84.010	15,000
Title I Grants to Local Educational Agencies - School Redesign Planning	-	28-17-RD3-50	84.010	15,000
Title I Grants to Local Educational Agencies - TAP Expansion	-	28-17-TA-50	84.010	<u>95,903</u>
Total Title I Grants to Local Educational Agencies				<u>3,214,171</u>
Supporting Effective Instruction State Grants - Title II*	28-17-50-50	28-18-50-50	84.367	<u>566,413</u>
Special Education - Grants to States - IDEA	28-17-B1-50	28-18-B1-50	84.027	1,896,023
Special Education - Grants to States - Formula Transition	-	28-18-BPT6-50	84.027	4,999
Special Education - Pre-School Grants	28-17-P1-50	28-18-P1-50	84.173	39,906
Special Education - Pre-School Grants - EC Network Lead Agency Consolidated	-	28-18-CY-50	84.173	<u>4,387</u>
Total Special Education Cluster				<u>1,945,315</u>
Student Support and Academic Enrichment Program - Title IV	-	28-18-71-50	84.424	<u>65,811</u>
English Language Acquisition Grants - Title III	28-17-60-50	28-18-60-50	84.365	15,619
English Language Acquisition Grants - Title III - Immigrant	28-17-S3-50	28-18-S3-50	84.365	<u>190</u>
Total English Language Acquisition Grants				<u>15,809</u>
Education for Homeless Childress and Youth	28-17-H1-50	28-17-H1-50	84.196	<u>1,115</u>
Migrant Education - State Grant Program	28-17-M1-50	28-18-M1-50	84.011	<u>68,655</u>
Striving Readers/Comprehensive Literacy Development - SRCL2 Birth - Age 5	-	28-18-SR01-50	84.371	37,927
Striving Readers/Comprehensive Literacy Development - SRCL2 Grades K - 5	-	28-18-SR02-50	84.371	146,555
Striving Readers/Comprehensive Literacy Development - SRCL2 Grades 6 - 8	-	28-18-SR03-50	84.371	74,019
Striving Readers/Comprehensive Literacy Development - SRCL2 Grades 9 - 12	-	28-18-SR04-50	84.371	<u>104,593</u>
Total Striving Readers/Comprehensive Literacy Development				<u>363,094</u>
Total United States Department of Education				<u>6,359,214</u>
<u>United States Department of Health and Human Services:</u>				
Passed through Louisiana Department of Education - Temporary Assistance for Needy Families - LA-4	28-17-36-50	28-18-36-50	93.558	903,605
Child Care and Development Block Grant	28-16-CO-50	28-17-CO-50	93.575	<u>16,866</u>
Total United States Department of Health and Human Services				<u>920,471</u>
Total				<u>\$ 11,853,302</u>

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

ST. MARTIN PARISH SCHOOL BOARD
Breaux Bridge, Louisiana

Schedule of Findings, Questioned Costs and
Management's Corrective Action Plan
For the Year Ended June 30, 2018

Part I: Summary of Auditors' Results:

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

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

There are no findings at June 30, 2018.

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

2018-001 – Disbursement Documentation; Year Initially Occurred – 06/30/2017

(continued)

ST. MARTIN PARISH SCHOOL BOARD
Breux Bridge, Louisiana

Schedule of Findings, Questioned Costs and
Management's Corrective Action Plan (continued)
For the Year Ended June 30, 2018

- CFDA 10.555 National School Lunch Program – Child Nutrition Cluster / Louisiana Department of Education
- CFDA 10.553 School Breakfast Program – Child Nutrition Cluster / Louisiana Department of Education

Condition and Criteria:

Documentation for disbursements for some child nutrition food purchases had no requisitions and purchase orders. However, the invoices were authorized by the lunch program supervisor as a direct payment to be paid even though the invoices had no requisitions and purchase orders.

Effect:

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

Cause:

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

Recommendation:

Management needs to strengthen and/or add controls to ensure that proper procedures are being followed when initiating child nutrition food purchases.

Management's Corrective Action Plan:

The employee responsible for not properly issuing the purchase orders for school nutrition has been moved out of that position due to her inability to follow procedures required by the position. The replacement for the position has been trained on policies and procedures related to purchases of goods.

(continued)

ST. MARTIN PARISH SCHOOL BOARD
Breaux Bridge, Louisiana

Schedule of Findings, Questioned Costs and
Management's Corrective Action Plan (continued)
For the Year Ended June 30, 2018

Part IV: Management Letter Item:

2018-002– Misappropriation of Funds; Year Initially Occurred – 06/30/2016

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

In fiscal year ended June 30, 2017, Casey V. Broussard, CFO and Allen Blanchard, Jr., Director of Personnel contacted the St. Martin Parish Sheriff's Office, the Sixteenth Judicial District Attorney's Office, and the Legislative Auditor's Office. The case is being handled by the District Attorney's Office. The defendant pled guilty on April 24, 2017. She was sentenced to serve three years of hard labor, which was suspended, and she was placed on supervised probation for a period of five years. The defendant has paid very little restitution. The school board is still owed funds of approximately \$17,030. The former employee has until April 24, 2022 to make full payment.

Although the finding was not completely resolved as of June 30, 2018, the only "open" component of the matter is the restitution owed to the school board.

Management's Corrective Action Plan:

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

ST. MARTIN PARISH SCHOOL BOARD
Breaux Bridge, Louisiana

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

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

There were no findings at June 30, 2017.

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

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

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

Condition and Criteria:

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

Effect:

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

Cause:

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

Recommendation:

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

Management's Corrective Action Plan:

A meeting was held with the individuals responsible for issuing the purchase orders after the invoice date, as well as their supervisor and director. The importance of following the procedure for issuing purchase orders was stressed, in addition they were informed that any future instances will warrant a write up. Additional training will be

ST. MARTIN PARISH SCHOOL BOARD
Breaux Bridge, Louisiana

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

provided to all employees involved in the purchase order process, whereby approvers will also be held accountable for ensuring proper documentation is submitted prior to approving purchase orders. Finally, accounts payable will be paying closer attention to purchase order dates when entering invoices for payments.

Status:

Unresolved. See item 2018-001.

Section III: Management Letter Items:

2017-002 – Misappropriation of Funds

Finding:

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

Status:

Mostly resolved. See item 2018-002.



St. Martin Parish School Board

P. O. Box 1000 Breaux Bridge Louisiana 70517

Telephone 337-332-2105
Fax 337-332-3050

December 3, 2018

ALLEN BLANCHARD, JR.
INTERIM SUPERINTENDENT

BURTON DUPUIS
PRESIDENT

RICHARD POTIER
VICE PRESIDENT

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

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

Independent public accounting firm:

• DISTRICT 1
STEVE FUSELIER

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

• DISTRICT 2
WANDA B. VITAL

• DISTRICT 3
AARON FLEGEANCE

Audit period: Fiscal year ended June 30, 2018

• DISTRICT 4
JAMES BLANCHARD

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.

• DISTRICT 5
RUSSEL C. FOTI

Finding - Federal Award Programs Audit

• DISTRICT 6
BURTON DUPUIS

Significant Deficiency

• DISTRICT 7
RICHARD POTIER

2018-001 CFDA 10.555 National School Lunch Program – Child Nutrition Cluster
CFDA 10.553 School Breakfast Program – Child Nutrition Cluster / Louisiana
Department of Education

• DISTRICT 8
FREDERIC STELLY

Recommendation: Management needs to strengthen and/or add controls to ensure that proper procedures are being followed when initiating child nutrition food purchases.

• DISTRICT 9
FLOYD KNOTT

• DISTRICT 10
MARK HEBERT

Action Taken: The employee responsible for not properly issuing the purchase orders for school nutrition has been moved out of that position due to her inability to follow procedures required by the position. The replacement for the position has been trained on policies and procedures related to purchases of goods.

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

Sincerely yours,

Casey V. Broussard

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

Champagne & Company, LLC

Certified Public Accountants

Russell F. Champagne, CPA, CGMA*
Penny Angelle Scruggins, CPA, CGMA*

Shayne M. Breaux, CPA
Kaylee Champagne Frederick, CPA

113 East Bridge Street
PO Box 250
Breaux Bridge, LA 70517
Phone: (337) 332-4020
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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Mr. Allen Blanchard, Jr., Interim Superintendent
and Members of the St. Martin 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 management of the St. Martin Parish School Board; the Louisiana Department of Education, and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of the St. Martin Parish School Board for the fiscal year ended June 30, 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, in compliance with Louisiana Revised Statute 24:514.1. Management of the St. Martin Parish School Board is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

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

1. We selected a random sample of 25 transactions, reviewed supporting documentation, and observed that the sampled expenditures/revenues are classified correctly and are reported in the proper amounts among the following amounts reported on the schedule:
 - Total General Fund Instructional Expenditures
 - Total General Fund Equipment Expenditures
 - Total Local Taxation Revenue
 - Total Local Earnings on Investment in Real Property

- Total State Revenue in Lieu of Taxes
- Nonpublic Textbook Revenue
- Nonpublic Transportation Revenue

There were no exceptions noted.

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 (NO SCHEDULE)

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 six (6) exceptions noted. The years of experience reported on the PEP report for 5 of the 25 teachers sampled were incorrect. The level of experience reported on the PEP report for 1 of the teachers sampled was incorrect.

Public School Staff Data: Average Salaries (NO SCHEDULE)

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 was one (1) exception noted. The salary reported on the PEP report for 1 of the 25 teachers sampled was incorrect.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the performance and statistical data. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of the St. Martin Parish School Board, as required by Louisiana Revised Statute 24:514.1, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Champagne & Company, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
December 19, 2018

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

Schedule I

ST. MARTIN PARISH SCHOOL BOARD
Breaux Bridge, Louisiana

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

	Column A	Column B
<u>General Fund Instructional and Equipment Expenditures</u>		
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$ 22,713,911	
Other Instructional Staff Activities	2,931,522	
Instructional Staff Employee Benefits	11,141,668	
Purchased Professional and Technical Services	446,734	
Instructional Materials and Supplies	1,164,663	
Instructional Equipment	<u>125,000</u>	
Total Teacher and Student Interaction Activities		38,523,498
Other Instructional Activities		303,624
Pupil Support Activities	4,079,561	
Less: Equipment for Pupil Support Activities	<u>-</u>	
Net Pupil Support Activities		4,079,561
Instructional Staff Services	2,529,312	
Less: Equipment for Instructional Staff Services	<u>-</u>	
Net Instructional Staff Services		2,529,312
School Administration	4,594,372	
Less: Equipment for School Administration	<u>(15,000)</u>	
Net School Administration		<u>4,579,372</u>
Total General Fund Instructional Expenditures (Total of Column B)		<u>\$50,015,367</u>
Total General Fund Equipment Expenditures (Object 730; Function Series 1000-4000)		<u>\$ 189,140</u>
<u>Certain Local Revenue Sources</u>		
Local Taxation Revenue:		
Constitutional Ad Valorem Taxes		939,005
Renewable Ad Valorem Tax		3,608,371
Debt Service Ad Valorem Tax		8,140,562
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes		384,060
Sales and Use Taxes		<u>15,367,394</u>
Total Local Taxation Revenue		<u>\$28,439,392</u>
Local Earnings on Investment in Real Property:		
Earnings from 16th Section Property	\$ 122,723	
Earnings from Other Real Property		<u>3,380</u>
Total Local Earnings on Investment in Real Property		<u>\$ 126,103</u>
State Revenue in Lieu of Taxes:		
Revenue Sharing - Constitutional Tax	\$ 69,409	
Revenue Sharing - Other Taxes		174,651
Revenue Sharing - Excess Portion		13,407
Other Revenue in Lieu of Taxes		<u>-</u>
Total State Revenue in Lieu of Taxes		<u>\$ 257,467</u>
Nonpublic Textbook Revenue		<u>\$ 27,873</u>
Nonpublic Transportation Revenue		<u>\$ -</u>

ST. MARTIN PARISH SCHOOL BOARD
Breaux Bridge, Louisiana

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	22.17%	363	53.45%	503	10.65%	49	0.00%	0
Elementary Activity Classes	3.48%	57	8.29%	78	1.96%	9	0.00%	0
Middle/Jr. High	19.43%	318	19.45%	183	26.96%	124	0.00%	0
Middle/Jr. High Activity Classes	4.58%	75	2.02%	19	4.57%	21	21.05%	4
High	36.10%	591	15.94%	150	54.35%	250	68.42%	13
High Activity Classes	14.23%	233	0.85%	8	1.52%	7	10.53%	2
Combination	0.00%	0	0.00%	0	0.00%	0	0.00%	0
Combination Activity Classes	0.00%	0	0.00%	0	0.00%	0	0.00%	0

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

ST. MARTIN PARISH SCHOOL BOARD

Breaux Bridge, Louisiana

Statewide Agreed-Upon Procedures Report

Year Ended June 30, 2018

Champagne & Company, LLC

Certified Public Accountants

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Penny Angelle Scruggins, CPA*

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Management of the St. Martin Parish School Board and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the management of St. Martin Parish 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. Management of St. Martin Parish School Board 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. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget

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

b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

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

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

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

- d) **Receipts/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).

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

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

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

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

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

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

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

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

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

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Written policies and procedures were obtained and address some of the functions noted above. The written procedures do not include requirements 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.

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

Board or Finance Committee

- 2. Obtain and inspect 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) Observe 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.

Obtained and reviewed minutes of the board/finance committee for the fiscal period noting that the board met monthly.

- b) For those entities reporting on the governmental accounting model, observe 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.*

Obtained and reviewed minutes of the board/finance committee for the fiscal period noting that the minutes did not include monthly budget-to-actual comparisons for the major funds.

- c) For governmental entities, obtain the prior year audit report and observe 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.

Obtained and reviewed the prior year audit report, noting that general fund did not have a negative unrestricted fund balance.

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 each selected account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

No exceptions noted.

- b) Bank reconciliations include 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

No exceptions noted.

- 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.

Of the 5 bank reconciliations tested, one had no evidence of research of outstanding items of more than 12 months.

Collections

4. Obtain 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 select 5 deposit sites (or all deposit sites if less than 5).

Obtained listing of deposit sites and management's representation that listing is complete.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect 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 observe 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.

No exception noted.

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.

No exception noted.

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.

No exception noted.

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.

No exception noted.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

No exception noted.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:

a) Observe that receipts are sequentially pre-numbered.

No exceptions noted.

b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions noted.

c) Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions noted.

d) Observe 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).

Of the 10 deposit dates tested, 6 of the deposits were not made within one business day of receipt.

e) Trace the actual deposit per the bank statement to the general ledger.

No exceptions noted.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

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

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe 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.

No exception noted.

- b) At least two employees are involved in processing and approving payments to vendors.

No exception noted.

- 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.

No exception noted.

- 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.

The employee who mails the checks is also responsible for processing payments.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.

No exceptions noted.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

No exceptions noted.

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

Credit Card procedures were not tested at June 30, 2018 (Year 2) due to the fact that there were no exceptions noted in prior year (Year 1).

11. Obtain 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. Obtain management's representation that the listing is complete.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe 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) Observe 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 select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe 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)

Travel and Expense procedures were not tested at June 30, 2018 (Year 2) due to the fact that there were no exceptions noted in prior year (Year 1).

14. Obtain 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 select 5 reimbursements, obtain 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, agree 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, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

Contracts procedures were not tested at June 30, 2018 (Year 2) due to the fact that there were no exceptions noted in prior year (Year 1).

15. Obtain 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. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe 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) Observe 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), observe that the original contract terms provided for such an amendment.
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Payroll and Personnel

Payroll and Personnel procedures were not tested at June 30, 2018 (Year 2) due to the fact that there were no exceptions noted in prior year (Year 1).

- 16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- 17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and;
 - a) Observe 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) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
- 18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
- 19. Obtain 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

Ethics procedures were not tested at June 30, 2018 (Year 2) due to the fact that there were no exceptions noted in prior year (Year 1).

- 20. Using the five randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and;
 - a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b) Observe 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

Debt Service procedures were not tested at June 30, 2018 (Year 2) due to the fact that there were no exceptions noted in prior year (Year 1).

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

Other

Other procedures were not tested at June 30, 2018 (Year 2) due to the fact that there were no exceptions noted in prior year (Year 1).

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation and observe 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. Observe 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.

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.

Champagne & Company, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
December 19, 2018

St. Martin Parish School Board
Management's Response to Items

<u>Item:</u>	<u>Response:</u>
1b, 1f, 1h, 1i	Policies with deficiencies will be reviewed and updated to include all required information.
2b	Management intends to put a practice into place to include budget to actual comparisons in the board minutes.
3c	All checks older than 12 months will be researched, and records maintained on that research.
7d	An effort will be made to get deposits made in a quicker manner.
9d	A change in procedure will be made to have the checks mailed by an employee other than the employee processing the payments.