

ST. MARTIN PARISH SCHOOL BOARD
St. Martinville, Louisiana

Financial Report

Year Ended June 30, 2009

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Mr. Richard Lavergne, Superintendent
and Members of the St. Martin Parish
School Board
St. Martinville, Louisiana

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 (the School Board), as of and for the year ended June 30, 2009, which collectively comprise the School Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the St. Martin Parish School Board's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2009, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 17 to the financial statements, the School Board adopted the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, and as described in Note 1 D to the financial statements, the School Board adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in 2009.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2009, on our consideration of the St. Martin Parish School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The budgetary comparison information and schedule of funding progress on pages 51 through 53 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The School Board has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

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 other supplementary information on pages 54 through 80 including the schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Breaux Bridge, Louisiana
November 25, 2009

BASIC FINANCIAL STATEMENTS

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

ST. MARTIN PARISH SCHOOL BOARD
St. Martinville, Louisiana

Statement of Net Assets
June 30, 2009

	<u>Governmental Activities</u>
ASSETS	
Cash and interest-bearing deposits	\$ 9,573,901
Investments	34,581,100
Receivables, net	1,924,728
Due from other governmental agencies	2,131,654
Inventories	248,028
Prepaid items	511,242
Other current assets	118,520
Restricted assets:	
Cash and interest-bearing deposits	212,868
Capital assets, net	<u>43,035,002</u>
 TOTAL ASSETS	 <u>92,337,043</u>
LIABILITIES	
Salaries and payroll tax liabilities	5,618,392
Insurance claims payable	2,580,554
Other payables	1,541,715
Retainage payable	14,503
Deferred revenue	243,852
Interest payable	328,571
Long-term liabilities:	
Due within one year	8,005,481
Due in more than one year	<u>24,142,205</u>
 TOTAL LIABILITIES	 <u>42,475,273</u>
NET ASSETS	
Invested in capital assets, net of related debt	18,703,917
Restricted for:	
Salaries and benefits	7,464,595
Inventory	248,028
Capital expenditures/incomplete contracts	1,983,391
Debt service	3,433,563
Unrestricted	<u>18,028,276</u>
 TOTAL NET ASSETS	 <u>\$ 49,861,770</u>

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

ST. MARTIN PARISH SCHOOL BOARD
St. Martinville, Louisiana

Statement of Activities
For the Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets Governmental Activities
Governmental activities:					
Instruction:					
Regular education programs	\$ 29,272,395	\$ -	\$ 1,059,350	\$ -	\$ (28,213,045)
Special education programs	8,608,788	-	768,412	-	(7,840,376)
Vocational education programs	1,766,860	-	183,384	-	(1,583,476)
Other instructional programs	1,450,146	-	654,474	-	(795,672)
Special programs	5,092,458	-	4,319,650	-	(772,808)
Adult and continuing education programs	98,249	-	76,417	-	(21,832)
Support services:					
Pupil support services	4,557,341	-	2,171,926	-	(2,385,415)
Instructional staff support	4,162,549	-	1,046,441	-	(3,116,108)
General administration	1,283,917	-	238,801	-	(1,045,116)
School administration	3,971,372	-	4,215	-	(3,967,157)
Business services	1,150,836	-	4,742	-	(1,146,094)
Operation and maintenance of plant services	7,100,657	-	6,005	-	(7,094,652)
Student transportation services	4,956,369	-	25,792	-	(4,930,577)
Central services	887,376	-	6,870	-	(880,506)
Food services	5,543,599	405,511	2,516,695	-	(2,621,393)
Community service programs	313,453	-	249,810	-	(63,643)
Interest on long-term debt	1,079,305	-	-	-	(1,079,305)
Total governmental activities	<u>\$ 81,295,670</u>	<u>\$ 405,511</u>	<u>\$13,332,984</u>	<u>\$ -</u>	<u>\$ (67,557,175)</u>
Taxes:					
Property taxes, levied for general purposes					2,794,448
Property taxes, levied for debt service					4,571,818
Sales and use taxes					11,485,079
State revenue sharing					276,991
Grants and contributions not restricted to specific programs:					
State source - Minimum Foundation Program					46,153,513
State source - PIPS					129,874
Interest and investment earnings					930,167
Rents, leases and royalties					368,409
Miscellaneous					<u>1,424,859</u>
Total general revenues					<u>68,135,158</u>
Change in net assets					577,983
Net assets - July 1, 2008					<u>49,283,787</u>
Net assets - June 30, 2009					<u>\$ 49,861,770</u>

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

FUND FINANCIAL STATEMENTS (FFS)

ST. MARTIN PARISH SCHOOL BOARD
St.Martinville, Louisiana

Balance Sheet - Governmental Funds
June 30, 2009

	Major Funds			Total Governmental Funds
	General Fund	State and Local Special Revenue Funds	All Other Non- Major Governmental Funds	
ASSETS				
Cash and interest-bearing deposits	\$ 3,542,825	\$ 2,818,988	\$ 3,048,305	\$ 9,410,118
Investments	24,535,862	3,875,293	4,751,966	33,163,121
Receivables -				
Accrued interest	94,025	-	-	94,025
Taxes receivables	-	945,917	-	945,917
Due from other funds	2,142,064	-	-	2,142,064
Due from other governmental agencies	51,463	999,571	1,080,620	2,131,654
Other receivables	591,014	232,012	61,760	884,786
Inventories, at cost	60,921	187,107	-	248,028
Prepaid expenses	511,242	-	-	511,242
Other current assets	90,379	-	28,141	118,520
Total assets	\$ 31,619,795	\$ 9,058,888	\$ 8,970,792	\$ 49,649,475
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,411,410	\$ -	\$ 1,450	\$ 1,412,860
Retainage payable	-	-	14,503	14,503
Salaries and payroll taxes payable	5,618,392	-	-	5,618,392
Insurance claims payable	1,237,966	-	-	1,237,966
Due to other funds	73,666	970,190	1,171,874	2,215,730
Due to other governmental units	13	-	-	13
Other payables	128,839	-	-	128,839
Deferred revenue	83,249	29,382	131,221	243,852
Total liabilities	8,553,535	999,572	1,319,048	10,872,155
Fund Balances:				
Nonspendable	572,163	187,107	-	759,270
Restricted	3,456,009	7,464,595	7,651,744	18,572,348
Committed	15,332,164	-	-	15,332,164
Assigned	2,168,508	-	-	2,168,508
Unassigned	1,537,416	407,614	-	1,945,030
Total fund balances	23,066,260	8,059,316	7,651,744	38,777,320
Total liabilities and fund balances	\$ 31,619,795	\$ 9,058,888	\$ 8,970,792	\$ 49,649,475

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

ST. MARTIN PARISH SCHOOL BOARD
St. Martinville, Louisiana

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2009

Total fund balances for governmental funds at June 30, 2009		\$ 38,777,320
Cost of capital assets at June 30, 2009	\$ 80,986,235	
Less: Accumulated depreciation as of June 30, 2009:		
Buildings	(32,641,167)	
Movable property	<u>(5,310,066)</u>	43,035,002
Elimination of interfund assets and liabilities:		
Due from other funds	\$ 2,215,730	
Due to other funds	<u>(2,215,730)</u>	-
Long-term liabilities at June 30, 2009:		
Bonds payable	\$ (24,699,091)	
Difference between refunded debt and its reacquisition price is accounted for as a deferred charge	540,676	
Accumulated amortization of deferred charge	(172,673)	
Compensated absences payable	(4,099,703)	
Net OPEB obligation payable	(3,716,898)	
Accrued interest payable	<u>(328,571)</u>	(32,476,260)
Assets and liabilities of Self - Insurance Internal Service Fund		<u>525,708</u>
Net assets at June 30, 2009		<u>\$ 49,861,770</u>

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

ST. MARTIN PARISH SCHOOL BOARD
St. Martinville, Louisiana

Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2009

	Major Funds		All Other Non-Major Governmental Funds	Total Governmental Funds
	General Fund	State and Local Special Revenue Funds		
REVENUES				
Local sources -				
Ad valorem taxes	\$ 2,794,447	\$ -	\$ 4,571,818	\$ 7,366,265
Sales taxes	-	11,485,079	-	11,485,079
Tuition	44,295	-	-	44,295
Transportation	12,763	-	-	12,763
Interest earnings	777,503	85,865	66,800	930,168
Rentals, leases, and royalties	368,409	-	-	368,409
Income from meals	-	408,928	-	408,928
Contributions and donations	10,175	-	-	10,175
Medicaid	444,438	-	-	444,438
Kid Med	83,297	-	-	83,297
E-rate reimbursements	350,920	-	-	350,920
Other miscellaneous revenues	199,770	-	-	199,770
State sources -				
Unrestricted grants-in-aid	46,091,513	62,000	-	46,153,513
Restricted grants-in-aid	819,132	3,810,294	-	4,629,426
Revenue in lieu of taxes	276,991	-	-	276,991
Other state revenues	16,840	-	-	16,840
Federal sources -				
Restricted grants-in-aid through the state	-	2,714,746	6,083,418	8,798,164
Value of USDA Commodities	-	258,945	-	258,945
FEMA disaster relief	31,335	3,932	-	35,267
Total revenues	<u>52,321,828</u>	<u>18,829,789</u>	<u>10,722,036</u>	<u>81,873,653</u>
EXPENDITURES				
Current:				
Instruction -				
Regular education programs	27,090,140	297,065	41,691	27,428,896
Special education programs	7,338,223	38,278	2,785,439	10,161,940
Vocational education programs	1,498,556	-	136,556	1,635,112
Other instructional programs	751,798	599,699	101,603	1,453,100
Special programs	677,188	1,469,840	592,850	2,739,878
Adult and continuing education programs	16,724	27,867	48,550	93,141
Support services -				
Pupil support services	2,291,039	63,248	1,100,833	3,455,120
Instructional staff services	2,861,822	1,268,396	666,738	4,796,956
General administration	961,077	237,235	28,426	1,226,738
School administration	3,682,278	4,215	-	3,686,493
Business services	1,091,831	-	4,742	1,096,573
Operation and maintenance of plant	6,621,034	-	6,005	6,627,039
Student transportation services	4,462,117	6,435	19,357	4,487,909
Central services	840,459	-	6,870	847,329
Food service	180,150	4,830,868	-	5,011,018
Community service programs	37,625	-	249,810	287,435
Construction Services	-	-	1,794,505	1,794,505
Debt service	-	-	3,039,120	3,039,120
Total expenditures	<u>60,402,061</u>	<u>8,843,146</u>	<u>10,623,095</u>	<u>79,868,302</u>
Excess (deficiency) of revenues over expenditures	(8,080,233)	9,986,643	98,941	2,005,351
Other financing sources (uses):				
Transfers in	13,164,873	1,762,000	1,308,983	16,235,856
Transfers out	(3,073,048)	(12,842,000)	(320,808)	(16,235,856)
Proceeds from bond issuance	-	-	100,000	100,000
Total other financing sources (uses)	<u>10,091,825</u>	<u>(11,080,000)</u>	<u>1,088,175</u>	<u>100,000</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	2,011,592	(1,093,357)	1,187,116	2,105,351
FUND BALANCES, BEGINNING (AS RESTATED)	<u>21,054,668</u>	<u>9,152,673</u>	<u>6,464,628</u>	<u>36,671,969</u>
FUND BALANCES, ENDING	<u>\$ 23,066,260</u>	<u>\$ 8,059,316</u>	<u>\$ 7,651,744</u>	<u>\$ 38,777,320</u>

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

ST. MARTIN PARISH SCHOOL BOARD
St. Martinville, 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, 2009

Total net change in fund balances for the year ended June 30, 2009 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 2,105,351
Add: Facilities acquisition and construction costs which are considered expenditures on Statement	1,750,657
Less: Depreciation expense for year ended June 30, 2009	(1,756,692)
Add: Bond principal retirement considered as an expenditure on Statement	1,979,091
Add: Excess of compensated absences used over compensated absences earned	7,663
Less: Net OPEB obligation at June 30, 2009	(3,716,898)
Add: Difference between interest on long-term debt on modified accrual basis versus interest on long-term debt on accrual basis	22,915
Add: Net income of the Self - Insurance Internal Service Fund	341,031
Less: Amortization of deferred charge	(42,191)
Less: Loss on disposition of assets	(12,944)
Less: Proceeds of bonds considered as an other financing source on statement	<u>(100,000)</u>
Total change in net assets for the year ended June 30, 2009 per Statement of Activities	<u>\$ 577,983</u>

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

ST. MARTIN PARISH SCHOOL BOARD
St.Martinville, Louisiana
Proprietary Fund - Internal Service Fund

Statement of Net Assets
June 30, 2009

ASSETS	
Current Assets:	
Cash and interest-bearing deposits	\$ 376,651
Investment	1,417,979
Due from other funds	<u>73,666</u>
Total assets	<u>\$ 1,868,296</u>
LIABILITIES	
Current Liabilities:	
Insurance claims payable	<u>1,342,588</u>
Total liabilities	1,342,588
NET ASSETS	
Net assets:	
Unrestricted	<u>525,708</u>
Total liabilities and net assets	<u>\$ 1,868,296</u>

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

ST. MARTIN PARISH SCHOOL BOARD
 St. Martinville, Louisiana
 Proprietary Fund - Internal Service Fund

Statement of Revenues, Expenses and Changes in Fund Net Assets
 For the Year Ended June 30, 2009

Operating Revenues:	
Charges for services -	
Employer contributions	\$ 1,214,747
Insurance recoveries	89,233
Other recoveries	<u>17,353</u>
Total operating revenues	<u>1,321,333</u>
Operating Expenses:	
Contractual services	96,883
Premium payments	195,440
Claim payments	<u>703,757</u>
Total operating expenses	<u>996,080</u>
Operating income	325,253
Nonoperating Revenue:	
Interest earned	<u>15,777</u>
Net income	341,030
Net assets, beginning (as restated)	<u>184,678</u>
Net assets, ending	<u>\$ 525,708</u>

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

ST. MARTIN PARISH SCHOOL BOARD
 St. Martinville, Louisiana
 Proprietary Fund - Internal Service Fund

Statement of Cash Flows
 For the Year ended June 30, 2009

Cash flows from operating activities:	
Receipts from other funds and employees	\$ 1,321,333
Payments to providers and employees	<u>(1,096,911)</u>
Net cash provided by operating activities	224,422
Cash flows from investing activities:	
Interest on investments	15,777
Cash flows from noncapital financing activities:	
Transfer to other fund	<u>679,861</u>
Net increase in cash and cash equivalents	920,060
Cash and cash equivalents, beginning of period	<u>874,570</u>
Cash and cash equivalents, end of period	<u>\$ 1,794,630</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 325,253
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in current assets and liabilities:	
Increase in payables	<u>(100,831)</u>
Net cash provided by operating activities	<u>\$ 224,422</u>

(continued)

ST. MARTIN PARISH SCHOOL BOARD
St. Martinville, Louisiana
Proprietary Fund - Internal Service Fund

Statement of Cash Flows (Continued)
For the Year ended June 30, 2009

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	\$ 170,417
Investments, at cost	<u>704,153</u>
Total cash and cash equivalents	<u>874,570</u>
Cash and cash equivalents, end of period -	
Cash and interest-bearing deposits	376,651
Investments, at cost	<u>1,417,979</u>
Total cash and cash equivalents	<u>1,794,630</u>
Net increase	<u>\$ 920,060</u>

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

ST. MARTIN PARISH SCHOOL BOARD
St.Martinville, Louisiana

Statement of Fiduciary Net Assets
June 30, 2009

	Agency Funds	Private Purpose Trust Fund	Total
ASSETS			
Cash and interest-bearing deposits	\$ 503,005	\$ 2,123	\$ 505,128
Investments	554,416	21,158	575,574
Receivables -			
Accrued interest	-	205	205
Other current assets	8,089	-	8,089
Total assets	1,065,510	23,486	1,088,996
LIABILITIES			
Due to other funds	28,691	-	28,691
Due to other governmental units	41,518	-	41,518
School activity funds payable	963,835	-	963,835
Deferred revenues	31,466	-	31,466
Total liabilities	1,065,510	-	1,065,510
NET ASSETS			
Reserved for specific purposes	\$ -	\$ 23,486	\$ 23,486

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

ST. MARTIN PARISH SCHOOL BOARD
St. Martinville, Louisiana

Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Fund
For the Year Ended June 30, 2009

ADDITIONS	
Interest earnings	\$ 395
Gifts and contributions	<u>1,975</u>
Total additions	<u>2,370</u>
DEDUCTIONS	
Benefits	<u>3,000</u>
Change in net assets	(630)
Net assets - beginning	<u>24,116</u>
Net assets - ending	<u>\$ 23,486</u>

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

ST. MARTIN PARISH SCHOOL BOARD
St. Martinville, 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 for the purpose of providing public education for the children within St. Martin Parish. The School Board is authorized by LSA-R.S. 17:51 to establish policies and regulations for its own government consistent with the laws of the State of Louisiana and the regulations of the Louisiana Board of Elementary and Secondary Education. The School Board is comprised of ten members who are elected from ten districts for terms of four years.

The School Board operates seventeen 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.

(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. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. Although the School Board has the option to apply FASB pronouncements issued after that date, the School Board has chosen not to apply said pronouncements. 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
St. Martinville, Louisiana

Notes to Basic Financial Statements (Continued)

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net assets and the statement of activities display information about the School Board, the primary government, as a whole. They include all funds of the reporting entity, which are considered to be governmental activities. The School Board's internal service fund is a governmental activity. Internal service fund activity is eliminated to avoid "doubling up" of revenues and expenses. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported only in the Statement of Fiduciary Net Assets 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 on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. 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
St. Martinville, Louisiana

Notes to Basic Financial Statements (Continued)

The School Board reports the following major governmental funds:

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

The major special revenue fund is the State and Local Special Revenue Funds (which is comprised of the School Lunch Fund, LA-4, the Other State Grants Fund, the Health Centers Fund, and the two Sales Tax Funds). These funds account for revenues and expenditures related to certain state and local grant and entitlement programs as well as other legally restricted funds.

Additionally, the School Board reports the following fund types:

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

The Capital Projects Fund, which includes the 1996 Construction Fund, the 2002 Construction Fund, the 2006 Construction Fund, the 2009 Construction Fund, and the Transportation Fund, is considered to be a nonmajor fund. They are used to account for financial resources to be used for the acquisition or construction of major capital facilities as well as various school improvements.

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

Proprietary Funds -

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

Internal Service Funds

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

ST. MARTIN PARISH SCHOOL BOARD
St. Martinville, Louisiana

Notes to Basic Financial Statements (Continued)

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

Fiduciary Funds -

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

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

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

Region IV Fund – accounts for the activity of the State Department of Education’s Region IV.

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 assets 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:

ST. MARTIN PARISH SCHOOL BOARD
St. Martinville, Louisiana

Notes to Basic Financial Statements (Continued)

- 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.
- 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 assets (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 assets.

Basis of Accounting

In the government-wide statement of net assets 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, and liabilities 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.

ST. MARTIN PARISH SCHOOL BOARD
St. Martinville, Louisiana

Notes to Basic Financial Statements (Continued)

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:

Revenues

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

Ad valorem taxes are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed in November, by the Parish Assessor, based on the assessed value and become due on December 31 of each year. The taxes become delinquent on January 1. An enforceable lien attaches to the property as of January 1. The taxes are generally collected in December, January, and February of the fiscal year. Property tax revenues are accrued at fiscal year-end to the extent that they have been collected but not received by the 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.

ST. MARTIN PARISH SCHOOL BOARD
St. Martinville, Louisiana

Notes to Basic Financial Statements (Continued)

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.

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.

Deferred Revenues

Deferred 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, Liabilities and Equity

Cash and interest-bearing deposits

For purposes of the Statement of Net Assets, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the School Board. For the purpose of the proprietary fund statement of cash flows, "cash and 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.

ST. MARTIN PARISH SCHOOL BOARD
St. Martinville, Louisiana

Notes to Basic Financial Statements (Continued)

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, 2009, the School Board's investments in LAMP are stated at market value. See additional information in Note 3.

Interfund receivables and payables

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

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.

ST. MARTIN PARISH SCHOOL BOARD
St. Martinville, Louisiana

Notes to Basic Financial Statements (Continued)

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 for purposes of the government wide financial statements. For internal purposes, the Board maintains a threshold level of \$1,000.

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 Assets. Depreciation is provided over the assets' estimated useful life using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

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

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

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

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

Compensated Absences

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

ST. MARTIN PARISH SCHOOL BOARD
St. Martinville, Louisiana

Notes to Basic Financial Statements (Continued)

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.

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, 2009, employees of the School Board have accumulated and vested \$4,099,703 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.

ST. MARTIN PARISH SCHOOL BOARD
St. Martinville, Louisiana

Notes to Basic Financial Statements (Continued)

Equity Classifications

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

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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.

ST. MARTIN PARISH SCHOOL BOARD
St. Martinville, Louisiana

Notes to Basic Financial Statements (Continued)

Unassigned – all other spendable amounts.

As of June 30, 2009, fund balances are composed of the following:

	General Fund	State and Local Special Revenue Funds	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Inventories	\$ 60,921	\$ 187,107	\$ -	\$ 248,028
Prepaid items	511,242	-	-	511,242
Restricted:				
Debt retirement	-	-	3,433,563	3,433,563
Capital expenditures	-	-	4,218,181	4,218,181
Other purposes	3,456,009	7,464,595	-	10,920,604
Committed:				
Economic stabilization	15,332,164	-	-	15,332,164
Assigned:				
Health centers	363,508	-	-	363,508
Group health	1,805,000	-	-	1,805,000
Unassigned:	<u>1,537,416</u>	<u>407,614</u>	<u>-</u>	<u>1,945,030</u>
Total fund balances	<u>\$ 23,066,260</u>	<u>\$ 8,059,316</u>	<u>\$ 7,651,744</u>	<u>\$ 38,777,320</u>

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

ST. MARTIN PARISH SCHOOL BOARD
St. Martinville, Louisiana

Notes to Basic Financial Statements (Continued)

In fiscal year 2009 the School Board members established a stabilization policy. Under this policy, a portion of the fund balance of the General Fund is committed for stabilization arrangements, such as might be needed in emergency situations. The policy states that, at fiscal year end, an amount approximately equal to 25 percent of the total General Fund expenditures is committed for use in covering Board declared emergencies, including natural disasters. At June 30, 2009, \$15,332,164 of the fund balance for the General Fund was reported as committed for economic stabilization.

E. 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, 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.

F. Revenue Restrictions

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

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

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

G. Use of Estimates

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

ST. MARTIN PARISH SCHOOL BOARD
St. Martinville, Louisiana

Notes to Basic Financial Statements (Continued)

H. Change in Fund Reporting

For fiscal year ending June 30, 2009 (due to the implementation of GASB 54), the Transportation Fund is considered a capital projects fund. In previous years, it was considered a special revenue fund. Accordingly, the beginning fund balances have been changed to reflect this fund change. Similarly, the Group Health Fund (formerly an internal service fund) has been consolidated into the General Fund. See Note 18 for additional information.

(2) Cash and Interest-Bearing Deposits

Under state law, the School Board may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The School Board may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2009, the School Board has cash and cash equivalents (book balances) totaling \$10,263,206 as follows:

	Governmental Funds	Fiduciary Funds	Total
Demand deposits	\$ 1,713	\$ 1,584	\$ 3,297
Interest-bearing deposits	9,756,365	503,544	10,259,909
Amounts owed to governmental funds	28,691	(28,691)	-
Total	\$ 9,786,769	\$ 476,437	\$ 10,263,206

These deposits are stated at cost, which approximates market. Custodial credit risk is the risk that in the event of a bank failure, the School Board's deposits may not be returned to it. The School Board's policy, by state law, is that all deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 2009 are secured as follows:

Bank balances	\$ 12,149,253
At June 30, 2009 the deposits are secured as follows:	
Insured	\$ 502,222
Uninsured and collateral held by pledging bank not in School Board's name	11,647,031
Total	\$ 12,149,253

(3) Investments

The School Board can invest in direct debt securities of the United States unless law expressly prohibits such an investment. The School Board's investments are categorized to give an

ST. MARTIN PARISH SCHOOL BOARD
St. Martinville, Louisiana

Notes to Basic Financial Statements (Continued)

indication of the level of risk assumed by it at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the School Board or its agent in the School Board's name. Category 2 includes uninsured and unregistered investments with securities held by the counterparty's trust department or agent in the School Board's name. Category 3 includes uninsured and unregistered investments with securities held by the counterparty, or by its trust department or agent, but not in the School Board's name.

Investments consist of amounts on deposit with the Louisiana Asset Management Pool (LAMP), Morgan Keegan and Company, Inc., and certificates of deposit with local banks. The certificates of deposit are in the amount of \$585,021. An investment in the amount of \$19,503,384 at June 30, 2009 is deposited in LAMP, a local government investment pool, of which \$575,574 is attributable to the fiduciary fund, which is not presented in the statement of net assets. In accordance with GASB Codification Section I50.165, the investment in LAMP is not categorized into the three risk 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 LSA-R.S. 33:2955. 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.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No, 512, Act 701) enacted LSA-R.S. 33:2955 (a) (1) (h) which allows all municipalities, parishes, school boards, and any other political subdivisions of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's investment guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

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 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, 2009, the School Board's investment, at cost, is \$19,500,520. The amortized cost of this investment at June 30, 2009 was also \$19,500,520. The market value of this investment at June 30, 2009 was \$19,503,384.

ST. MARTIN PARISH SCHOOL BOARD
St. Martinville, Louisiana

Notes to Basic Financial Statements (Continued)

An investment in the amount of \$15,068,269 at June 30, 2009 is deposited into Morgan Keegan and Company, Inc. This investment is composed of government securities which are fully guaranteed as to payment by the United States government. Because of the safety of this investment, this investment takes exception to state law requiring security of federal deposit insurance or the pledge of securities owned by the fiscal agent bank.

As of June 30, 2009, the investments in Morgan Keegan and Company, Inc. were comprised of the following.

<u>Investment</u>	<u>Maturities</u>	<u>Fair Values</u>
Federal Home Loan Bank	5/08/11 to 2/17/16	\$ 10,032,735
Fannie Mae	7/6/2010	1,070,906
Federal Farm Credit Bank	11/18/14 to 4/8/15	<u>3,964,628</u>
 Total		 <u>\$ 15,068,269</u>

The School Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

(4) Ad Valorem Taxes

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

	<u>Millages</u>	
	<u>2009</u>	<u>2008</u>
Parishwide taxes:		
Constitutional	2.93	2.93
Special school-		
Maintenance	9.35	9.35
Operation and maintenance	1.85	1.85
School bonds	22.39	22.39

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. During the fiscal year ended June 30, 2009, 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
St. Martinville, Louisiana

Notes to Basic Financial Statements (Continued)

The School Board received ad valorem taxes that were paid under protest. It is possible that these taxes (or a portion thereof) will have to be returned to the taxpayer. The amount received of \$212,868 is reflected as a restricted asset. The estimated amount that may have to be refunded is \$212,868 and is reflected as deferred revenue on the balance sheet at June 30, 2009.

(5) Receivables

Receivables at June 30, 2009 of \$1,924,728 consisted of the following:

Accrued interest	\$ 94,025
Specific stop loss receivables	7,653
Rebates	465,206
Sales taxes	945,917
Other	411,927
	<u>\$1,924,728</u>

(6) Due from Other Governmental Agencies

Due from other governmental agencies of \$2,131,654 consisted primarily of amounts due from the State of Louisiana Department of Education for various appropriations and reimbursements.

(7) Capital Assets

Capital assets balances and activity for the year ended June 30, 2009 is as follows:

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
Capital assets not being depreciated:				
Land	\$ 823,255	\$ -	\$ -	\$ 823,255
Construction in progress	118,670	141,437	(118,670)	141,437
Other capital assets:				
Buildings and improvements	71,130,515	1,536,317	-	72,666,832
Furniture and equipment	7,663,308	191,573	(500,170)	7,354,711
Total	<u>79,735,748</u>	<u>1,869,327</u>	<u>(618,840)</u>	<u>80,986,235</u>
Less accumulated depreciation:				
Buildings and improvements	31,268,297	1,372,870	-	32,641,167
Furniture and equipment	5,413,470	383,822	(487,226)	5,310,066
Total	<u>36,681,767</u>	<u>1,756,692</u>	<u>(487,226)</u>	<u>37,951,233</u>
Net capital assets	<u>\$43,053,981</u>	<u>\$ 112,635</u>	<u>\$ (131,614)</u>	<u>\$43,035,002</u>

ST. MARTIN PARISH SCHOOL BOARD
St. Martinville, Louisiana

Notes to Basic Financial Statements (Continued)

At June 30, 2009, construction in progress of \$141,437 consists of costs incurred to date on one school improvement project.

Depreciation expense was charged to governmental activities as follows:

Regular education programs	\$ 642,158
Special education programs	189,790
Vocational education programs	39,377
Other instructional programs	32,923
Special programs	112,264
Adult and continuing education programs	2,181
Pupil support services	101,696
Instructional staff support	91,499
General administration	28,720
School administration	86,307
Business services	25,673
Operation and maintenance of plant services	155,151
Student transportation services	105,070
Central services	19,837
Food services	117,317
Community services programs	<u>6,729</u>
Total depreciation expense	<u>\$ 1,756,692</u>

(8) Other Payables

At June 30, 2009, a breakdown of other payables of \$1,541,715 was as follows:

Accounts	\$ 1,412,860
Other liabilities	<u>128,855</u>
	<u>\$ 1,541,715</u>

ST. MARTIN PARISH SCHOOL BOARD
St. Martinville, Louisiana

Notes to Basic Financial Statements (Continued)

(9) Changes in General Long-Term Liabilities

The following is a summary of the changes in general long-term debt for the year ended June 30, 2009:

	<u>OPEB Obligation</u>	<u>Compensated Absences</u>	<u>Bonded Debt</u>	<u>Total</u>
Obligations payable at July 1, 2008	\$ -	\$ 4,107,366	\$26,167,985	\$30,275,351
Additions	6,585,844	3,001,972	100,000	9,687,816
Add: amortization	-	-	42,191	42,191
Reductions	<u>(2,868,946)</u>	<u>(3,009,635)</u>	<u>(1,979,091)</u>	<u>(7,857,672)</u>
Obligations payable at June 30, 2009	<u>\$ 3,716,898</u>	<u>\$ 4,099,703</u>	<u>\$24,331,085</u>	<u>\$32,147,686</u>

Compensated Absences

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

ST. MARTIN PARISH SCHOOL BOARD
St. Martinville, Louisiana

Notes to Basic Financial Statements (Continued)

Bonded Debt

School Board bonds outstanding at June 30, 2009 consist of parishwide general obligation school bonds and qualified zone academy bonds as follows:

Date of Issue	Original Issue	Interest Rates	Final Payment Date	Interest to Maturity	Principal Outstanding
Parishwide general obligation school bonds March 1, 2000	2,000,000	5.25 - 6.25	3/01/10	4,988	95,000
Qualified zone academy bonds February 1, 2002	1,500,000	-	11/01/15	-	709,091
Parishwide general obligation school bonds July 1, 2002	8,000,000	4.125 - 5.125	03/01/22	2,217,142	6,100,000
Parishwide general obligation school bonds July 1, 2003	4,000,000	3.00 - 4.00	03/01/23	958,151	3,185,000
Parishwide general obligation school refunding bonds; October 1, 2004	3,455,000	3.00 - 3.75	03/01/16	372,612	2,495,000
Parishwide general obligation school refunding bonds; March 1, 2005	5,490,000	3.00 - 4.50	03/01/17	901,185	4,505,000
Parishwide general obligation school refunding bonds; March 1, 2006	8,080,000	4.00 - 5.00	03/01/20	1,757,200	7,510,000
General obligation school bonds; July 1, 2009	100,000	4.00-6.01	3/2/2029	-	100,000

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, 2009, the School Board has accumulated \$3,504,474 in the debt service funds for future debt requirements. The bonds are due as follows:

ST. MARTIN PARISH SCHOOL BOARD
St. Martinville, Louisiana

Notes to Basic Financial Statements (Continued)

<u>Year Ending June 30</u>	<u>Principal Payments</u>	<u>Amortization</u>	<u>Interest Payments</u>	<u>Total</u>
2010	\$ 2,169,091	\$ (42,191)	\$ 985,713	\$ 3,112,613
2011	2,159,091	(42,191)	907,730	3,024,630
2012	2,244,091	(42,191)	830,249	3,032,149
2013	2,354,091	(42,191)	748,346	3,060,246
2014	2,454,091	(42,191)	658,106	3,070,006
2015-2019	10,218,636	(148,455)	1,785,865	11,856,046
2020-2023	3,100,000	(8,596)	295,269	3,386,673
	<u>\$ 24,699,091</u>	<u>\$ (368,006)</u>	<u>\$ 6,211,278</u>	<u>\$ 30,542,363</u>

(10) Sales and Use Taxes

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

1. March 20, 1965 (1%)

After paying collection and administration costs, the tax is to be used for salaries of teachers and for the expenses of operating schools, including payment of other personnel in addition to teachers.

2. July 21, 1990 (1%)

The tax is 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.

(11) Pension Plan

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

A. Louisiana Teachers' Retirement System of Louisiana - Regular

Plan members are required to contribute 8.0 percent of their annual covered salary to the system while the School Board is required to contribute the statutory rate of 15.5 percent of the total annual covered salary. The School Board's total

ST. MARTIN PARISH SCHOOL BOARD
St. Martinville, Louisiana

Notes to Basic Financial Statements (Continued)

contributions to the system for the years ended June 30, 2009, 2008 and 2007 were \$6,036,051, \$6,030,489, and \$5,132,619, respectively, equal to the required contribution for each year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Louisiana Teachers' Retirement System, P.O. Box 94123, Baton Rouge, Louisiana 70804-9123.

B. Louisiana Teachers' Retirement System of Louisiana - Plan A

Plan members are required to contribute 9.1 percent of their annual covered salary to the system while the School Board is required to contribute the statutory rate of 15.5 percent of the total annual covered salary. The School Board's total contributions to the system for the years ended June 30, 2009, 2008, and 2007 were \$38,843, \$50,737, and \$44,060, respectively, equal to the required contribution for each year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Louisiana Teachers' Retirement System, P.O. Box 94123, Baton Rouge, Louisiana 70804-9123.

C. Louisiana Teachers' Retirement System of Louisiana—Optional

Plan members are required to contribute 8.0 percent of their annual covered salary to the system while the School Board is required to contribute the statutory rate of 15.5 percent of the total annual covered salary. The School Board's total contributions to the system for the years ended June 30, 2009, 2008, and 2007 were \$10,905, \$11,591, and \$10,259, respectively, equal to the required contribution for each year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Louisiana Teachers' Retirement System, P.O. Box 94123, Baton Rouge, Louisiana 70804-9123.

D. Parochial Employees' Retirement System

Plan members are required to contribute 9.5 percent of their annual covered salary to the system while the School Board is required to contribute the statutory rate of 12.75 percent (through December 2008) and 12.25 percent (beginning January 2009) of the total covered salary. The School Board's total contributions to the system for the years ended June 30, 2009, 2008 and 2007 were \$1,200, \$1,248, and \$1,248, respectively, equal to the required contribution for each year.

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St. Martinville, Louisiana

Notes to Basic Financial Statements (Continued)

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Parochial Employees' Retirement System, P.O. Box 14619, Baton Rouge, Louisiana 70898-4619.

E. Louisiana State Employees' Retirement System

Plan members are required to contribute 7.5 percent of their annual covered salary to the system while the School Board is required to contribute the statutory rate of 18.5 percent of the total annual covered salary. The School Board's total contributions to the system for the years ended June 30, 2009, 2008, and 2007 were \$17,125, \$17,647, and \$15,468, respectively, equal to the required contributions for each year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Louisiana State Employees' Retirement System, P.O. Box 44213, Baton Rouge, Louisiana 70804-4213.

F. Louisiana School Employees' Retirement System

Plan members are required to contribute 7.5 percent of their annual covered salary to the system while the School Board is required to contribute the statutory rate of 17.8 percent of the total annual covered salary. The School Board's total contributions to the system for the years ended June 30, 2009, 2008, and 2007 were \$809,230, \$772,894 and \$710,280, respectively, equal to the required contributions for each year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Louisiana School Employees' Retirement System, P.O. Box 44516, Baton Rouge, Louisiana 70804.

ST. MARTIN PARISH SCHOOL BOARD
St. Martinville, Louisiana

Notes to Basic Financial Statements (Continued)

(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, 2008	\$ 979,990	\$ -	\$ 979,990
Additions	1,795,357	21,587,003	23,382,360
Reductions	(1,811,512)	(21,587,003)	(23,398,515)
Balance at June 30, 2009	\$ 963,835	\$ -	\$ 963,835

(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 Apple Adjusters, Inc. as administrator for this program. During fiscal year 2009, a total of \$996,080 was incurred in benefits and administrative costs. The School Board purchases commercial insurance for individual claims in excess of \$375,000. 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. During the fiscal year ended June 30, 2009, one settled claim exceeded the commercial coverage in the amount of \$198,692.

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 \$980,000 reported in the general fund at June 30, 2009, is based on

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

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:				
2006-2007	502,492	1,476,801	929,786	1,049,507
2007-2008	1,049,507	1,397,582	1,003,669	1,443,420
2008-2009	1,443,420	703,756	804,588	1,342,588
Group hospitalization:				
2006-2007	1,295,000	8,208,030	8,508,030	995,000
2007-2008	995,000	9,241,654	9,256,654	980,000
2008-2009	980,000	8,450,175	8,450,175	980,000

Claims payable of \$1,342,588 for workers' compensation at June 30, 2009 was obtained from information provided by the third party administrator.

Claims payable for group hospitalization of \$980,000 at June 30, 2009 was determined as follows:

1. Claims incurred on or prior to June 30, 2009 and paid between July 1, and September 30, 2009	\$ 642,307
2. Provision for claims incurred but not reported	<u>337,693</u>
Total claims payable	<u>\$ 980,000</u>

The provision for claims incurred but not reported of \$337,693 was calculated utilizing historical information.

ST. MARTIN PARISH SCHOOL BOARD
St. Martinville, 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, 2009 follows:

Wanda Babin	\$ 9,600
James Blanchard	9,600
Aaron Flegeance	9,600
Steve Fuselier	9,600
Mark Hebert	10,800
Floyd Knott	9,600
Barbara Latiolais	9,600
Rodney Ledoux	9,600
Richard Potier	9,600
Frederic Stelly	<u>9,600</u>
	<u>\$ 97,200</u>

(15) Commitments and Contingencies

A. Contingent Liabilities

At June 30, 2009, the School Board is involved in several lawsuits. In the opinion of management and/or legal counsel for the School Board, resolution of these lawsuits will not involve any material liability (after meeting the insurance deductible of \$25,000 per occurrence) to the School Board in excess of insurance coverage. Total liability for lawsuits as well as other claims accrued at June 30, 2009 is \$257,966 and is included in insurance claims payable on the statement of net assets.

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.

ST. MARTIN PARISH SCHOOL BOARD
St. Martinville, Louisiana

Notes to Basic Financial Statements (Continued)

C. Potential Misappropriation of Funds

In May 2008, the School Board learned of a situation involving excessive amounts of fuel purchases. Upon inquiry and internal investigation, the involved employee resigned. However, the employee did admit to using the fuel card for personal reasons. The amount in question is approximately \$17,000. A receivable has not been recorded. Information has been submitted to both the District Attorney's office as well as the Sheriff's office. The outcome of this external investigations is uncertain at this time.

(16) Interfund Transactions

A. Interfund receivables and payables, by fund, at June 30, 2009 are as follows:

	Receivables	Payables
Major funds:		
General Fund	\$ 2,142,064	\$ 73,666
State and Local Special Revenue Funds	-	970,190
Total major funds	2,142,064	1,043,856
Nonmajor governmental funds	-	1,171,874
Internal service funds	73,666	-
Total	\$ 2,215,730	\$ 2,215,730

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, 2009:

	Transfers In	Transfers Out
Major funds:		
General Fund	\$13,164,873	\$ 3,073,048
State and Local Special Revenue Funds	1,762,000	12,842,000
Nonmajor governmental funds	1,308,983	320,808
Total	\$16,235,856	\$16,235,856