

CENTRAL COMMUNITY SCHOOL SYSTEM

**REPORT ON AUDIT OF BASIC
FINANCIAL STATEMENTS**

JUNE 30, 2018

CENTRAL, LOUISIANA

CENTRAL COMMUNITY SCHOOL SYSTEM

TABLE OF CONTENTS

FOR THE YEAR ENDED JUNE 30, 2018

	<u>Schedule</u>	<u>Statement</u>	<u>Page</u>
Independent Auditor's Report	-	-	1 - 3
Required Supplemental Information			
Management's Discussion and Analysis	-	-	4 - 10
Basic Financial Statements			
Government-Wide Financial Statements:			
Statement of Net Position (Deficit)	-	A	11
Statement of Activities	-	B	12
Fund Financial Statements:			
Balance Sheet - Governmental Funds	-	C	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position (Deficit)	-	D	14
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	-	E	15 - 16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	-	F	17
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual - General Fund	-	G	18 - 19
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual - Special Revenue Fund - Federal Grant Fund	-	H	20
Statement of Fiduciary Net Position	-	I	21
Notes to Financial Statements	-	-	22 - 69

(CONTINUED)

CENTRAL COMMUNITY SCHOOL SYSTEM

TABLE OF CONTENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2018

	<u>Schedule</u>	<u>Statement</u>	<u>Page</u>
Required Supplementary Information:			
Schedule of Proportionate Share of Net Pension Liability by Plan	1	-	70
Schedule of Contributions by Plan	2	-	71
Schedule of Changes in the School System's Total OPEB Liability and Related Ratios	3	-	72
Notes to Required Supplementary Information	-	-	73
Schedules Required by State Law (R.S. 24:514 Performance and Statistical Data):			
Independent Accountant's Report on Applying Agreed-Upon Procedures	-	-	74 - 76
General Fund Instructional and Support Expenditures and Certain Local Revenue Sources	4	-	77 - 78
Class Size Characteristics	5	-	79
Other Supplementary Information:			
Nonmajor Governmental Funds:			
Combining Balance Sheet	6	-	80
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	7	-	81 - 82

(CONTINUED)

CENTRAL COMMUNITY SCHOOL SYSTEM

TABLE OF CONTENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2018

	<u>Schedule</u>	<u>Statement</u>	<u>Page</u>
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual - Nonmajor Special Revenue Funds:			
Improving America's Schools Act	8-1	-	83
Public Law 94-142 - Special Education	8-2	-	84
School Food Service Fund	8-3	-	85
Fiduciary Fund:			
Statement of Fiduciary Net Position	9	-	86
Schedule of Changes in Amounts Held for School Activities	10	-	87
General:			
Schedule of Compensation Paid to Board Members	11	-	88
Schedule of Compensation, Benefits, and Other Payments to Agency Head	12	-	89
Schedule of Expenditures of Federal Awards and Notes	13	-	90 - 92

(CONTINUED)

CENTRAL COMMUNITY SCHOOL SYSTEM

TABLE OF CONTENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2018

	<u>Schedule</u>	<u>Statement</u>	<u>Page</u>
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	-	-	93 - 94
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	-	-	95 - 96
Summary Schedule of Findings and Questioned Costs	-	-	97
Summary Schedule of Prior Audit Findings	-	-	98



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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of the
Central Community School System
Central, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the budgetary comparison statements of the general fund and the special revenue fund - federal grant fund, the fiduciary fund statement and the aggregate remaining fund information of the Central Community School System, Central, Louisiana, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Central Community School System's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the budgetary comparison statements of the general fund and the special revenue fund – federal grant fund, the fiduciary fund statement and the aggregate remaining fund information of the Central Community School System as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Central Community School System June 30, 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 19, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of proportionate share of the net pension liability by plan, schedule of contributions by plan, and the schedule of changes in the school system's total OPEB liability and related ratios on pages 4 through 10 and 70 through 73 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the primary government financial statements that collectively comprise the Central Community School System's basic financial statements. The schedules required by state law (Schedule 4 and Schedule 5), the nonmajor governmental funds combining statements (Schedule 6 and Schedule 7), each nonmajor special revenue funds budgetary comparison statement (Schedule 8-1 through Schedule 8-3), the fiduciary fund statements (Schedule 9 and Schedule 10), the schedule of compensation paid to board members (Schedule 11), and the schedule of compensation, benefits, and other payments to agency head (Schedule 12) are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards (Schedule 13) is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements.

The nonmajor governmental funds combining statements (Schedule 6 and Schedule 7), each nonmajor special revenue funds budgetary comparison statement (Schedule 8-1 through Schedule 8-3), the fiduciary fund statements (Schedule 9 and Schedule 10), the schedule of compensation paid to board members (Schedule 11), the schedule of compensation, benefits, and other payments to agency head (Schedule 12), and the schedule of expenditures of federal awards (Schedule 13) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the nonmajor governmental funds combining statements (Schedule 6 and Schedule 7), each nonmajor special revenue funds budgetary comparison statement (Schedule 8-1 through Schedule 8-3), the fiduciary fund statements (Schedule 9 and Schedule 10), the schedule of compensation paid to board members (Schedule 11), the schedule of compensation, benefits, and other payments to agency head (Schedule 12), and the schedule of expenditures of federal awards (Schedule 13) are fairly stated in all material respects in relation to the basic financial statements as a whole.

The schedules required by state law (Schedule 4 and Schedule 5) have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2018, on our consideration of the Central Community School System's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Central Community School System's internal control over financial reporting and compliance.

Respectfully submitted,
Hannis T. Bourgeois, LLP

Denham Springs, Louisiana
December 21, 2018

CENTRAL COMMUNITY SCHOOL SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

The Management's Discussion and Analysis (MD&A) of the Central Community School System (CCSS) provides an overview and overall review of the School System's financial activities for the fiscal year ended June 30, 2018. The intent of the MD&A is to look in layman's terms at the School System's financial performance as a whole. It should, therefore, be read in conjunction with the School System's Annual Financial Statements and the notes thereto.

The MD&A is Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

Financial Highlights

Key financial highlights for the 2017-2018 fiscal years include the following:

- ❖ Net position is a deficit of \$(23,444,303) for the year ended June 30, 2018, which is a reductions of \$5,321,438 from the prior year deficit.
- ❖ Total assets decreased by \$549,558 attributed to the following elements:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	Amount Increase (Decrease)
Cash and Cash Equivalents	\$ 18,160,805	\$ 15,751,084	\$ 2,409,721
Receivables	3,425,807	4,998,633	(1,572,826)
Inventory	56,675	51,518	5,157
Restricted Assets:			
Cash	2,058,306	2,058,306	-
Capital Assets:			
Land and Construction in Progress	3,063,237	3,053,412	9,825
Other Capital Assets (Net of Accumulated Depreciation)	<u>63,618,020</u>	<u>65,019,455</u>	<u>(1,401,435)</u>
Total Assets	<u>\$ 90,382,850</u>	<u>\$ 90,932,408</u>	<u>\$ (549,558)</u>

CENTRAL COMMUNITY SCHOOL SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2018

❖ Total Liabilities decreased \$12,132,909 attributed to the following items:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>Amount Increase (Decrease)</u>
Accounts, Salaries, and Other Payables	\$ 3,416,582	\$ 3,350,936	\$ 65,646
Interest Payable	445,600	474,362	(28,762)
 Long-Term Liabilities:			
Due within One Year	3,800,091	4,140,485	(340,394)
Due in More than one Year	62,174,815	64,759,404	(2,584,589)
Net Pension Liability	<u>48,363,042</u>	<u>57,607,852</u>	<u>(9,244,810)</u>
Total Liabilities	<u>\$118,200,130</u>	<u>\$130,333,039</u>	<u>\$(12,132,909)</u>

Total liabilities decreased. Overall payables increased by \$65,646 while salaries alone increased and matched with benefits there was an overall increase in the amount due at year end.

❖ General revenues increased by \$3,539,604 from fiscal year 2017 to fiscal year 2018. Primary increases and decreases are discussed below:

- Property taxes levied for general purposes increased \$1,083,552.
- Sales and use tax revenue for general purposes decreased by \$1,866,382.
- The largest revenue source is the Minimum Foundation Program (MFP) distribution from the State, amounting to \$30,626,449. This amount has increased from the prior year by the amount of \$746,124. The primary reason for this increase is due to re-gain of student enrollment since the August 2016 Flood. The amount of funds received through the MFP is directly related to the school systems enrollment figures. Each student is allocated a certain number of dollars. The school systems enrollment continues to grow, because of this constant growth the severity of the state budget cuts were kept to a minimum.
- Property taxes were levied in the amount of \$3,611,305 by the school system to pay for the debt service requirements relating to the issuance of general obligation bonds. This is an increase of \$754,667 above the 2017 assessment since the August 2016 Flood.

CENTRAL COMMUNITY SCHOOL SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2018

- In 2010, a half cents sales tax was levied by the school system to pay for the debt service requirements relating to the issuance of sales tax bonds. This half cents sales tax resulted in sales taxes in the amount of \$1,819,594 which is a decrease of \$466,887 from 2017. 2017 Sales taxes were unusually high as a direct result of the August 2016 flood.
- Total Governmental Fund Expenditures have decreased in the amount \$1,963,390. Expenses increased in most areas, Capital Projects decreased by \$3,681,365, Instructional Programs increased by \$794,356, and Support Services increased by 605,139 while Debt Services increased by 318,480.

OVERVIEW OF THE FINANCIAL STATEMENTS

The School Board's Report on the Audit of Basic Financial Statements consists of a series of financial statements and the associated notes to those statements. These statements are organized so the reader can understand the operations of the School Board as a whole, i.e., an entire operating entity. Beginning on page 11, the "Basic Financial Statements" Section, consisting of the Statement of Net Position (Deficit) and the Statement of Activities, provide consolidated financial information, and render a government-wide perspective of the School Board's financial condition. They present an aggregate view of the School Board's finances. These statements seek to answer the question, "How did the School Board do financially during the 2017/2018 fiscal year?" These statements include *all assets and liabilities* using the *accrual basis* of accounting used by most private-sector enterprises. The *accrual basis* takes into account all of the Board's current year revenues and expenses regardless of when paid or received.

By showing the change in net position (deficit) for the year, the reader may ascertain whether the School Board's financial condition has improved or deteriorated. The changes, which are discussed in this MD&A, may be financial or non-financial in nature. Non-financial factors which may have an impact on the School Board's financial condition include increases in or erosion of the property or sales tax base within the school district, student enrollment, facilities maintenance and condition, mandated educational programs for which little or no funding is provided, or other external factors.

To provide more in-depth reporting of the School Board's financial position and the results of operations, fund basis financial information is presented in the "Fund Financial Statements" section beginning on page 13. The Fund Financial Statements, which should be familiar to those who have read previous governmental financial statements, report governmental activities on more of a current rather than long-term basis, indicating sources and uses of funding, as well as resources available for spending in future periods. This is referred to as the current resource measurement focus.

Fund Financial Statements also provide more in-depth data on the School Board's most significant fund, its General Fund. This fund is considered a "major fund" under GASB Statement No. 34. The relationship between governmental *activities* reported in the Basic Financial Statements and the governmental *funds* reported in the Fund Financial Statements are reconciled in the financial statements (See Statements D and F).

CENTRAL COMMUNITY SCHOOL SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2018

The Statement of Fiduciary Net Position - presents financial information relative to assets held by the School Board on behalf of students and others in a position of trust, and accounted for in the School Activity Funds. Refer to Schedule 10 for school-by-school information on the School Activity Fund.

GOVERNMENTAL ACTIVITIES

As reported in the *Statement of Activities* on page 12, the cost of the School Board's governmental activities for the year ended June 30, 2018 was \$51,405,004. However, not all of this cost was borne by the taxpayers of the Central Community School District. Of this amount, \$784,094 was paid by those who used or benefited from the services rendered (e.g., charges for school lunches and summer school tuition) and \$6,673,438 was paid through various federal and state grants. Consequently, the net cost of \$43,947,472 was paid by the taxpayers of the Parish through ad valorem taxes, sales and use taxes, the Minimum Foundation Program (MFP) from the State of Louisiana, and other general revenues.

Table I below shows the total cost of services and the net cost of these services (after charges for services and grants received) for the largest categories of expenses of the School Board for the year ended June 30, 2018. The "net cost" presentation allows taxpayers to determine the remaining cost of the various categories which were borne by them, and allows them the opportunity to assess the cost of each of these functions in comparison to the perceived benefits received.

CENTRAL COMMUNITY SCHOOL SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2018

TABLE I

Total Cost and Net Cost of Governmental Activities
For the Years Ended June 30, 2018 and 2017

	2018		2017	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction:				
Regular Education Programs	\$16,971,087	\$ 16,514,038	\$18,514,055	\$ 17,203,688
Special Education Programs	4,019,354	3,019,424	4,184,845	3,666,679
Other Instructional Programs	4,005,169	2,973,935	4,372,351	3,091,318
Support Services:				
Pupil Support	2,654,360	2,311,857	2,930,852	2,546,847
Instructional Staff Support	1,911,834	1,251,651	2,073,342	1,389,751
General and School Administration	5,878,807	5,621,166	6,042,650	5,556,889
Business Services	547,026	455,159	557,731	485,871
Plant Services	3,817,724	3,817,724	4,529,695	3,720,109
Student Transportation	4,885,675	4,880,691	4,082,609	4,082,609
Central Services	1,501,736	664,913	1,595,045	1,422,409
Food Services	2,727,186	(48,132)	2,604,712	(430,407)
Bond Issuance Cost	248,589	248,589	-	-
Interest on Long-Term Debt	<u>2,236,457</u>	<u>2,236,457</u>	<u>2,269,138</u>	<u>2,269,138</u>
Totals	<u>\$51,405,004</u>	<u>\$ 43,947,472</u>	<u>\$53,757,025</u>	<u>\$ 45,004,901</u>

THE SCHOOL BOARD'S FUNDS

The School Board uses funds to control and manage money for particular purposes. The Fund basis financial statements allow the School Board to demonstrate its stewardship over and accountability for resources provided by taxpayers and other entities. These statements also allow the reader to obtain more insight into the financial workings of the School Board, and assess further the School Board's overall financial health.

As the School Board completed the fiscal year ended June 30, 2018, its combined fund balance was \$18,901,997 as compared to its combined fund balance of \$19,383,327 as of June 30, 2017, a decrease of \$481,330. The General Fund, the main operational arm of the School Board, saw its total fund balance decrease by \$596,995. While General Fund Revenues increased by \$221,945 General Fund Expenditures also increased by \$3,615,390 and Other Financing Sources (Uses) (Transfers to Other Funds) decreased by \$706,930 thereby decreasing current year Excess of Revenues and Other Sources over Expenditures and Other Uses by \$2,686,515.

CENTRAL COMMUNITY SCHOOL SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2018

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the School Board revises its budget to take into consideration significant changes in revenues or expenditures. Louisiana Revised Statute 39:1311 requires a budget amendment if either expected revenues are less than, and/or anticipated expenditures are in excess of budgetary goals by five percent (5%) or more. The Original Budget for the School Board was adopted on September 11, 2017.

A schedule showing the School Board's General Fund's original and final budget compared with actual operating results is provided in this report, Statement G. The School Board generally did better than had been budgeted in its major fund since it practices conservative budgeting in which revenues are forecasted very conservatively and expenditures are budgeted with worst case scenarios in mind. The General Fund finished the fiscal year \$471,561 over what had been budgeted on the final amendment.

CAPITAL ASSETS AND DEBT

Capital Assets. At June 30, 2018, the Central Community School System had a \$66,681,257 investment in capital assets net of accumulated depreciation. This amount was made up of land, buildings and improvements, and furniture and equipment. The capital assets balance is a combinations of the assets transferred from the East Baton Rouge Parish School System on July 1, 2007 and the new school buildings.

Long-Term Debt. At June 30, 2018, the School System had outstanding bonded indebtedness in the amount of \$54,460,486.

The legal debt limit of the School System fixed by Louisiana Revised Statute 39:562(L) at 35% of the total assessed valuation of property in the Central Community School System was approximately \$78,100,000 at June 30, 2018.

Other long-term obligations include compensated absences and accumulated Unfunded Other Postemployment Benefits Payable. At June 30, 2018, this balance was \$11,514,420.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The Central Community School System has seen a dramatic increase in student enrollment since the system's inception. Student enrollment at 10/01/2017 was 4,615 up from approximately 2,700 at inception. The Central Community School System consists of three elementary schools, one middle school and one high school. In 2009 three tax propositions were passed to address existing schools' life safety codes and to build two new schools. The three taxes are a half cent sales tax, a 20 year 9.25 mill tax, and a 20 year 14.4 mill tax. In November of 2013 the voters approved CCSS to borrow an additional \$13.1

CENTRAL COMMUNITY SCHOOL SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2018

million and repay the bonds by extending property tax for five years. The plan is to maintain the current 23.65 mills property taxes passed in 2009 and extend it for five years so the system can sell more bonds for the construction and improvements. CCSS has built a 9th grade academy for \$5.82 million, old middle school renovations and asbestos removal for \$1.5 million, technology update for state mandated assessments for \$2.0 million, repair Central high parking lot for \$1.8 million, and lighting for central baseball and softball fields for \$500 thousand. The Central Community School System is primarily described as a rural School district and the majority of its student population is from within the boundaries of the City of Central which has a population of approximately 28,000.

In August 2016, the community of Central experienced a 500-year flood event and received over 30" of rain in less than 72 hours. This event caused 80% of the community to flood, including several buildings owned or leased by Central Community School System. Tanglewood Elementary School (a CCSS school) suffered the largest loss with 2' of water. CCSS had adequate fund balance and was able to begin recovery immediately. Tanglewood Elementary was re-opened in January 2017. CCSS has been reimbursed by FEMA for most expenses and continues to submit documentation on remaining claims to reach the maximum reimbursement.

CONTACTING THE CENTRAL COMMUNITY SCHOOL SYSTEM'S MANAGEMENT

While this report is designed to provide full and complete disclosure of the financial conditions and operations of the Central Community School System, citizens' groups, taxpayers, parents, students, other parish officials, investors or creditors may need further details. To obtain such details, please contact Mrs. Barbra Guyon, Chief Financial Officer, at the Central Community School System, 10510 Joor Road, Suite 300, City of Central, Louisiana 70818, or by calling 225-262-1919, during regular business hours, Monday through Friday, 8:00 a.m. to 4:30 p.m., central time. Mrs. Barbra Guyon's email address is bguyon@centralcss.org.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOL SYSTEM
STATEMENT OF NET POSITION (DEFICIT)
 JUNE 30, 2018
 (WITH COMPARATIVE TOTALS AS OF JUNE 30, 2017)

ASSETS

	Governmental Activities	
	2018	2017
Cash and Cash Equivalents	\$ 18,160,805	\$ 15,751,084
Receivables	3,425,807	4,998,633
Inventory	56,675	51,518
Restricted Assets:		
Cash	2,058,306	2,058,306
Capital Assets:		
Land and Construction in Progress	3,063,237	3,053,412
Other Capital Assets (Net of Accumulated Depreciation)	63,618,020	65,019,455
Total Assets	90,382,850	90,932,408

DEFERRED OUTFLOWS OF RESOURCES

Deferred Amount on Refunding	1,230,440	606,412
Deferred Outflows - Related to Pensions	9,577,908	13,178,495
Deferred Outflows - Related to Post-Employment Benefits Other Than Pensions	236,435	262,716
Total Deferred Outflows	11,044,783	14,047,623

LIABILITIES

Accounts, Salaries, and Other Payables	3,416,582	3,350,936
Interest Payable	445,600	474,362
Long-Term Liabilities:		
Due Within One Year	3,800,091	4,140,485
Due in More than One Year	62,174,815	64,759,404
Net Pension Liability	48,363,042	57,607,852
Total Liabilities	118,200,130	130,333,039

DEFERRED INFLOWS OF RESOURCES

Deferred Inflows - Related to Pensions	4,875,971	1,794,422
Deferred Inflows - Related to Post-Employment Benefits Other Than Pensions	1,795,835	1,618,311
Total Deferred Inflows	6,671,806	3,412,733

NET POSITION (DEFICIT)

Net Investment in Capital Assets	15,530,687	14,270,437
Restricted for:		
Classroom Improvements	69,611	-
Construction Contracts	-	453,890
Debt Service	4,367,468	4,303,210
Unrestricted (Deficit)	(43,412,069)	(47,793,278)
Total Net Position (Deficit)	\$ (23,444,303)	\$ (28,765,741)

The notes to the financial statements are an integral part of this statement.

CENTRAL COMMUNITY SCHOOL SYSTEM

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2018

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017)

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Total Governmental Activities - Net (Expense) Revenues and Changes in Net Position 2018	Total Governmental Activities - Net (Expense) Revenues and Changes in Net Position 2017
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Governmental Activities:						
Instruction:						
Regular Programs	\$ 16,971,087	\$ -	\$ 457,049	\$ -	\$ (16,514,038)	\$ (17,203,688)
Special Education Programs	4,019,354	208,083	791,847	-	(3,019,424)	(3,666,679)
Vocational Programs	986,266	-	4,170	-	(982,096)	(1,096,290)
All Other Programs	3,018,903	384,074	642,990	-	(1,991,839)	(1,995,028)
Support Services:						
Pupil Support	2,654,360	-	342,503	-	(2,311,857)	(2,546,847)
Instructional Staff Support	1,911,834	-	660,183	-	(1,251,651)	(1,389,751)
General Administration	3,534,059	-	160,414	-	(3,373,645)	(3,166,741)
School Administration	2,344,748	-	97,227	-	(2,247,521)	(2,390,148)
Business Services	547,026	-	91,867	-	(455,159)	(485,871)
Plant Services	3,817,724	-	-	-	(3,817,724)	(3,720,109)
Student Transportation Services	4,885,675	-	4,984	-	(4,880,691)	(4,082,609)
Central Services	1,501,736	-	836,823	-	(664,913)	(1,422,409)
Food Services	2,727,186	191,937	2,583,381	-	48,132	430,407
Bond Issuance Costs	248,589	-	-	-	(248,589)	-
Interest on Long-Term Debt	2,236,457	-	-	-	(2,236,457)	(2,269,138)
Total Governmental Activities	\$ 51,405,004	\$ 784,094	\$ 6,673,438	\$ -	(43,947,472)	(45,004,901)
Taxes:						
Property Taxes, Levied for General Purposes					5,187,313	4,103,761
Property Taxes, Levied for Debt Services					3,611,305	2,856,638
Sales and Use Taxes, Levied for General Purposes					7,278,375	9,144,757
Sales and Use Taxes, Levied for Debt Services					1,819,594	2,286,481
Grants and Contributions not Restricted to Specific Purposes:						
Minimum Foundation Program					30,626,449	29,880,325
Other					26,912	33,512
Interest and Investment Earnings					24,097	28,596
Net Gain (Loss) on Disposal of Assets					252,624	(3,129,978)
Miscellaneous					442,241	525,214
Total General Revenues					49,268,910	45,729,306
Change in Net Position					5,321,438	724,405
Net Position (Deficit) - Beginning of Year					(28,765,741)	(29,490,146)
Net Position (Deficit) - End of Year					\$ (23,444,303)	\$ (28,765,741)

The notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOL SYSTEM

BALANCE SHEET
GOVERNMENTAL FUNDSJUNE 30, 2018
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2017)

ASSETS	General	Special Revenue Fund	Debt Service Fund	Nonmajor Governmental	Total Governmental Funds	
	Fund	Federal Grant Fund	General Obligation	Funds	2018	2017
Cash and Cash Equivalents	\$ 14,065,168	\$ -	\$ 2,270,574	\$ 1,825,063	\$ 18,160,805	\$ 15,751,084
Receivables	1,429,930	1,525,588	4,349	465,940	3,425,807	4,998,633
Inventory	-	-	-	56,675	56,675	51,518
Due from Other Funds	2,129,977	-	-	-	2,129,977	4,769,554
Restricted Assets:						
Cash and Cash Equivalents	-	-	-	2,058,306	2,058,306	2,058,306
Total Assets	\$ 17,625,075	\$ 1,525,588	\$ 2,274,923	\$ 4,405,984	\$ 25,831,570	\$ 27,629,095
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts, Salaries and Other Payables	\$ 3,262,467	\$ 2,085	\$ -	\$ 152,030	\$ 3,416,582	\$ 3,350,936
Due to Other Funds	4,676	1,572,483	170,975	381,843	2,129,977	4,769,554
Total Liabilities	3,267,143	1,574,568	170,975	533,873	5,546,559	8,120,490
Deferred Inflows of Resources:						
Deferred Inflows of Resources-						
Unavailable Intergovernmental Revenues	-	1,383,014	-	-	1,383,014	125,278
Fund Balances:						
Nonspendable:						
Inventory	-	-	-	56,675	56,675	51,518
Restricted For:						
Classroom Improvements	69,611	-	-	-	69,611	-
Construction Contracts	-	-	-	-	-	453,890
Debt Service	-	-	2,103,948	2,263,520	4,367,468	4,303,210
Committed For:						
Construction Contracts	-	-	-	17,731	17,731	782,653
Assigned To:						
Capital Projects	-	-	-	1,295,089	1,295,089	84,285
School Lunch Program	-	-	-	239,096	239,096	199,447
Other Post Employment Benefits	2,000,000	-	-	-	2,000,000	2,000,000
Unassigned (Deficit)	12,288,321	(1,431,994)	-	-	10,856,327	11,508,324
Total Fund Balances (Deficit)	14,357,932	(1,431,994)	2,103,948	3,872,111	18,901,997	19,383,327
Total Liabilities and Fund Balances	\$ 17,625,075	\$ 1,525,588	\$ 2,274,923	\$ 4,405,984	\$ 25,831,570	\$ 27,629,095

The notes to the financial statements are an integral part of this statement.

CENTRAL COMMUNITY SCHOOL SYSTEM

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION (DEFICIT)

JUNE 30, 2018

(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2017)

	2018	2017
Total Fund Balances - Governmental Funds	\$ 18,901,997	\$ 19,383,327
Cost of Capital Assets	86,145,350	84,757,901
Less: Accumulated Depreciation	(19,464,093)	(16,685,034)
	66,681,257	68,072,867
Elimination of Interfund Assets and Liabilities:		
Due from Other Funds	2,129,977	4,769,554
Due to Other Funds	(2,129,977)	(4,769,554)
	-	-
Long-Term Liabilities:		
Compensated Absences	(2,198,424)	(2,202,948)
Total OPEB Liability	(9,315,996)	(9,580,721)
Net Pension Liability	(48,363,042)	(57,607,852)
Bonds Payable	(54,460,486)	(56,620,685)
Deferred Amount on Refunding	1,230,440	606,412
Capital Lease Payable	-	(495,535)
Accrued Interest Payable	(445,600)	(474,362)
	(113,553,108)	(126,375,691)
Deferred Inflows of Resources - Unavailable Intergovernmental Revenues are not Reported in Governmental Funds	1,383,014	125,278
Deferred Outflows of Resources Related to Pensions are not Reported in Governmental Funds	9,577,908	13,178,495
Deferred Outflows of Resources Related to Other Post Employment Benefits are not Reported in Governmental Funds	236,435	262,716
Deferred Inflows of Resources Related to Pensions are not Reported in Governmental Funds	(4,875,971)	(1,794,422)
Deferred Inflows of Resources Related to Other Post Employment Benefits are not Reported in Governmental Funds	(1,795,835)	(1,618,311)
Net Position (Deficit)	\$ (23,444,303)	\$ (28,765,741)

The notes to the financial statements are an integral part of this statement.

CENTRAL COMMUNITY SCHOOL SYSTEM

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDSFOR THE YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017)

	General Fund	Special	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds	
		Revenue Fund Federal Grant Fund	Fund General Obligation		2018	2017
Revenues:						
Local Sources:						
Taxes:						
Ad Valorem	\$ 5,187,313	\$ -	\$ 3,611,305	\$ -	\$ 8,798,618	\$ 6,960,399
Sales and Use	7,278,375	-	-	1,819,594	9,097,969	11,431,238
Other	223,103	-	-	-	223,103	172,413
Tuition	384,074	-	-	-	384,074	320,665
Interest Earnings	15,979	-	8,118	-	24,097	28,596
Rentals, Leases and Royalties	18,593	-	-	-	18,593	13,045
Food Services	-	-	-	191,937	191,937	359,722
Other	408,628	-	-	-	408,628	470,732
State Sources:						
Unrestricted Grants-in-Aid	30,710,153	-	-	150,000	30,860,153	30,026,438
Restricted Grants-in-Aid	428,337	-	-	-	428,337	475,476
Federal Sources:						
Unrestricted - Indirect Cost Recoveries	-	-	-	81,390	81,390	71,860
Restricted Grants-in-Aid - Subgrants	60,459	401,802	-	4,290,750	4,753,011	7,143,075
Other - Commodities	-	-	-	179,876	179,876	173,435
Total Revenues	44,715,014	401,802	3,619,423	6,713,547	55,449,786	57,647,094
Expenditures:						
Instruction:						
Regular Programs	17,742,602	11,181	-	-	17,753,783	17,333,530
Special Education Programs	3,812,070	800	-	501,596	4,314,466	4,027,305
Vocational Programs	1,052,915	4,170	-	-	1,057,085	1,072,965
Other Instructional Programs	2,190,231	-	-	-	2,190,231	2,031,019
Special Programs	498,200	269,603	-	289,451	1,057,254	1,113,644
Support Services:						
Pupil Support	2,536,652	-	-	342,503	2,879,155	2,811,960
Instructional Staff Support	1,401,385	45,795	-	603,497	2,050,677	2,002,717
General Administration	1,411,404	19,931	105,523	19,406	1,556,264	1,401,030
School Administration	2,245,539	39,845	-	-	2,285,384	2,320,480
Business Services	580,860	-	-	-	580,860	540,652
Plant Services	3,769,848	-	-	29,634	3,799,482	4,514,144
Transportation Services	4,880,691	-	-	4,984	4,885,675	4,082,609
Central Services	1,356,389	-	-	171,660	1,528,049	1,582,127
Food Services	12,023	-	-	2,818,630	2,830,653	2,535,341

(CONTINUED)

CENTRAL COMMUNITY SCHOOL SYSTEM

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017)

	General Fund	Special	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds	
		Revenue Fund Federal Grant Fund	Fund General Obligation		2018	2017
Expenditures (Continued):						
Capital Outlay	305,725	-	-	1,129,400	1,435,125	5,116,490
Debt Service:						
Principal Retirement	285,097	-	1,970,000	1,305,438	3,560,535	3,391,475
Interest and Bank Charges	48,204	-	1,413,718	720,652	2,182,574	2,281,743
Bond Issuance Costs	-	-	143,909	104,680	248,589	-
Total Expenditures	44,129,835	391,325	3,633,150	8,041,531	56,195,841	58,159,231
Excess (Deficiency) of Revenues Over Expenditures	585,179	10,477	(13,727)	(1,327,984)	(746,055)	(512,137)
Other Financing Sources (Uses):						
Proceeds on Disposal of Capital Assets	299,900	-	-	400	300,300	-
Transfers In	81,390	-	-	1,414,045	1,495,435	1,871,860
Transfers Out	(1,329,760)	-	-	(165,675)	(1,495,435)	(1,871,860)
Other Transfers Out	(233,704)	-	-	-	(233,704)	(160,964)
Proceeds from Bond Issuance	-	-	6,925,000	3,675,000	10,600,000	-
Premium on Bond Issuance	-	-	1,009,893	564,121	1,574,014	-
Payment to Refund Bonds	-	-	(7,787,383)	(4,188,502)	(11,975,885)	-
Total Other Financing Sources (Uses)	(1,182,174)	-	147,510	1,299,389	264,725	(160,964)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(596,995)	10,477	133,783	(28,595)	(481,330)	(673,101)
Fund Balances (Deficit) at Beginning of Year	14,954,927	(1,442,471)	1,970,165	3,900,706	19,383,327	20,056,428
Fund Balances (Deficit) at End of Year	\$ 14,357,932	\$ (1,431,994)	\$ 2,103,948	\$ 3,872,111	\$ 18,901,997	\$ 19,383,327

The notes to the financial statements are an integral part of this statement.

CENTRAL COMMUNITY SCHOOL SYSTEM

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

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017)

	2018	2017
Total Net Change in Fund Balances - Governmental Funds	\$ (481,330)	\$ (673,101)
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Deferred Inflows of Resources - Unavailable Intergovernmental Revenues	1,257,736	125,278
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Outlays Which Were Capitalized	1,435,125	5,116,490
Depreciation Expense	(2,779,059)	(2,735,628)
Add accumulated depreciation on capital assets retired during the year	-	1,849,650
Less cost basis of capital assets retired during the year	(47,676)	(4,979,628)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.		
Issuance of General Obligation Bonds	(7,934,893)	-
Issuance of Sales Tax Bonds	(4,239,121)	-
Payment to Refund Bonds	11,975,885	-
Repayment of Debt	3,560,535	3,391,475
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
(Increase) Decrease in Compensated Absences Payable	4,524	(66,220)
Amortization of Premiums on Bonds	29,213	28,152
(Increase) Decrease in Pension Expense	2,562,674	(1,184,651)
(Increase) Decrease in OPEB Expense	60,921	(131,865)
Amortization of Deferred Amount on Refunding	(111,858)	(50,536)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		
(Increase) Decrease in Accrued Interest Payable	28,762	34,989
Change in Net Position of Governmental Activities	\$ 5,321,438	\$ 724,405

The notes to the financial statements are an integral part of this statement.

CENTRAL COMMUNITY SCHOOL SYSTEM
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL -
GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Local Sources:				
Taxes:				
Ad Valorem	\$ 4,915,000	\$ 5,171,000	\$ 5,187,313	\$ 16,313
Sales and Use	6,600,000	6,900,000	7,278,375	378,375
Other	162,000	259,000	223,103	(35,897)
Tuition	255,000	321,000	384,074	63,074
Interest Earnings	55,000	10,000	15,979	5,979
Rentals, Leases, and Royalties	7,400	15,545	18,593	3,048
Other	273,400	322,626	408,628	86,002
State Sources:				
Unrestricted Grants-in-Aid	30,620,000	30,765,000	30,710,153	(54,847)
Restricted Grants-in-Aid	386,607	467,440	428,337	(39,103)
Federal Sources:				
Restricted Grants-in-Aid	53,000	53,000	60,459	7,459
Total Revenues	43,327,407	44,284,611	44,715,014	430,403
Expenditures:				
Instruction:				
Regular Programs	17,282,308	17,992,043	17,742,602	249,441
Special Education Programs	3,779,180	3,842,016	3,812,070	29,946
Vocational Programs	1,067,090	1,140,573	1,052,915	87,658
Other Instructional Programs	1,934,895	2,110,692	2,190,231	(79,539)
Special Programs	464,969	468,736	498,200	(29,464)
Support Services:				
Pupil Support	2,352,535	2,529,055	2,536,652	(7,597)
Instructional Staff Support	1,338,580	1,421,108	1,401,385	19,723
General Administration	1,175,465	1,470,643	1,411,404	59,239
School Administration	2,039,120	2,219,431	2,245,539	(26,108)
Business Services	610,614	614,468	580,860	33,608
Plant Services	4,257,454	3,755,221	3,769,848	(14,627)

(CONTINUED)

CENTRAL COMMUNITY SCHOOL SYSTEM
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL -
GENERAL FUND (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Expenditures (Continued):				
Support Services (Continued):				
Transportation Services	4,785,025	4,791,450	4,880,691	(89,241)
Central Services	1,404,975	1,533,217	1,356,389	176,828
Food Services	-	12,351	12,023	328
Capital Outlay	536,000	404,917	305,725	99,192
Debt Service:				
Principal Retirement	531,655	41,100	285,097	(243,997)
Interest and Bank Charges	-	29,500	48,204	(18,704)
Total Expenditures	<u>43,559,865</u>	<u>44,376,521</u>	<u>44,129,835</u>	<u>246,686</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(232,458)	(91,910)	585,179	677,089
Other Financing Sources (Uses):				
Proceeds on Disposal of Capital Assets	-	298,114	299,900	1,786
Transfers In	1,305,000	55,000	81,390	26,390
Transfers Out	(150,000)	(1,329,760)	(1,329,760)	-
Other Transfers Out	-	-	(233,704)	(233,704)
Total Other Financing Sources (Uses)	<u>1,155,000</u>	<u>(976,646)</u>	<u>(1,182,174)</u>	<u>(205,528)</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	922,542	(1,068,556)	(596,995)	471,561
Fund Balance at Beginning of Year	<u>14,954,927</u>	<u>14,954,927</u>	<u>14,954,927</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 15,877,469</u>	<u>\$ 13,886,371</u>	<u>\$ 14,357,932</u>	<u>\$ 471,561</u>

The notes to the financial statements are an integral part of this statement.

CENTRAL COMMUNITY SCHOOL SYSTEM
SPECIAL REVENUE FUND - FEDERAL GRANT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance with Budget
Revenues:				
Federal Sources:				
Federal Grants	\$ 327,061	\$ 1,763,103	\$ 401,802	\$ (1,361,301)
Total Revenues	327,061	1,763,103	401,802	(1,361,301)
Expenditures:				
Instruction:				
Regular Programs	-	13,540	11,181	2,359
Special Education Programs	-	1,000	800	200
Vocational Programs	2,200	3,920	4,170	(250)
Special Programs	276,036	269,603	269,603	-
Support Services:				
Instructional Staff Support	48,825	47,105	45,795	1,310
General Administration	-	20,000	19,931	69
School Administration	-	50,000	39,845	10,155
Capital Outlay	-	600,000	-	600,000
Total Expenditures	327,061	1,005,168	391,325	613,843
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	757,935	10,477	(747,458)
Fund Balance (Deficit) at Beginning of Year	(1,442,471)	(1,442,471)	(1,442,471)	-
Fund Balance (Deficit) at End of Year	\$ (1,442,471)	\$ (684,536)	\$ (1,431,994)	\$ (747,458)

The notes to the financial statements are an integral part of this statement.

CENTRAL COMMUNITY SCHOOL SYSTEM

FIDUCIARY FUND

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2018

(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2017)

ASSETS

	<u>2018</u>	<u>2017</u>
Cash	\$ 783,806	\$ 872,184
Total Assets	<u>\$ 783,806</u>	<u>\$ 872,184</u>

LIABILITIES

Amounts Held for School Activities	\$ 783,806	\$ 872,184
Total Liabilities	<u>\$ 783,806</u>	<u>\$ 872,184</u>

The notes to the financial statements are an integral part of this statement.

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

INTRODUCTION

Effective November 2006, the Central Community School System (School System) seceded from the East Baton Rouge Parish School System (EBRPSS) and formed its own school district as a result of a statewide election to amend the Louisiana Constitution to create the special school district. The School System was created by Louisiana Revised Statute (LSA-R.S.) 17:66 for the purpose of providing public education for the residents within the Central Community in East Baton Rouge Parish. The School System operated as a start up organization from December 11, 2006 through June 30, 2007 in order to plan, organize and recruit personnel for the following school year. The first year the School System provided educational programs to the residents of the Central Community began on July 1, 2007. The School System Board is comprised of seven members who are elected from seven districts for terms of four years and are charged with the management and operation of the Central Community School System.

The School System operates five schools within the community with a total enrollment of approximately 4,500 students. In conjunction with the regular educational programs, some of these schools offer special education and vocational education programs. In addition, the School System provides transportation and school food services for the students.

(1) Summary of Significant Accounting Policies -

A. Basis of Presentation

The accompanying financial statements of the Central Community School System have been prepared in conformity with accounting principles generally accepted in the United States of America (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.

This financial report has been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

B. Reporting Entity

For financial reporting purposes, the School System includes all funds, schools, and agencies that are within the oversight responsibility of the School System. The oversight responsibility derived by the School System is related to its scope of public service and gives it the authority to establish public schools as it deems necessary. This oversight responsibility also allows the School System to determine the number of teachers and employees to be employed, to establish the financial interdependency of the funds, to appoint management, and to significantly influence operations and accountability for fiscal matters.

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

Certain units of local government over which the School System exercises no oversight responsibility, such as the City of Central, other independently elected officials, and other governments within the city, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the Central Community School System.

The Governmental Accounting Standards Board (GASB) Statement No. 61, the Financial Reporting Entity: Omnibus, established criteria for determining which component units should be considered part of the Central Community School System for financial reporting purposes. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Legal status of the potential component unit.
2. Financial accountability:
 - a. The primary government appoints a voting majority of the potential component unit's governing body and the primary government is able to impose its will on the potential component unit (or)
 - b. When a potential component unit is fiscally dependent on the primary government regardless of whether the organization has separately elected officials or boards.
3. Financial benefits/burden relationship between the School System and the potential component unit, and misleading to exclude which covers other potential component units for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading.

Based on the previous criteria, the School System's management has determined that there are no component units at June 30, 2018.

C. Funds

The School System uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain School System functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Funds of the School System are classified into two categories as Governmental Funds or Fiduciary Funds and are discussed below.

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

Governmental Funds

Governmental funds are used to account for all of the School System's general activities. These funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the School System.

The following are the School System's primary governmental funds:

Governmental Fund Types:

General Fund - The General Fund is the general operating fund of the School System. It is used to account for and report all financial resources not accounted for and reported in other funds.

Special Revenue Funds - The Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt services or capital projects.

Debt Service Funds - The Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest and related costs for each type of bond issued.

Capital Projects Funds - The Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Fiduciary Fund Type:

Agency Funds - Agency funds account for assets held by the School System as an agent for schools and school organizations, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

D. Measurement Focus/Basis of Accounting

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. These statements include all the financial activities of the school system.

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

The GWFS were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange 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 derive directly from parties outside the School System's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the School System's general revenues.

Allocation of Indirect Expenses

The School System reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense which can be specifically identified by function is included in the direct expenses of each function. Depreciation on buildings is assigned to the "general administration" function due to the fact that school buildings serve many purposes.

Fund Financial Statements (FFS)

Governmental Funds

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

Fund financial statements report detailed information about the School System. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. The major funds of the School System are the General Fund, the Other Federal Grants Special Revenue Fund, and the General Obligation Bonds Debt Service Fund for the year ended June 30, 2018. The Other Federal Fund is used to account for all other Federal Grant funds. Those programs include the Public Assistance grant, Education Jobs Fund grant, Vocational Education (Carl Perkins) grant, the Capital Area Human Resources Prevention grant, the Mathematics and Science Partnership grant, the Enhancing Education Through Technology

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

grant, and the Temporary Assistance for Needy Families (T.A.N.F.) grant. The General Obligation Bonds Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest and related costs for General Obligation Revenue Bonds.

The modified accrual basis of accounting is used by Governmental Funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter (generally 60 days) to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. The Governmental Funds use the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December, January, and February of the fiscal year.

Federal and State entitlements (which include state equalization) are recorded when available and measurable. Federal and State grants are recorded when the reimbursable expenditures have been incurred.

Sales and use tax revenues are recorded in the month collected by the vendor even though not paid to the School System until the subsequent month.

Substantially all other revenues are recorded when received.

Expenditures

Salaries are recorded as expenditures when earned. Nine-month employee salaries are earned over a 9-month period, but are paid over a 12-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. All other expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid, sale of fixed assets, long-term debt proceeds, bank loan proceeds, etc., are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

E. Budget Practices

The School System adopts an annual budget for the General Fund, each Special Revenue Fund, each Debt Service Fund and each Capital Projects Fund. Only the General Fund and each Special Revenue Fund is required to be presented in these financial statements.

The proposed budgets for the fiscal year ended June 30, 2018, were made available for public inspection and comments from taxpayers. The budgets, which included proposed expenditures and the means of financing them, were published in the official journal fifteen days prior to the public hearing on the budget for the year ended June 30, 2018. At this meeting, the proposed budgets were legally adopted by the School Board.

The budgets are prepared on a modified accrual basis of accounting. All appropriations lapse at year end. Encumbrances are not recognized within the accounting records for budgetary control purposes. Formal budget integration (within the accounting records) is employed as a management control device. The superintendent is authorized to transfer between line items within any fund. However, when actual revenues within a fund fail to meet budgeted revenues by five percent or more, a budget amendment is adopted by the School System in an open meeting. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

F. Encumbrances

Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed. However, outstanding purchase orders are taken into consideration before expenditures are incurred in order to assure that applicable appropriations are not exceeded.

G. Cash, Cash Equivalents, and Investments

Under state law, the School System 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. Cash and cash equivalents include cash on hand, cash on deposit, certificates of deposit with original maturities less than 90 days, and money market accounts. Under state law, these 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 be equal or exceed the amount on deposit with the fiscal agent. Investments (certificates of deposit with original maturities greater than 90 days) are reflected at fair value.

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

The School System may invest in United States bonds, treasury notes, or certificate and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana or with the Louisiana Asset Management Pool, Inc. Under state law, the School System may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Cash and cash equivalents are stated at cost, which approximates market value.

H. Inventory

Inventory of the School Lunch Special Revenue Fund consists of food purchased by the School System 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. All purchased inventory items are valued at the lower of cost (first-in, first-out basis) or market, and commodities are assigned values based on information provided by the United States Department of Agriculture.

I. Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in service concession arrangements are recorded at acquisition value. The system for accumulation of fixed assets cost data does not provide the means for determining the percentage of assets valued at actual and those valued at estimated cost.

Capital assets are recorded in the GWFS, but are not reported in the FFS. All capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purposes by the School System, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 10 to 50 years for buildings and improvements, and 5 to 15 years on equipment.

Assets transferred from the East Baton Rouge Parish School System on July 1, 2007 were transferred at historical cost less accumulated depreciation. These amounts were obtained from the East Baton Rouge Parish School System.

The School System 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, 2007 were considered to be part of the cost of buildings or other immovable property such as stadiums. In the future, if such items are built or constructed, they will be capitalized and depreciated over their estimated useful lives.

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend the asset lives are not capitalized. The School System capitalizes equipment that has an original purchase price of \$5,000 or greater.

J. Compensated Absences

All 12-month employees earn 15 days of vacation leave each year. A maximum of 25 days can be accumulated and is paid to the employee upon termination or can be used for retirement benefit computation.

All school board employees earn from 8 to 10 days of sick leave each year, depending upon the number of months employed and 2 days personal leave days each year. Sick leave may be accumulated without limitation. 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, including the twenty-five days paid, is used in the retirement benefit computation as earned service for leave earned prior to July 1, 1988. For sick leave earned between July 1, 1988 and June 30, 1990 under the Louisiana Teachers Retirement System and for sick leave earned under the Louisiana School Employees Retirement System, all unpaid sick leave, which excludes the twenty-five days paid, is used in the retirement benefit computation as earned service. For sick leave earned after June 30, 1990, a maximum of one year of accumulated sick leave earned, which excludes the twenty-five days paid, can be converted to one year of earned service. All remaining accumulated sick leave earned after June 30, 1990, after converting one year of sick leave into one year of earned service, may only be added to the member's service credit if purchased.

Sabbatical leave may only be granted for medical leave 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. Sabbatical leave benefits are recorded as expenditures in the period paid.

K. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Net Position

Net position represents the difference between assets and liabilities in the GWFS. "Net investment in capital assets" consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the GWFS when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

M. Sales and Use Taxes

The School System receives a two percent sales and use tax. The sales and use tax is collected by the East Baton Rouge City-Parish, remitted to the School System, and is included in the revenues of the General Fund. The proceeds of the tax are dedicated to the payment of salaries of school teachers and other school employees; the payment of utilities; and constructing, maintaining or operating school buildings and other school related facilities, including the acquisition of sites.

In addition, on May 2, 2009, the voters approved a ½ percent sales and use tax for the purpose of constructing, furnishing and equipping a new middle school, including, if necessary, land acquisitions and related debt repayment.

N. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

O. Deferred Outflows/Inflows of Resources

The statement of net position reports a separate section for deferred outflows and (or) inflows of financial resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represents an acquisition of a net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time.

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

Deferred outflows and inflows of resources on the statement of net position are related to pensions, post-employment benefits other than pensions (OPEB) and federal grants. See Pension Plans Note 8, Long-Term Debt Note 10, and Notes to Schedule of Expenditures of Federal Awards.

P. Pensions

The School System is a participating employer in cost-sharing, multiple-employer defined benefit plans as described in Note 8. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of each of the plans, and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Q. Fund Equity

The School System has adopted the provisions of Governmental Accounting Standards Board Statement No. 54 which redefined how fund balances are presented in fund financial statements. In the governmental fund financial statements, fund balances 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 the state or federal laws, or externally imposed conditions by grantors or creditors.

Committed - Amounts that can only be used for specific purposes determined by a formal action of the School System. These amounts cannot be used for any other purpose unless the School System removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed.

Assigned - Amounts that are designated as committed by the School System but are not spendable until a budget resolution is passed.

Unassigned - All amounts not included in other spendable classifications; positive amounts are only in the general fund. The School System has adopted a policy to maintain the general fund's unassigned fund balance at a minimum balance of 15% of general fund expenditures.

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

The details of the fund balances are included in the Balance Sheet - Governmental Funds (Statement C). As noted above, restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the School System or the Assignment has been changed by the School System. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned becomes zero, then Assigned and Committed Fund Balances are used in that order.

R. Current Year Adoption of New Standards

The School System adopted the following recently issued Governmental Accounting Standards Board (GASB) Standard in the preparation of this Financial Statement:

In March 2017, the Governmental Accounting Standards Board issued GASB Statement No 85, Omnibus 2017. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

The adoption of this standard had no impact on the government wide or the governmental fund financial statements, but provide for guidance, clarification and/or additional disclosures in the notes to the basic financial statements and required supplementary information related to pensions.

S. Summary Financial Information for 2017 and Reclassifications

The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient details to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the School System's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

Certain items in the 2017 columns have been reclassified to conform to the presentation in the current year financial statements. Such reclassification had no effect on the previous reported excess (deficiency) of revenues and other sources over expenditures and other uses or change in net position.

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

(2) Cash and Cash Equivalents -

For reporting purposes, cash and cash equivalents include amounts in demand deposits, interest bearing demand deposits, and money market accounts. Under state law, the School System may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

At June 30, 2018, the carrying amount of the School System's Cash and Cash Equivalents and Investments (checking accounts, savings accounts, and certificates of deposits) was \$21,002,917 and the confirmed bank balances were \$21,549,315. Cash and Cash Equivalents and Investments are stated at cost, which approximates market.

The following is a summary of Cash and Cash Equivalents and Investments at June 30, 2018:

	<u>Deposits in Bank Accounts</u>		
	<u>Governmental Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Book Balances	\$ 20,219,111	\$ 783,806	\$ 21,002,917
Bank Balances	\$ 20,758,646	\$ 790,669	\$ 21,549,315

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the School System's deposits may not be returned to it. To mitigate this risk, state law requires for these deposits (or the resulting bank balances) to be secured by federal deposit insurance or the pledge of securities 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. The pledged securities are deemed by Louisiana State Law to be under the control and possession and in the name of the School System regardless of its designation by the financial institution in which it is deposited. As of June 30, 2018, none of the School System's bank balance of \$21,549,315 was exposed to custodial credit risk.

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

(3) Ad Valorem Taxes -

All taxable property in Louisiana is required by law to be assessed annually at a percentage of its fair market value by the Parish Assessor, except for public utility property which is assessed by the Louisiana Tax Commission.

The 1974 Louisiana Constitution (Article 7 Section 18) provided that land and improvements for residential purposes be assessed at 10% of fair market value; other property and electric cooperative properties, excluding land are to be assessed at 15% and public service properties, excluding land, are to be assessed at 25% of fair market value. Fair market value is determined by the elected assessor of the parish on all property subject to taxation except public service properties, which is valued by the Louisiana Tax Commission (LRS 47:1957). The correctness of assessments by the assessor is subject to review and certification by the Louisiana Tax Commission. The Assessor is required to reappraise all property subject to taxation at intervals of not more than four years.

Ad Valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Parish Assessor during the year and are billed to taxpayers in November. Billed taxes become delinquent on December 31. Revenues from Ad Valorem taxes are budgeted in the year billed and recognized as revenue when billed. The Parish Sheriff bills and collects the property taxes using the assessed value determined by the Parish Assessor's office.

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

	<u>Authorized Millage</u>	<u>Levied Millage</u>
Parishwide Taxes:		
Constitutional	5.00	4.23
Special	38.45	32.52
Debt Service	9.25	9.25
Debt Service	14.40	14.40

Any differences between authorized and levied millages are the result of reassessment of the tax rolls required by Article 7, Section 23 of the Louisiana Constitution of 1974.

Total Ad Valorem Taxes Levied	\$ 9,023,484
Less: Amounts Deemed Uncollectible	<u>(224,866)</u>
Net Ad Valorem Taxes Collectible	<u>\$ 8,798,618</u>

Ad Valorem taxes receivable at June 30, 2018, totaled \$19,720.

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

(4) Receivables -

The receivables at June 30, 2018, are as follows:

	Federal Grants	State Grants	Sales Taxes	Ad Valorem Taxes	Interest	Other	Total
General Fund	\$ 26,072	\$ 12,201	\$ 1,011,946	\$ 16,172	\$ 1,223	\$ 362,316	\$ 1,429,930
General Obligation Debt Service Fund	-	-	-	3,548	801	-	4,349
Other Federal Grants Special Revenue Fund	1,515,847	9,741	-	-	-	-	1,525,588
Nonmajor Funds	206,823	-	252,986	-	-	6,131	465,940
Totals	\$ 1,748,742	\$ 21,942	\$ 1,264,932	\$ 19,720	\$ 2,024	\$ 368,447	\$ 3,425,807

(5) Interfund Receivables, Payables - Transfers In, Transfers Out -

	Due from Other Funds	Due to Other Funds
General Fund	\$ 2,129,977	\$ 4,676
Other Federal Grants Special Revenue Fund	-	1,572,483
General Obligation Debt Service Fund	-	170,975
Nonmajor Governmental Funds:		
Special Revenue Funds:		
Improving America's Schools	-	83,242
Special Education	-	108,270
School Food Service	-	112,684
Capital Projects Funds:		
Proposition No.1	-	23,493
Debt Service Funds:		
Sales Tax	-	54,154
Total Nonmajor Governmental Funds	-	381,843
Total	\$ 2,129,977	\$ 2,129,977

(CONTINUED)

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 81,390	\$ 1,329,760
Nonmajor Governmental Funds:		
Special Revenue Funds:		
Improving America's Schools	-	38,166
Special Education	-	43,224
Capital Projects Funds:		
Proposition No. 1	1,414,045	-
Proposition No. 2	-	84,285
Total Nonmajor Governmental Funds	1,414,045	165,675
Total	\$ 1,495,435	\$ 1,495,435

(6) Changes in Capital Assets -

Capital asset activity for the year ended June 30, 2018 is as follows:

	<u>Balance July 01, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>
<u>Governmental Activities:</u>				
Capital Assets not being Depreciated:				
Land	\$ 2,931,206	\$ -	\$ -	\$ 2,931,206
Construction in Progress	122,206	1,001,295	991,470	132,031
Total Capital Assets not being Depreciated	3,053,412	1,001,295	991,470	3,063,237
Capital Assets being Depreciated:				
Buildings and Improvements	76,986,736	1,203,409	-	78,190,145
Furniture and Equipment	4,717,753	174,215	-	4,891,968
Total Capital Assets being Depreciated	81,704,489	1,377,624	-	83,082,113
Less: Accumulated Depreciation for:				
Buildings and Improvements	13,652,220	1,960,742	-	15,612,962
Furniture and Equipment	3,032,814	818,317	-	3,851,131
Total Accumulated Depreciation	16,685,034	2,779,059	-	19,464,093
Total Capital Assets being Depreciated, Net	65,019,455	(1,401,435)	-	63,618,020
Total Governmental Activities Capital Assets, Net	\$68,072,867	\$ (400,140)	\$ 991,470	\$66,681,257

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

Depreciation expense of \$2,779,059 for the year ended June 30, 2018 was charged to the following governmental functions:

Instruction:

Regular Education	\$ 499,708
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Support Services:

General Administration (Including all Buildings)	2,021,788
School Administration	227,002
Plant Services	18,242
Food Services	<u>12,319</u>
Total	<u>\$ 2,779,059</u>

The Capital Project Proposition No.1 Fund reports a total fund balance of \$1,312,820. A summary of commitments under construction contracts for the School System at June 30, 2018, follows:

	<u>Project Authorization</u>	<u>Expended to June 30, 2018</u>	<u>Unexpended Commitment</u>
Central High School -			
Admin Building Renovations	\$ <u>149,762</u>	\$ <u>132,031</u>	\$ <u>17,731</u>

At June 30, 2018, the unexpended commitments of \$17,731 are recorded in the Capital Projects Fund - Proposition No. 1 as fund balance committed to contracts to the extent of available fund balance.

(7) Accounts, Salaries, and Other Payables -

The payables at June 30, 2018, are as follows:

	<u>Accounts Payable</u>	<u>Salaries Withholdings and Benefits</u>	<u>Total</u>
General Fund	\$286,060	\$2,976,407	\$3,262,467
Special Revenue Fund -			
Other Federal Grants	2,085	-	2,085
Nonmajor Funds	<u>152,030</u>	<u>-</u>	<u>152,030</u>
Total	<u>\$440,175</u>	<u>\$2,976,407</u>	<u>\$3,416,582</u>

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

(8) Pension Plans -

The School System follows the requirements of GASB Statement 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment to GASB 68*. These standards revise and establish new financial reporting requirements for governments that provide their employees with pension benefits. These standards require the School System to record its proportionate share of each of the pension plans net pension liability and report the following disclosures:

General Information about the Pension Plans

Plan Descriptions:

Teachers' Retirement System of Louisiana

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

State of Louisiana School Employees' Retirement System

The State of Louisiana School Employees' Retirement System (LSERS) was established and provided for by R.S. 11:1001 of the Louisiana Revised Statutes as a cost-sharing multiple employer defined benefit pension plan. LSERS issues a publicly available financial report that can be obtained at www.lasers.net.

Louisiana State Employees' Retirement System

LASERS is a cost-sharing multiple-employer defined benefit plan administered by the Louisiana State Employees' Retirement System (LASERS). Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) grants to LASERS Board of Trustees and the Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the plan. LASERS issues a publicly available financial report that can be obtained at www.lasersonline.org.

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

Benefits Provided:

Teachers' Retirement System of Louisiana

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

Retirement Benefits:

1. Normal Retirement

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

Plan A - Members may retire with a 3.0% annual accrual rate at age 55 with 25 years of service, age 60 with 5 years of service or 30 years of service, regardless of age. Plan A is closed to new entrants.

Plan B - Members may retire with a 2.0% annual accrual rate at age 55 with 30 years of service, or age 60 with 5 years of service.

Benefit Formula

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

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

Payment Options

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

Effective July 1, 2009, members may make an irrevocable election at retirement to receive an actuarially reduced 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.

2. 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 the 3rd anniversary of retirement eligibility. Delayed participation reduces the three year participation period. During participation, benefits otherwise payable are fixed, and deposited in an individual DROP account.

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

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

3. Disability Benefits

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

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

4. Survivor Benefits

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

Each minor child (maximum of 2) shall receive an amount equal to the greater of (a) 50% of the spouse's benefit, or (b) \$300 (up to 2 eligible children). Benefits to minors cease at attainment of age 18, 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% accrual rate for all creditable service.

5. Permanent Benefit Increases/Cost-of-Living Adjustments

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

Optional Retirement Plan (ORP)

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

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

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

State of Louisiana School Employees' Retirement System

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

1. Eligibility Requirements

Membership is mandatory for all persons employed by a Louisiana Parish or City School Board or by the Lafourche Special Education District #1 who work more than twenty hours per week or for part-time employees who have ten years of creditable service in the System as a school bus driver, school janitor, school custodian, school maintenance employee, school bus aide 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 are not eligible for membership in the System. Any part-time employees who work 20 hours or less per week and who are not vested will be refunded their contributions.

2. Benefits

Benefit provisions are authorized under Louisiana Revised Statutes 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 5 years of creditable service and is at least age 60, or 20 years of creditable service regardless of age with an actuarially reduced benefit.

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

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

consecutive years of membership service, subject to the 10% salary limitation. For members who join the System on or after July 1, 2010, 2 1/2% of the average compensation is used to calculate benefits and consists of the five highest consecutive years' average salary, subject to the 15% salary limitation. The supplemental allowance was eliminated for members entering the System on or after July 1, 1986. Effective January 1, 1992, the supplemental allowance was reinstated to all members whose service retirement became effective after July 1, 1971.

3. 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 twenty or more years of creditable service is eligible for a disability benefit until normal retirement age. A member who joins the System on or after July 1, 2006, must have at least ten years of service to qualify for disability benefits. 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.

4. Deferred Retirement Option Plan

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

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

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

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

5. 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 the maximum benefit, Option 2 benefit, Option 3 benefit or Option 4 benefit. Thereafter, these members are ineligible to participate in the DROP. The IBRP program provides both a one-time single sum payment of up to 36 months of a regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest credited and payments from IBRP account are made in accordance with Louisiana Revised Statutes 11:1152(F)(3).

Louisiana Employees' Retirement System

1. Retirement

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

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

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

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

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

2. Deferred Retirement Benefits

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

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

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

3. Disability Benefits

All members with ten or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age. Upon reaching age 60, the disability retiree may receive a regular retirement benefit by making application to the Board of Trustees. For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation.

4. Survivor's Benefits

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

5. Permanent Benefit Increases/Cost of Living Adjustments

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

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

Contributions:

Teachers' Retirement System of Louisiana

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

2018 TRSL Sub Plan	Contributions	
	Employee	Employer
K-12 Regular Plan	8.0%	26.6%
Plan A	9.1%	26.6%
ORP		
2018	8.0%	22.2%

The contractually required composite contribution rate was actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contributions to the TRSL from the School System were \$6,095,266 for the year ended June 30, 2018.

In accordance with state statute, TRSL 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. The amount of non-employer contributions recognized as revenue in the government-wide governmental activities statement of activities was \$222,021, for the year ended June 30, 2018.

State of Louisiana School Employees' Retirement System

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. For the year ending June 30, 2018, the employer contribution rate was 27.6% and the employee rate was 7.5%. Contributions to LSERS from the School System were \$28,245 for the year ended June 30, 2018.

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

Louisiana State Employees' Retirement System

Contribution requirements of active employees are governed by Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) and may be amended by the Louisiana Legislature. Employee and employer contributions are deducted from a member's salary and remitted to LASERS by participating employers. The contribution rates in effect during the year ended June 30, 2018 for the plan Regular Employees Pre Act 75 (hired before July 1, 2006) were 7.5% for the employee and 37.9% for the employer. The contribution rates in effect during the year ended June 30, 2018 for the plan Regular Employees Post Act 75 (hired after June 30, 2006) were 8% for the employee and 37.9% for the employer. The status of the plan Regular Employees Pre Act 75 (hired before July 1, 2006) is closed.

The School System's contractually required composite contribution rate for the year ended June 30, 2018 was 37.9% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contributions to LASERS from the School System were \$15,693 for the year ended June 30, 2018.

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

At June 30, 2018, the School System reported a liability of \$48,363,042 for its proportionate share of the net pension liability of TRSL, LSERS, and LASERS combined. For all plans, 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 System's proportion of the net pension liability was based on a projection of the School System's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The School System's proportion at June 30, 2017 and change in proportion measured as of June 30, 2016 is as follows:

<u>Plan</u>	<u>Proportion at June 30, 2017</u>	<u>Change in Proportion</u>
TRSL	0.46743%	-0.02011%
LSERS	0.03450%	0.01551%
LASERS	0.00315%	0.00006%

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

For the year ended June 30, 2018, the School System recognized pension expense as follows:

Plan	Pension Expense
TRSL	\$ 4,326,043
LSERS	73,318
LASERS	<u>(36,705)</u>
	<u>\$ 4,362,656</u>

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

	TRSL	LSERS	LASERS	Total
Deferred Outflows of Resources:				
Differences between expected and actual Experience	\$ -	\$ -	\$ -	\$ -
Changes in Assumptions	505,321	4,629	876	510,826
Net difference between projected and actual earnings on pension plan investments	-	-	7,209	7,209
Changes in proportion and differences between Employer contributions and proportionate share of contributions	2,093,682	70,716	4,822	2,169,220
Employer contributions subsequent to the measurement date	6,846,715	28,245	15,693	6,890,653
Total Deferred Outflows of Resources	<u>\$ 9,445,718</u>	<u>\$ 103,590</u>	<u>\$ 28,600</u>	<u>\$ 9,577,908</u>
Deferred Inflows of Resources:				
Differences between expected and actual Experience	\$ 1,575,220	\$ 5,148	\$ 4,068	\$ 1,584,436
Changes in Assumptions	-	3,439	-	3,439
Net difference between projected and actual earnings on pension plan investments	1,237,695	3,452	-	1,241,147
Changes in proportion and differences between Employer contributions and proportionate share of contributions	1,990,119	183	56,647	2,046,949
Total Deferred Inflows of Resources	<u>\$ 4,803,034</u>	<u>\$ 12,222</u>	<u>\$ 60,715</u>	<u>\$ 4,875,971</u>

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

\$6,890,653 reported as deferred outflows of resources related to pensions resulting from the School System'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:

<u>Year ended June 30:</u>	<u>TRSL</u>	<u>LSERS</u>	<u>LASERS</u>	<u>Total</u>
2019	\$ (563,182)	\$ 27,929	\$ (55,042)	\$ (590,295)
2020	361,055	41,770	8,813	411,638
2021	(316,562)	1,455	2,885	(312,222)
2022	(1,685,342)	(8,031)	(4,464)	(1,697,837)
	<u>\$ (2,204,031)</u>	<u>\$ 63,123</u>	<u>\$ (47,808)</u>	<u>\$ (2,188,716)</u>

Actuarial Assumptions:

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2018 for all plans are as follows:

	<u>TRSL</u>	<u>LSERS</u>	<u>LASERS</u>
Inflation	2.500%	2.625%	2.750%
Investment rate of return	7.700%	7.125%	7.700%
Salaray increases	3.5% to 10% - varies on duration of service	3.075% to 5.375%	3.8% to 12.8%

For TRSL, the mortality rates were projected based on RP-2000 Mortality Table with projections to 2025 using Scale AA. Termination, disability, and retirement assumptions were projected based on a five year (2008-2012) experience study of system's members.

For LSERS, the mortality rates were based on RP-2000 Sex Distinct Mortality Table and RP-2000 Disabled Lives Mortality Table.

For LASERS, mortality rates were based on RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015 for non-disabled members and RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement for disabled members. Termination, disability, and retirement assumptions were projected based on a five-year (2009-2013) experience study of the system's members.

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

For all plans' cost of living adjustments, the present value of future retirement benefits is based on benefits currently being paid by the Systems and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees.

For TRSL, the long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 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 TRSL's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Domestic Equity	4.28%
International Equity	4.96%
Domestic Fixed Income	1.98%
International Fixed Income	2.75%
Private Equity	8.47%
Other Private Assets	3.51%

For LSERS, 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%. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2017 are summarized in the following table:

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of
Core Fixed Income	8%	2.02%
High Yield	5%	4.43%
Emerging Markets Debt	7%	4.71%
Global Fixed Income	10%	1.38%
US Equity	20%	6.44%
Developed Equity	18%	7.40%
Emerging Markets Equity	10%	9.42%
Global REITs	3%	5.77%
Private Equity	5%	10.47%
Hedge Fund of Funds	3%	3.75%
Real Estate	5%	5.00%
Timber	2%	5.67%
Oil & Gas	2%	10.57%
Infrastructure	2%	6.25%
Total	100%	

For LASERS the long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 3.25% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 8.69% for 2017. The target allocation and best estimates of geometric 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:

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

Asset Class	Long-Term Expected Portfolio Real Rate of Return
Cash	(0.24%)
Domestic Equity	4.31%
International Equity	5.35%
Domestic Fixed Income	1.73%
International Fixed Income	2.49%
Alternative Investments	7.41%
Global Asset Allocation	2.84%
Total Fund	5.26%

Discount Rate

The discount rate used to measure the total pension liability was 7.70% for TRSL and LASERS, which was a decrease of 0.05% from the prior measurement date of June 30, 2016. For LSERS, the discount rate used to measure the total pension liability was 7.125%, which did not change from the prior measurement date of June 30, 2016. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers and non-employer contributing entities will be made at actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the respective Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TRSL:	Changes in Discount Rate		
	Current		
	1% Decrease	Discount Rate	1% Increase
	6.700%	7.700%	8.700%
Net pension liability	\$61,746,860	\$ 47,920,658	\$ 36,159,040

(CONTINUED)

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

LSERS:	Changes in Discount Rate		
	Current		
	1% Decrease 6.125%	Discount Rate 7.125%	1% Increase 8.125%
	\$ 302,621	\$ 220,747	\$ 150,440
Net pension liability			

LASERS:	Changes in Discount Rate		
	Current		
	1% Decrease 6.700%	Discount Rate 7.700%	1% Increase 8.700%
	\$ 278,260	\$ 221,637	\$ 173,523
Net pension liability			

Pension Plans Fiduciary Net Position

TRSL 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 System’s website: www.trsl.org or on the Office of Louisiana Legislative Auditor’s official website: www.lla.state.la.us.

LSERS 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 System’s website: www.lasers.net or on the Office of Louisiana Legislative Auditor’s official website: www.lla.state.la.us.

Detailed information about LASERS’ pension plan’s fiduciary net position is available in the separately issued LASERS 2017 Comprehensive Annual Financial Report at www.lasersonline.org or on the Office of Louisiana Legislative Auditor’s official website: www.lla.state.la.us.

Payables to the Pension Plans

At June 30, 2018 included in liabilities are payables to the pension plans as follows: TRSL \$1,210,131 and LSERS \$3,220. These payables are normal legally required contributions to the pension plans.

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

(9) Changes in Agency Fund Deposits Due Others -

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

	School Activity Fund
Balance - June 30, 2017	\$ 872,184
Additions	2,084,599
Deductions	<u>(2,172,977)</u>
Balance - June 30, 2018	<u>\$ 783,806</u>

(10) Long-Term Debt -

The following is a summary of the long-term obligation transactions for the year ended June 30, 2018:

	Bonded Debt	Capital Lease	Compensated Absences	Post- Employment Benefits	Total
Long-Term Obligations					
July 01, 2017	\$56,620,685	\$ 495,535	\$ 2,202,948	\$ 9,580,721	\$68,899,889
Additions:					
Increases	12,174,014	-	1,439,619	639,382	14,253,015
Deductions:					
Principal Payments	(3,065,000)	(495,535)	-	-	(3,560,535)
Amortization of Premium					
on Issuance of Bonds	(29,213)	-	-	-	(29,213)
Current Year Refunding	(11,240,000)	-	-	-	(11,240,000)
Deductions	-	-	<u>(1,444,143)</u>	<u>(904,107)</u>	<u>(2,348,250)</u>
Long-Term Obligations					
June 30, 2018	<u>\$54,460,486</u>	<u>\$ -</u>	<u>\$ 2,198,424</u>	<u>\$ 9,315,996</u>	<u>\$65,974,906</u>

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2018:

	Bonded Debt	Compensated Absences	Post- Employment Benefits	Total
Current Portion	\$ 3,250,485	\$ 549,606	\$ -	\$ 3,800,091
Long-Term Portion	51,210,001	1,648,818	9,315,996	62,174,815
Total	\$54,460,486	\$ 2,198,424	\$ 9,315,996	\$65,974,906

Bonded Debt

All School System bonds outstanding at June 30, 2018 in the amount of \$51,365,000 consist of general obligation bonds and sales tax revenue bonds with final maturities from 2019 to 2034 and interest rates from 2.00 percent to 6.00 percent. Bond principal and interest payable in the next fiscal year is \$3,220,000 and \$2,036,998, respectively. Bonded debt is comprised of the following individual issues which are payable from the debt service funds:

	Original Issue	Interest Rates	Final Payment Due	Interest to Maturity	Principal Outstanding
General Obligation Bonds - Secured by Ad Valorem Taxes:					
Series 2009 - Issued September 1, 2009	\$10,000,000	4.0-4.5%	03/01/19	\$ 21,250	\$ 500,000
Series 2009A - Issued December 1, 2009	\$12,000,000	4.0-4.5%	03/01/20	77,400	1,230,000
Series 2010 - Issued March 1, 2010	\$10,000,000	3.0-4.1%	03/01/30	2,057,940	7,360,000
Series 2014 - Issued March 11, 2014	\$13,100,000	2.0-4.5%	03/01/34	4,147,738	11,245,000
Series 2016 - Issued May 25, 2016	\$6,445,000	3.0-4.0%	03/01/29	1,723,350	6,445,000
Series 2017 - Issued September 1, 2017	\$6,925,000	2.0-5.0%	09/01/29	<u>2,301,050</u>	<u>6,925,000</u>
Total General Obligation Bonds Secured by Ad Valorem Taxes				10,328,728	33,705,000

(CONTINUED)

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Final Payment Due</u>	<u>Interest to Maturity</u>	<u>Principal Outstanding</u>
Sales Tax Revenue Bonds -					
Secured by Sales Taxes:					
Series 2009 -					
Issued September 1, 2009	\$ 6,000,000	4.2-6.0%	01/01/19	6,591	285,000
Series 2010 -					
Issued March 1, 2010	\$10,000,000	3.25-4.25%	01/01/30	1,946,266	7,135,000
Series 2010A -					
Issued September 23, 2010	\$ 9,000,000	2.0-4.5%	01/01/30	1,693,091	6,565,000
Series 2017 -					
Issued September 1, 2017	\$ 3,675,000	2.0-5.0%	01/01/29	<u>1,138,375</u>	<u>3,675,000</u>
Total Sales Tax Bonds Secured by Sales Taxes				<u>4,784,323</u>	<u>17,660,000</u>
Total Bonded Debt				<u>\$15,113,051</u>	<u>\$51,365,000</u>

All principal and interest requirements are funded in accordance with Louisiana law by the annual ad valorem tax levy on taxable property within the Central Community School District and the avails of a ½% sales and use tax within the Central Community School District within East Baton Rouge Parish. At June 30, 2018 the School System has accumulated \$4,367,468 in the Debt Service Funds for future debt requirements. The bonds are due, by years, as follows:

Year Ending June 30,	General Obligation Bonds:			Sales Tax Bonds:		
	Principal Payments	Interest Payments	Total	Principal Payments	Interest Payments	Total
2019	\$ 2,070,000	\$ 1,336,801	\$ 3,406,801	\$ 1,150,000	\$ 700,197	\$ 1,850,197
2020	2,175,000	1,252,051	3,427,051	1,200,000	653,613	1,853,613
2021	2,235,000	1,170,051	3,405,051	1,250,000	609,063	1,859,063
2022	2,330,000	1,098,451	3,428,451	1,305,000	563,363	1,868,363
2023	2,430,000	1,023,133	3,453,133	1,375,000	512,150	1,887,150
2024-2028	14,095,000	3,538,900	17,633,900	8,045,000	1,613,178	9,658,178
2029-2033	7,435,000	871,940	8,306,940	3,335,000	132,759	3,467,759
2034	935,000	37,400	972,400	-	-	-
	<u>33,705,000</u>	<u>10,328,727</u>	<u>44,033,727</u>	<u>17,660,000</u>	<u>4,784,323</u>	<u>22,444,323</u>
Unamortized Premium	2,389,369	-	2,389,369	706,117	-	706,117
	<u>\$36,094,369</u>	<u>\$10,328,727</u>	<u>\$46,423,096</u>	<u>\$18,366,117</u>	<u>\$ 4,784,323</u>	<u>\$23,150,440</u>

(CONTINUED)

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

Year Ending June 30,	Total Bonds		
	Principal Payments	Interest Payments	Total
2019	\$ 3,220,000	\$ 2,036,998	\$ 5,256,998
2020	3,375,000	1,905,664	5,280,664
2021	3,485,000	1,779,114	5,264,114
2022	3,635,000	1,661,814	5,296,814
2023	3,805,000	1,535,283	5,340,283
2024-2028	22,140,000	5,152,078	27,292,078
2029-2033	10,770,000	1,004,699	11,774,699
2034	935,000	37,400	972,400
	<u>51,365,000</u>	<u>15,113,050</u>	<u>66,478,050</u>
Unamortized Premium	3,095,486	-	3,095,486
	<u>\$54,460,486</u>	<u>\$15,113,050</u>	<u>\$69,573,536</u>

In accordance with Louisiana Revised Statute 39:562, the School System is legally restricted from incurring long-term bonded debt funded by ad valorem taxes, in excess of thirty-five percent of the assessed value of taxable property. At June 30, 2018, the statutory limit is approximately \$78,100,000 and outstanding general obligation bonded debt funded by ad valorem taxes totals \$33,705,000.

Current Year Advance Refunding Bonds

On September 1, 2017, the School System issued \$6,925,000 Series 2017 General Obligation School Refunding Bonds for the purpose of refunding \$7,325,000 of the outstanding balance of the General Obligation School Bonds Series 2009A and interest associated with the Series 2009A Bonds. The net proceeds of \$7,787,383 (after receipt of reoffering premium of \$1,009,893 less payment of \$143,909 in cost of issuance) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series 2009A Bonds. This advance refunding was undertaken to decrease total debt service payments over the next 12 years by \$269,763 and resulted in an economic gain of \$230,474.

On September 1, 2017, the School System issued \$3,675,000 Series 2017 Sales Tax Refunding Bonds for the purpose of refunding \$3,915,000 of the outstanding balance of the Sales Tax Bonds Series 2009 and interest associated with the Series 2009 Bonds. The net proceeds of \$4,188,502 (after receipt of reoffering premium of \$564,121 less payment of \$75,280 in cost of issuance plus an additional \$29,400 of sinking fund monies and \$25,006 of debt service reserve fund monies) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series 2009 Bonds. This advance refunding was undertaken to decrease total debt service payments over the next 13 years by \$231,906 and resulted in an economic gain of \$195,443.

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

	Refunding Bonds GO Series 2017	Refunding Bonds ST Series 2017
<u>Sources:</u>		
Principal Proceeds	\$ 6,925,000	\$ 3,675,000
Premium	1,009,893	564,121
Transfer from Existing Debt Service Reserve	-	54,154
	\$ 7,934,893	\$ 4,293,275
<u>Uses:</u>		
Deposit to Escrow Fund	\$ 7,787,383	\$ 4,188,502
Issuance Cost	147,510	104,773
	\$ 7,934,893	\$ 4,293,275
<u>Cash Flow Difference:</u>		
Old Debt Service Cash Flows	\$ 9,635,736	\$ 24,545,941
Less: New Debt Service Cash Flows	(9,369,574)	(24,259,974)
Less: Contribution from Sinking Fund	-	(54,154)
Plus: Contingency/Rounding Amount	3,601	93
	\$ 269,763	\$ 231,906
<u>Economic Gain on Refunding:</u>		
Present Value of Old Debt Service Cash Flows	\$ 8,231,775	\$ 21,185,993
Less: Present Value of New Debt Service Cash Flows	(8,004,902)	(20,936,489)
Less: Net Contribution from Sinking Funds	-	(54,154)
Plus: Contingency/Rounding Amount	3,601	93
Economic Gain	\$ 230,474	\$ 195,443

The advance refunding of the Series 2009A General Obligation Bonds resulted in differences between the reacquisition price and the net carrying amount of the old debt of \$462,383, which was deferred and is being amortized over the life of the new bonds. This difference is reported in the accompanying financial statements as Deferred Outflow of Resources and is to be charged to operations as a component of interest expense. At June 30, 2018, the unamortized balance is \$423,851. Also, as a result of the advance refunding, \$7,325,000 of the Series 2009A General Obligation Bonds was considered in-substance defeased and the liability for those bonds was removed from the School System's books. At June 30, 2018, \$7,325,000 of the defeased bonds are still outstanding.

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

The advance refunding of the Series 2009 Sales Tax Bonds resulted in differences between the reacquisition price and the net carrying amount of the old debt of \$273,502, which was deferred and is being amortized over the life of the new bonds. This difference is reported in the accompanying financial statements as Deferred Outflow of Resources and is to be charged to operations as a component of interest expense. At June 30, 2018, the unamortized balance is \$250,710. Also, as a result of the advance refunding, \$3,915,000 of the Series 2009 Sales Tax Bonds was considered in-substance defeased and the liability for those bonds was removed from the School System's books. At June 30, 2018, \$3,915,000 of the defeased bonds are still outstanding.

Prior Year Advance Refunding

On May 25, 2016, the School System issued \$6,445,000 General Obligation School Refunding Bonds Series 2016 for the purpose of refunding \$6,630,000 of the outstanding balance of the General Obligation School Refunding Bonds Series 2009 and interest associated with the Series 2009 Bonds. The net proceeds of \$7,286,948 (after payment of \$140,472 in cost of issuance plus an additional \$74,818 of the sinking fund monies) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series 2009 Bonds. This advance refunding was undertaken to decrease total debt service payments over the next 13 years by \$473,924 and resulted in an economic gain of \$416,131.

The advance refunding of the Series 2009 Bonds resulted in differences between the reacquisition price and the net carrying amount of the old debt of \$656,948, which was deferred and is being amortized over the life of the new bonds. This difference is reported in the accompanying financial statements as Deferred Outflow of Resources and is to be charged to operations as a component of interest expense. At June 30, 2018, the unamortized balance is \$555,878. Also, as a result of the advance refunding of the Series 2009 Bonds, \$6,630,000 of the Series 2009 Bonds were considered in-substance defeased and the liability for those bonds was removed from the School System's books. At June 30, 2018, \$6,630,000 of the Series 2009 defeased bonds are still outstanding.

Capital Leases

The School System entered into a capital lease agreement (interest at 4%) on October 1, 2014 for financing the purchase of twenty-four hundred laptops for students which matured during the current year. The lease required three payments of \$515,356 due on January 1, 2015, October 1, 2015, and October 1, 2016. The final payment of \$504,708 was due and paid on October 1, 2017.

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

Compensated Absences

At June 30, 2018, employees of the School System have accumulated and vested \$2,198,424 of employee leave benefits, which was computed in accordance with GASB Codification Section C60.

Post-Employment Benefits Other Than Pensions (OPEB)

Plan Description. The Central Community School System's defined benefit OPEB plan, CCSS Employee/Retiree Health Insurance plan, provides medical benefits through insured programs, and these benefits are made available to employees upon actual retirement. CCSS Employee/Retiree Health Insurance plan is a single employer OPEB plan which is administered by the School System. The plan is authorized by the School System's Board. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the School System's Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. Substantially all of the school system's employees become eligible for these benefits when they reach retirement age while working for the system. Benefits are available to employees upon retirement according to retirement eligibility provisions as follows: If date of hire is before 1/1/2011: (1) Age 60 with at least 5 years of service credit; (2) Age 55 with at least 25 years of service credit; (3) any age with at least 30 years of service credit; If date of hire is after 1/1/2011, age 60 with at least 5 years of service with the exception that some food service employees must have 30 years of service and be age 55. These benefits for retirees are similar to benefits for active employees provided through an insurance company. Premiums are paid jointly by the school system and retiree. Entitlement to benefits continues through Medicare to death.

A new policy was adopted prior to the June 30, 2015 fiscal year end which states that any employee who retires on or before June 30, 2015 shall have the following option: The retiree and qualified dependent who qualifies for Medicare coverage can choose to keep the School System's subsidized retiree medical insurance benefits. Retirees younger than 65 on June 30, 2015 must choose this option within 30 days from their qualifying birthday or coverage will be terminated. In addition, any employee who retires on or after July 1, 2015 and who qualifies for Medicare will no longer be eligible for retiree medical insurance benefits from the School System. Further, such retirees' eligible dependents who qualify for Medicare will not be eligible for benefits either.

Health coverage includes a fully insured group health maintenance plan together with Medicare plans for those eligible. The plan provisions are contained in the official plan documents. Life insurance coverage is also available to retirees.

Contribution Rates. Employees do not contribute to their post-employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

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	36
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	465
	501

Total OPEB Liability. The School System’s total OPEB liability of \$9,315,996 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Changes in the Total OPEB Liability

Total OPEB Liability - Beginning	\$9,580,721
Changes for the year:	
Service Cost	319,529
Interest	319,853
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	(459,228)
Changes in Assumptions or Other Inputs	(29,432)
Benefit Payments	(415,447)
Net Changes to Total OPEB Liability	(264,725)
Total OPEB Liability - Ending	\$9,315,996

Changes in assumptions or other inputs between 2017 and 2018 reflect the following changes:

- The projected claim costs derived from the premiums, trended to the valuation date and adjusted for the risk characteristics of the group.
- The healthcare cost trend assumptions changed from the previous valuation, based on observed plan experience and the updated SoA Long-Run Medical Cost Trend Model.
- The retiree contribution rate increase trend assumptions were updated from the previous year, based on observed plan experience and assumed medical trends.
- The employee turnover table scalar adjustment changed from 1.35 to 1.30, determined based on a review to reflect CCSS experience during the period 2013-2017.
- The inflation rate changed from 2.5% to 2.2%.

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

- The mortality tables were updated in the current valuation as shown below:
 - Previous Valuation:
 - Pre-Retirement Mortality: RPH-2014 Blue Collar Employee tables, male and female, with a generational projection using scale MP-2016
 - Post-Retirement Mortality: RPH-2014 Blue Collar Healthy Annuitant tables, male and female, with a generational projection using scale MP-2016.
 - Current Valuation:
 - Pre-Retirement Mortality: RPH-2014 Blue Collar Employee tables, male and female, with a generational projection using scale MP-2018.
 - Post-Retirement Mortality: RPH-2014 Blue Collar Healthy Annuitant tables, male and female, with a generational projection using scale MP-2018
- All other assumptions and inputs remained the same.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the School System, as well as what the School System’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	Changes in Discount Rate		
	1% Decrease	Discount Rate	1% Increase
	2.3%	3.3%	4.3%
Total OPEB Liability	\$ 10,631,146	\$ 9,315,996	\$ 8,229,381

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the total OPEB liability of the School System, as well as what the School System’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Changes in Healthcare Cost Trend Rates		
	1% Decrease	Base Trend	
		Rate	1% Increase
Total OPEB Liability	\$ 8,150,304	\$ 9,315,996	\$ 10,730,085

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

For the year ended June 30, 2018, the School System recognized OPEB expense of \$354,526. At June 30, 2018, the School System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 695,508
Changes in Assumptions or Other Inputs	236,435	1,100,327
Total	\$ 236,435	\$ 1,795,835

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

Year Ended June 30	Outflows	Inflows
2019	\$ 26,280	\$ 311,137
2020	26,280	311,137
2021	26,280	148,250
2022	26,280	148,250
2023	26,280	148,250
2024 and Later	105,035	728,811
	\$ 236,435	\$ 1,795,835

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.

Actuarial Cost Method. As required by GASB Statement 75, the OPEB liability is determined using the Entry Age Level Percent of Pay cost method.

Discount Rate. GASB Statement 75 states that the discount rate should be equal to the expected yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale), determined as of the measurement date, which in this case is June 30, 2017. An average of the S&P Municipal Bond 20 Year High Grade Rate Index of 2.98% and the Fidelity General Obligation AA 20 Year Yield of 3.62% was 3.3%, which is the discount rate used in this valuation.

Actuarial Value of Plan Assets. There are no assets as the School System has not established a separate trust to hold the separate plan assets as of June 30, 2018.

Turnover Rate. A years-of-service related turnover scale based on actual experience as determined by the actuary for the Teachers' Retirement System, adjusted using a scalar of 1.30 to reflect CCSS experience over the period of 2013-2017. The rates for each age are below:

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

Sample Age	Years of Service			
	0 - 1	1 - 2	2 - 3	4+
20	26.0%	26.0%	12.4%	23.4%
25	23.4%	16.4%	12.4%	11.7%
30	24.7%	15.6%	14.2%	6.9%
35	23.4%	15.2%	12.4%	5.2%
40	21.5%	16.0%	11.7%	4.8%
45	21.2%	12.9%	11.7%	5.2%
50	22.8%	14.6%	11.7%	5.2%
55	22.8%	13.8%	11.7%	5.2%
60	26.0%	13.8%	11.7%	5.2%
65	26.0%	13.8%	11.7%	5.2%
70	26.0%	13.8%	11.7%	5.2%
75	0.0%	0.0%	0.0%	0.0%

Post-Employment Benefit Plan Eligibility Requirements. It is assumed that entitlement to benefits will commence after earliest eligibility to retire. Eligibility for these benefits is described above in the Plan Description.

Health Care Cost Trend Rate. Rates were developed using the baseline projection of the SOA Long-Run Medical Cost Trend Model including observation and extrapolation of plan experience. The plan assumes a medical inflation rate of 6.0% beginning in 2018, decreasing to a rate of 3.8% ultimately. Other input variables included the following: rate of inflation 2.2%, rate of growth in real income/GDP per capita 1.6%, salary increases of 2.0% level per annum, income multiplier for health spending 1.3, extra trend due to technology and other factors 1.3%, health share of GDP resistance point 25.0%, and year for limiting cost growth to GDP growth 2075. Participation of future retirees in the plan was estimated at 75%, derived based on a review of plan experience over the period of 2011-2017, with 30% of the retirees' spouses electing coverage in the plan, derived based on a review of plan experience. Future retiree plan election are based on current retiree elections with those less than 65 using HDHP: 39%, 0 Ded: 50%, 1000 Ded: 11%, and those greater than 65 using HDHP: 39%, 0 Ded: 50%, 1000 Ded 11%. Husbands were assumed to be three years older than wives.

Mortality Rate: For pre-retirement mortality, the RPH-2014 Blue Collar Employee tables, male and female, with a generational projection using scale MP-2018 were used. For post-retirement mortality, the RPH-2014 Blue Collar Healthy Annuitant's tables, males and female with a generational projection using scale MP-2018 were used.

Method of Determining Value of Benefits. The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid.

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

The rates for active and retired were “age” adjusted and were derived from the premiums trended to the valuation date and adjusted to the risk characteristics of the group.

(11) Litigation and Claims -

At June 30, 2018, the School System is involved in several lawsuits. It is the opinion of the legal adviser for the School System that the ultimate resolution of these lawsuits will not involve any material liability to the School System in excess of insurance coverage and amounts recorded in these financial statements.

(12) Fund Balances -

General Fund - Assigned To Other Post-Employment Benefits -

During the fiscal year ended June 30, 2013, the School System passed a motion to set aside funds in the amount of \$2,000,000 in the General Fund to be used to fund the Other Post-Employment Benefits trust fund plan when adopted. As of June 30, 2018, a trust fund plan has not been adopted.

Special Revenue Fund - Federal Grant Fund – Deficit Fund Balance -

For fiscal year ended June 30, 2017, the Special Revenue Fund – Federal Grant Fund had a deficiency of revenues and other sources under expenditures and other uses of \$1,422,471 which caused a deficit fund balance. The Federal Grant Fund is being used to account for the expenditures related to August 2016 flood event. The School System applied for and is receiving federal financial assistance to assist with the cleanup, remediation, and other repairs cost from the event. Management of the School System is working with the Federal Emergency Management Agency and expects the deficit fund balance to be resolved through future federal financial assistance related to this event.

As of June 30, 2018, Federal financial assistance relating to the flood event described in the above paragraph has been obligated and is recorded in the Governmental Funds balance sheet as \$1,383,014 of deferred inflows of resources – unavailable intergovernmental revenues. At June 30, 2018, the fund balance deficit is \$1,431,994.

(13) Current Accounting Pronouncements -

In November 2016, the Governmental Accounting Standards Board issued GASB Statement No 83, Certain Asset Retirement Obligations. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefor. This Statement requires similar disclosures for a government's minority shares of AROs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

In January 2017, the Governmental Accounting Standards Board issued GASB Statement No 84, Fiduciary Activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

In May 2017, the Governmental Accounting Standards Board issued GASB Statement No 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. Leases should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or, if applied to earlier periods, the beginning of the earliest period restated). However, lessors should not restate the assets underlying their existing sales-type or direct financing leases. Any residual assets for those leases become the carrying values of the underlying assets.

In March 2018, the Governmental Accounting Standards Board issued GASB Statement No 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

In June 2018, the Governmental Accounting Standards Board issued GASB Statement No 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

In August 2018, the Governmental Accounting Standards Board issued GASB Statement No 90, *Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis

Management is currently evaluating the effects of each of the new GASB pronouncements.

(14) Subsequent Events -

On July 1, 2018, the School System entered into a lease agreement with Dell Financial Services for equipment at a cost of \$480,804. The quoted terms are for a four year lease with monthly payments of principal and interest of approximately \$10,000.

Management has evaluated subsequent events through December 21, 2018, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CENTRAL COMMUNITY SCHOOL SYSTEM

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY BY PLAN

FOR THE YEAR ENDED JUNE 30, 2018*

<u>Fiscal Year</u>	<u>Employer's Proportion of the Net Pension Liability</u>	<u>Employer's Proportionate Share of the Net Pension Liability</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
<u>Teachers' Retirement System of Louisiana:</u>					
2015	0.47400%	\$ 48,449,904	\$ 21,139,123	229.20%	63.65%
2016	0.46749%	50,266,265	21,414,781	234.73%	62.47%
2017	0.48754%	57,222,015	21,369,156	267.78%	59.90%
2018	0.46743%	47,920,658	21,953,214	218.29%	59.90%
<u>State of Louisiana School Employees' Retirement System:</u>					
2015	0.02180%	\$ 126,193	\$ 53,516	235.80%	76.18%
2016	0.01887%	119,628	52,725	226.89%	74.49%
2017	0.01899%	143,273	53,946	265.59%	70.09%
2018	0.03450%	220,747	98,747	223.55%	70.09%
<u>Louisiana State Employees' Retirement System:</u>					
2015	0.00579%	\$ 361,730	\$ 107,740	335.74%	65.02%
2016	0.00568%	386,531	108,288	356.95%	62.66%
2017	0.00309%	242,565	83,632	290.04%	57.73%
2018	0.00315%	221,637	66,960	331.00%	57.73%

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

*For TRSL, LSERS, and LASERS, the amounts presented have a measurement date of the previous fiscal year end.

See independent auditor's report.

CENTRAL COMMUNITY SCHOOL SYSTEM

SCHEDULE OF CONTRIBUTIONS BY PLAN

FOR THE YEAR ENDED JUNE 30, 2018

<u>Fiscal Year</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
<u>Teachers' Retirement System of Louisiana:</u>					
2015	\$ 5,983,374	\$ 5,974,194	\$ 9,180	\$ 21,414,781	27.90%
2016	5,740,130	5,741,199	(1,069)	21,369,156	26.87%
2017	5,587,028	5,587,028	-	21,953,214	25.45%
2018	6,059,301	47,920,658	(41,861,357)	22,829,919	209.90%
<u>State of Louisiana School Employees' Retirement System:</u>					
2015	\$ 17,399	\$ 17,476	\$ (77)	\$ 52,725	33.15%
2016	16,292	16,292	-	53,946	30.20%
2017	26,958	26,958	-	98,747	27.30%
2018	220,747	220,747	-	799,808	27.60%
<u>Louisiana State Employees' Retirement System:</u>					
2015	\$ 40,067	\$ 40,084	\$ (17)	\$ 108,288	37.02%
2016	31,111	31,044	67	83,632	37.12%
2017	23,972	23,972	-	66,960	35.80%
2018	221,638	221,637	-	46,299	478.71%

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

See independent auditor's report.

CENTRAL COMMUNITY SCHOOL SYSTEM

SCHEDULE OF CHANGES IN THE SCHOOL SYSTEMS
TOTAL OPEB LIABILITY AND RELATED RATIOS

FOR THE YEAR ENDED JUNE 30, 2018

Total OPEB Liability	2018	2017	2016	2015
Service Cost	\$ 319,529	\$ 336,812	\$ 336,812	\$ 639,379
Interest	319,853	314,437	257,883	312,259
Differences Between Expected and Actual Experience	(459,228)	(63,394)	(448,485)	-
Changes in Assumptions or Other Inputs	(29,432)	(1,292,067)	315,277	-
Benefit Payments	(415,447)	(397,413)	(374,942)	(250,192)
Net Change in Total OPEB Liability	(264,725)	47,920,658	86,545	701,446
Total OPEB Liability - Beginning	58,603,004	10,682,346	10,595,801	9,894,355
Total OPEB Liability - Ending	<u>\$ 58,338,279</u>	<u>\$ 58,603,004</u>	<u>\$ 10,682,346</u>	<u>\$ 10,595,801</u>
Covered Employee Payroll	\$ 22,083,017	\$ 17,595,198	\$ 17,595,198	\$ 19,683,240
Total OPEB Liability as a Percentage of Covered Employee Payroll	42.19%	54.45%	60.71%	53.83%

Notes to Schedule

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There are no plan assets accumulated in a trust to pay OPEB benefits.

Changes of assumptions and other inputs between 2017 and 2018:

- The projected claim costs derived from the premiums, trended to the valuation date and adjusted for the risk characteristics of the group.
- The healthcare cost trend assumptions changed from the previous valuation, based on observed plan experience and the updated SoA Long-Run Medical Cost Trend Model.
- The retiree contribution rate increase trend assumptions were updated from the previous year, based on observed plan experience and assumed medical trends.
- The employee turnover table scalar adjustment changed from 1.35 to 1.30, determined based on a review to reflect CCSS experience during the period 2013-2017. 221637
- The mortality tables were updated in the current valuation as shown below:

Previous Valuation:

*Pre-Retirement Mortality: RPH-2014 Blue Collar Employee tables, male and female, with a generational projection using scale MP-2016.

*Pre-Retirement Mortality: RPH-2014 Blue Collar Healthy Annuitant tables, male and female, with a generational projection using scale MP-2016.

Current Valuation:

*Pre-Retirement Mortality: RPH-2014 Blue Collar Employee tables, male and female, with a generational projection using scale MP-2018.

*Pre-Retirement Mortality: RPH-2014 Blue Collar Healthy Annuitant tables, male and female, with a generational projection using scale MP-2018.

- All other assumptions and inputs remained the same.

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

See independent auditor's report.

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2018

Pension Liability:

Changes of Benefit Terms include

Teachers' Retirement System of Louisiana (TRSL):

- A 1.5% cost of living adjustment (COLA), effective July 1, 2014, provided by Act 102 of the 2014 Louisiana Regular Legislative Session.

State of Louisiana School Employees' Retirement System (LSERS):

- There were no changes of benefit terms for the years ended June 30, 2018, 2017, 2016, and 2015

Louisiana State Employees' Retirement System (LASERS):

- A 1.5% COLA, effective July 1, 2016, provided by Acts 93 and 512 of the 2016 Louisiana Regular Legislative Session, and,
- Added benefits for members of the Harbor Police Retirement System which was merged with LASERS effective July 1, 2015 by Act 648 of 2014
- A 1.5% COLA, effective July 1, 2014, provided by Act 102 of the 2014 Louisiana Regular Legislative Session, and,
- Improved benefits for certain members employed by the Office of Adult Probation and Parole within the Department of Public Safety and Corrections as established by Act 852 of 2014.

Changes in Assumptions

Teachers' Retirement System of Louisiana (TRSL):

- Assumptions regarding the discount rate changed from 7.75% to 7.70% in performing the June 30, 2017 valuation (used to measure the June 30, 2018 net pension liability).

State of Louisiana School Employees' Retirement System (LSERS):

- Assumptions regarding the discount rate changed from 7.00% to 7.125% in performing the June 30, 2016 valuation (used to measure the June 30, 2017 net pension liability).
- Assumptions regarding the discount rate changed from 7.25% to 7.00% in performing the June 30, 2015 valuation (used to measure the June 30, 2016 net pension liability).

Louisiana State Employees' Retirement System (LASERS):

- Assumptions regarding the discount rate changed from 7.75% to 7.70% in performing the June 30, 2017 valuation (used to measure the June 30, 2018 net pension liability).
- Assumptions regarding the inflation rate changed from 3.0% to 2.75% in performing the June 30, 2017 valuation (used to measure the June 30, 2018 net pension liability).

See independent auditor's report.

SCHEDULES REQUIRED BY STATE LAW

(R.S. 24:514 - PERFORMANCE AND STATISTICAL DATA)

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178 Del Orleans Avenue, Suite C • Denham Springs, LA 70726
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Independent Accountant's Report
on Applying Agreed-Upon Procedures

To the Members of the Board of the
Central Community School System,
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 Central Community School System; 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 Central Community School System for the fiscal year ended June 30, 2018; and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) in compliance with Louisiana Revised Statute 24:514.I. Management of the Central Community School System 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 4)

1. We selected a sample of 25 transactions and 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

(No Differences Noted)

Class Size Characteristics (Schedule 5)

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.

(No Differences 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 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.

We noted one employee's years of experience was incorrect by two years. The employee was set up at 20 years of experience when the actual years of experience was 22.

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 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).

The exception noted in step 3 above caused an employee to be underpaid by approximately \$1,100 in total for the year ended June 30, 2018 as a result of the incorrect years of experienced used.

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 Central Community School System, as required by Louisiana Revised Statute 24:514.I, 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 Legislative Auditor as a public document.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Denham Springs, Louisiana
December 21, 2018

CENTRAL COMMUNITY SCHOOL SYSTEM

GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES
AND CERTAIN LOCAL REVENUE SOURCES

FOR THE YEAR ENDED JUNE 30, 2018

<u>General Fund Instructional and Equipment Expenditures</u>	<u>Column A</u>	<u>Column B</u>
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$ 15,396,591	
Other Instructional Staff Activities	1,404,697	
Employee Benefits	6,798,879	
Purchased Professional and Technical Services	286,427	
Instructional Materials and Supplies	812,122	
Instructional Equipment	22,789	
Total Teacher and Student Interaction Activities		\$ 24,721,505
Other Instructional Activities		818,904
Pupil Support Activities	2,536,652	
Less: Equipment for Pupil Support Activities	-	
Net Pupil Support Activities		2,536,652
Instructional Staff Services	1,396,877	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		1,396,877
School Administration	2,245,539	
Less: Equipment for School Administration	-	
Net School Administration		2,245,539
Total General Fund Instructional Expenditures (Total Column B)		<u>\$ 31,719,477</u>
Total General Fund Equipment Expenditures		<u>\$ 22,789</u>

(CONTINUED)

CENTRAL COMMUNITY SCHOOL SYSTEM

GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES
AND CERTAIN LOCAL REVENUE SOURCES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2018

Certain Local Revenue Sources

Local Taxation Revenue:

Ad Valorem Taxes	
Constitutional Ad Valorem Taxes	\$ 597,068
Renewable Ad Valorem Tax	4,590,245
Debt Service Ad Valorem Tax	3,611,305
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	222,021
Sales and Use Taxes	9,097,969
Total Local Taxation Revenue	<u>\$ 18,118,608</u>

Local Earnings on Investment in Real Property:

Earnings from 16th Section Property	\$ 8,000
Earnings from Other Real Property	-
Total Local Earnings on Investment in Real Property	<u>\$ 8,000</u>

State Revenue in Lieu of Taxes:

Revenue Sharing - Constitutional Tax	\$ -
Revenue Sharing - Other Taxes	-
Revenue Sharing - Excess Portion	-
Other Revenue in Lieu of Taxes	-
Total State Revenue in Lieu of Taxes	<u>\$ -</u>

Nonpublic Textbook Revenue	<u>\$ 22,667</u>
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Nonpublic Transportation Revenue	<u>\$ -</u>
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See independent auditor's report.

CENTRAL COMMUNITY SCHOOL SYSTEM

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 Activity Classes	32.1%	51	66.7%	106	1.3%	2	0.0%	-
Elementary	39.6%	370	59.4%	555	1.0%	9	0.0%	-
High Activity Classes	69.3%	52	16.0%	12	9.3%	7	5.3%	4
High	61.3%	347	21.6%	122	15.7%	89	1.4%	8
Middle/Jr. High Activity Classes	6.5%	3	17.4%	8	73.9%	34	2.2%	1
Middle/Jr. High	44.8%	178	50.9%	202	3.8%	15	0.5%	2

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.

See independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds account for the proceeds of specific revenue sources (other than special assessment, expendable trusts, or for major capital projects) that are legally restricted to expenditures for specific purposes.

Improving America's Schools Fund includes the following programs:

Title I - Grants to Local Educational Agencies

Title I includes programs primarily in the areas of reading and math. These programs strive to meet the special needs of economically and educationally deprived children through federal funding for teachers, aids, instructional material, equipment and parental involvement.

Title II - Education for Economy Security Act

The Education for Economy Security Act is a federally funded program to provide financial assistance to improve the skills of teaching and instruction in mathematics, science, computer learning, and foreign languages; and increase the access of all students to this instruction.

Special Education Fund - Individuals with Disabilities Education Act

Individuals with Disabilities Education Act IDEA Part B is a federally funded program designed to assist states in providing free, appropriate education to all children with exceptionalities from 3 to 21 years of age in the least restrictive environment.

School Food Service Fund - The School Lunch Fund is a program that provides the students with balanced and nutritious meals. This program is federally financed, state-administered, and locally operated by the School System.

CAPITAL PROJECTS FUND

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Proposition No. 1 Fund – This fund is used to account for the costs of major repairs and renovation of existing schools.

Proposition No. 2 Fund – This fund is used to account for the cost of renovation of existing school facilities and to address life safety code issues.

DEBT SERVICE FUND

The Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest and related costs for each type of bond issued.

Sales Tax Bonds Fund – The Sales Tax Bonds Fund is used to accumulate sales tax revenues collected for the repayment of sales tax revenue bonds. In addition, this fund accounts for the repayment of the sales tax revenue bond principal and interest repayments and for other expenses authorized by the voters within the School System.

CENTRAL COMMUNITY SCHOOL SYSTEM
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2018
 (WITH COMPARATIVE TOTALS AS OF JUNE 30, 2017)

ASSETS	Special Revenue Funds				Capital Projects Funds			Debt Service	Total Nonmajor	
	Improving America's Schools	Special Education	School Food Service	Total	Proposition No. 1	Proposition No. 2	Total	Fund Sales Tax Bonds	2018	2017
Cash	\$ -	\$ -	\$ 351,243	\$ 351,243	\$ 1,467,438	\$ -	\$ 1,467,438	\$ 6,382	\$ 1,825,063	\$ 1,553,565
Receivables	96,031	108,270	8,653	212,954	-	-	-	252,986	465,940	712,731
Inventory	-	-	56,675	56,675	-	-	-	-	56,675	51,518
Restricted Asset:										
Cash and Cash Equivalents	-	-	-	-	-	-	-	2,058,306	2,058,306	2,058,306
Total Assets	<u>\$ 96,031</u>	<u>\$ 108,270</u>	<u>\$ 416,571</u>	<u>\$ 620,872</u>	<u>\$ 1,467,438</u>	<u>\$ -</u>	<u>\$ 1,467,438</u>	<u>\$ 2,317,674</u>	<u>\$ 4,405,984</u>	<u>\$ 4,376,120</u>
LIABILITIES AND FUND EQUITY										
Liabilities:										
Accounts, Salaries and Other Payables	\$ 12,789	\$ -	\$ 8,116	\$ 20,905	\$ 131,125	\$ -	\$ 131,125	\$ -	\$ 152,030	\$ 71,758
Due to Other Funds	83,242	108,270	112,684	304,196	23,493	-	23,493	54,154	381,843	403,656
Total Liabilities	96,031	108,270	120,800	325,101	154,618	-	154,618	54,154	533,873	475,414
Fund Equity:										
Fund Balances - Nonspendable:										
Inventory	-	-	56,675	56,675	-	-	-	-	56,675	51,518
Restricted For:										
Construction Contracts	-	-	-	-	-	-	-	-	-	453,890
Debt Service	-	-	-	-	-	-	-	2,263,520	2,263,520	2,333,045
Committed For:										
Construction Contracts	-	-	-	-	17,731	-	17,731	-	17,731	778,521
Assigned To:										
Capital Projects	-	-	-	-	1,295,089	-	1,295,089	-	1,295,089	84,285
School Lunch Program	-	-	239,096	239,096	-	-	-	-	239,096	199,447
Total Fund Balances	-	-	295,771	295,771	1,312,820	-	1,312,820	2,263,520	3,872,111	3,900,706
Total Liabilities and Fund Equity	<u>\$ 96,031</u>	<u>\$ 108,270</u>	<u>\$ 416,571</u>	<u>\$ 620,872</u>	<u>\$ 1,467,438</u>	<u>\$ -</u>	<u>\$ 1,467,438</u>	<u>\$ 2,317,674</u>	<u>\$ 4,405,984</u>	<u>\$ 4,376,120</u>

See independent auditor's report.

CENTRAL COMMUNITY SCHOOL SYSTEM

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCESNONMAJOR GOVERNMENTAL FUNDSFOR THE YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2017)

	Special Revenue Funds				Capital Projects Funds			Debt Service	Total Nonmajor	
	Improving America's Schools	Special Education	School Food Service	Total	Proposition No. 1	Proposition No. 2	Total	Fund Sales Tax Bonds	2018	2017
Revenues:										
Local Sources:										
Taxes:										
Sales and Use	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,819,594	\$ 1,819,594	\$ 2,286,481
Interest Earnings	-	-	-	-	-	-	-	-	-	1,690
Food Services	-	-	191,937	191,937	-	-	-	-	191,937	359,722
State Sources:										
Unrestricted Grants in Aid	-	-	150,000	150,000	-	-	-	-	150,000	300,000
Federal Sources:										
Unrestricted - Indirect										
Cost Recoveries	38,166	43,224	-	81,390	-	-	-	-	81,390	71,860
Restricted Grants-in-Aid - Subgrants	883,261	1,030,430	2,377,059	4,290,750	-	-	-	-	4,290,750	3,493,710
Other-Commodities	-	-	179,876	179,876	-	-	-	-	179,876	173,435
Total Revenues	921,427	1,073,654	2,898,872	4,893,953	-	-	-	1,819,594	6,713,547	6,686,898
Expenditures:										
Instruction:										
Special Education Programs	-	501,596	-	501,596	-	-	-	-	501,596	345,889
Special Programs	289,451	-	-	289,451	-	-	-	-	289,451	364,257
Support Services:										
Pupil Support	5,199	337,304	-	342,503	-	-	-	-	342,503	342,963
Instructional Staff Support	455,760	147,737	-	603,497	-	-	-	-	603,497	621,701
General Administration	-	-	-	-	-	-	-	19,406	19,406	23,711
Plant Services	-	-	9,137	9,137	20,497	-	20,497	-	29,634	703,211
Transportation Services	4,984	-	-	4,984	-	-	-	-	4,984	-
Central Services	127,867	43,793	-	171,660	-	-	-	-	171,660	147,281
Food Services	-	-	2,818,630	2,818,630	-	-	-	-	2,818,630	2,501,962
Capital Outlay	-	-	26,699	26,699	1,102,701	-	1,102,701	-	1,129,400	2,941
Debt Service:										
Principal Retirement	-	-	-	-	210,438	-	210,438	1,095,000	1,305,438	1,511,475
Interest and Bank Charges	-	-	-	-	-	-	-	720,652	720,652	842,760
Cost of Issuance	-	-	-	-	-	-	-	104,680	104,680	-
Total Expenditures	883,261	1,030,430	2,854,466	4,768,157	1,333,636	-	1,333,636	1,939,738	8,041,531	7,408,151

(CONTINUED)

CENTRAL COMMUNITY SCHOOL SYSTEM

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (CONTINUED)

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2017)

	<u>Special Revenue Funds</u>				<u>Capital Projects Funds</u>			<u>Debt Service</u>	<u>Total Nonmajor</u>	
	<u>Improving America's Schools</u>	<u>Special Education</u>	<u>School Food Service</u>	<u>Total</u>	<u>Proposition No. 1</u>	<u>Proposition No. 2</u>	<u>Total</u>	<u>Fund Sales Tax Bonds</u>	<u>2018</u>	<u>2017</u>
Excess (Deficiency) of Revenues Over Expenditures	38,166	43,224	44,406	125,796	(1,333,636)	-	(1,333,636)	(120,144)	(1,327,984)	(721,253)
Other Financing Sources (Uses):										
Proceeds on Disposal of Capital Assets	-	-	400	400	-	-	-	-	400	-
Proceeds from Bond Issuance	-	-	-	-	-	-	-	3,675,000	3,675,000	-
Premium on Bond Issuance	-	-	-	-	-	-	-	564,121	564,121	-
Payment to Refund Bonds	-	-	-	-	-	-	-	(4,188,502)	(4,188,502)	-
Transfers In	-	-	-	-	1,414,045	-	1,414,045	-	1,414,045	-
Transfers Out	(38,166)	(43,224)	-	(81,390)	-	(84,285)	(84,285)	-	(165,675)	(71,860)
Total Other Financing Sources (Uses)	(38,166)	(43,224)	400	(80,990)	1,414,045	(84,285)	1,329,760	50,619	1,299,389	(71,860)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	-	-	44,806	44,806	80,409	(84,285)	(3,876)	(69,525)	(28,595)	(793,113)
Fund Balances at Beginning of Year	-	-	250,965	250,965	1,232,411	84,285	1,316,696	2,333,045	3,900,706	4,693,819
Fund Balances at End of Year	\$ -	\$ -	\$ 295,771	\$ 295,771	\$ 1,312,820	\$ -	\$ 1,312,820	\$ 2,263,520	\$ 3,872,111	\$ 3,900,706

See independent auditor's report.

CENTRAL COMMUNITY SCHOOL SYSTEM

SPECIAL REVENUE FUND - IMPROVING AMERICA'S
SCHOOLS ACTSTATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
Revenues:				
Federal Sources:				
Federal Grants	\$ 912,263	\$ 1,338,525	\$ 921,427	\$ (417,098)
Total Revenues	912,263	1,338,525	921,427	(417,098)
Expenditures:				
Instruction:				
Special Programs	249,594	350,239	289,451	60,788
Support Service:				
Pupil Support	20,456	27,235	5,199	22,036
Instructional Staff Support	468,585	737,742	455,760	281,982
Transportation Services	-	9,762	4,984	4,778
Central Services	136,395	157,531	127,867	29,664
Total Expenditures	875,030	1,282,509	883,261	399,248
Excess of Revenues Over Expenditures	37,233	56,016	38,166	(17,850)
Other Financing Sources (Uses):				
Transfers Out	(37,233)	(56,016)	(38,166)	17,850
Total Other Financing Sources (Uses)	(37,233)	(56,016)	(38,166)	17,850
Excess of Revenues and Other Sources Over Expenditures and Other Uses	-	-	-	-
Fund Balance at Beginning of Year	-	-	-	-
Fund Balance at End of Year	\$ -	\$ -	\$ -	\$ -

See independent auditor's report.

CENTRAL COMMUNITY SCHOOL SYSTEM

SPECIAL REVENUE FUND - PUBLIC LAW 94-142 -
SPECIAL EDUCATIONSTATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
Revenues:				
Federal Sources:				
Federal Grants	\$ 872,147	\$ 1,249,182	\$ 1,073,654	\$ (175,528)
Total Revenues	872,147	1,249,182	1,073,654	(175,528)
Expenditures:				
Instruction:				
Special Education Programs	325,971	589,882	501,596	88,286
Support Services:				
Pupil Support Services	319,465	388,343	337,304	51,039
Instructional Staff Support	155,467	155,596	147,737	7,859
Central Services	40,000	65,000	43,793	21,207
Total Expenditures	840,903	1,198,821	1,030,430	168,391
Excess of Revenues Over Expenditures	31,244	50,361	43,224	(7,137)
Other Financing Sources (Uses):				
Transfers Out	(31,244)	(50,361)	(43,224)	7,137
Total Other Financing Sources (Uses)	(31,244)	(50,361)	(43,224)	7,137
Excess of Revenues and Other Sources Over Expenditures and Other Uses	-	-	-	-
Fund Balance at Beginning of Year	-	-	-	-
Fund Balance at End of Year	\$ -	\$ -	\$ -	\$ -

See independent auditor's report.

CENTRAL COMMUNITY SCHOOL SYSTEM

SCHOOL FOOD SERVICE FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance with Budget
Revenues:				
Local Sources:				
Food Services	\$ 166,200	\$ 178,700	\$ 191,937	\$ 13,237
State Sources:				
Unrestricted Grants in Aid	150,000	150,000	150,000	-
Federal Sources:				
Federal Grants	2,525,000	2,300,000	2,377,059	77,059
Other-Commodities	179,876	179,876	179,876	-
Total Revenues	<u>3,021,076</u>	<u>2,808,576</u>	<u>2,898,872</u>	<u>90,296</u>
Expenditures:				
Support Service:				
Plant Services	845	8,850	9,137	(287)
Food Services	2,676,901	2,714,281	2,818,630	(104,349)
Capital Outlay	38,000	47,000	26,699	20,301
Total Expenditures	<u>2,715,746</u>	<u>2,770,131</u>	<u>2,854,466</u>	<u>(84,335)</u>
Excess of Revenues Over Expenditures	305,330	38,445	44,406	5,961
Other Financing Sources (Uses):				
Proceeds on Disposal of Capital Assets	-	-	400	400
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>400</u>	<u>400</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	305,330	38,445	44,806	6,361
Fund Balance at Beginning of Year	<u>250,965</u>	<u>250,965</u>	<u>250,965</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 556,295</u>	<u>\$ 289,410</u>	<u>\$ 295,771</u>	<u>\$ 6,361</u>

See independent auditor's report.

FIDUCIARY FUND

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

CENTRAL COMMUNITY SCHOOL SYSTEM

FIDUCIARY FUND

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2018

(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2017)

ASSETS

	<u>2018</u>	<u>2017</u>
Cash	\$ <u>783,806</u>	\$ <u>872,184</u>
Total Assets	\$ <u><u>783,806</u></u>	\$ <u><u>872,184</u></u>

LIABILITIES

Amounts Held for School Activities	\$ <u>783,806</u>	\$ <u>872,184</u>
Total Liabilities	\$ <u><u>783,806</u></u>	\$ <u><u>872,184</u></u>

See independent auditor's report

CENTRAL COMMUNITY SCHOOL SYSTEM
SCHOOL ACTIVITY FUND
SCHEDULE OF CHANGES IN AMOUNTS HELD FOR SCHOOL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

<u>School</u>	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2018</u>
Bellingrath Hills School	\$ 37,796	\$ 146,722	\$ 155,080	\$ 29,438
Tanglewood Elementary	104,010	269,431	250,709	122,732
Central Intermediate	96,670	307,423	301,477	102,616
Central Middle School	129,374	422,686	449,876	102,184
Central High School	504,334	938,337	1,015,835	426,836
Total	<u>\$ 872,184</u>	<u>\$ 2,084,599</u>	<u>\$ 2,172,977</u>	<u>\$ 783,806</u>

See independent auditor's report

CENTRAL COMMUNITY SCHOOL SYSTEM
SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS

FOR THE YEAR ENDED JUNE 30, 2018

Dr. G. David Walker, President	\$ 9,000
Roxanne Atkinson, Vice President	7,800
Dr. James W. Gardner	7,800
* Willard M. Easley	-
Sharon Watts Browning	7,800
Ruby W. Foil	7,800
Jim Lloyd	<u>7,800</u>
Total	<u>\$ 48,000</u>

Term of Current Board Expires December 31, 2018.

* - Elected not to receive compensation in the fiscal year ended June 30, 2018.

See independent auditor's report.

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2018

In accordance with Louisiana Revised Statute 24:513A, the following is a Schedule of Compensation and Benefits received by the Superintendent, who was the acting agency head for the year ended June 30, 2018:

	<u>7/1 - 12/31</u>	<u>1/1 - 6/30</u>
	<u>Michael Faulk</u>	<u>Jason Fountain</u>
Salary	\$ 89,686	\$ 73,646
Car Allowance	3,000	-
Insurance Allowance	3,940	-
Phone Allowance	600	-
Conference Travel	568	4,020
Membership Dues	475	-
Registration Fees	-	325
Housing Allowance	-	7,200
Total	<u>\$ 98,269</u>	<u>\$ 85,191</u>

CENTRAL COMMUNITY SCHOOL SYSTEM

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2018

<u>Federal Grantor/Pass - Through Grantor/Program Name</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass- Through Number</u>	<u>Passed-through to Subrecipients</u>	<u>Federal Expenditures</u>
<u>United States Department of Agriculture</u>				
Passed Through Louisiana Department of Agriculture and Forestry:				
Food Distribution Program (Commodities) [1]	10.555	N/A	\$ -	\$ 179,876
Passed Through Louisiana Department of Education:				
Summer Food Service Program [1]	10.559	N/A	-	6,480
National Breakfast Program [1]	10.553	N/A	-	622,391
National School Lunch Program [1]	10.555	N/A	-	<u>1,748,188</u>
Total United States Department of Agriculture				2,556,935
<u>United States Department of Education</u>				
Passed Through Louisiana Department of Education:				
Title I - Grants to Local Educational Agencies	84.010A	28-18-T1-69	3,584	646,137
Title II - Teacher and Principal Training and Recruiting	84.367A	28-18-50-69	17,419	250,318
Title III	84.365A	28-18-60-69	-	14,005
Individuals with Disabilities Educational Act Special Education IDEA [2]	84.027A	28-18-B1-69	-	1,061,263
IDEA - Preschool [2]	84.173A	28-18-P1-69	-	12,391
Vocational Education - (Carl Perkins)	84.048	28-18-02-69	-	49,965
Education for Homeless Children and Youth	84.196	28-17-H1-69	-	5,204
Student Support and Academic Enrichment Program	84.424	28-18-71-69	570	5,763
Advanced Placement Test Fee Program	84.330B	28-18-26-69	-	<u>3,498</u>
Total United States Department of Education				2,048,544

(CONTINUED)

CENTRAL COMMUNITY SCHOOL SYSTEM

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2018

<u>Federal Grantor/Pass - Through Grantor/Program Name</u>	<u>CFDA</u>	<u>Through Number</u>	<u>Subrecipients</u>	<u>Expenditures</u>
<u>United States Department of Health and Human Services</u>				
Passed Through Louisiana Department of Education:				
The Cecil J. Picard LA 4 Early Childhood Program - Temporary Assistance for Needy Families (TANF) [3]	93.558B	28-18-36-69	-	269,603
Total United States Department of Health and Human Services				269,603
<u>United States Department of Defense</u>				
Reserve Officers' Training Corps	None	N/A	-	60,320
Total United States Department of Defense				60,320
<u>United States Department of Homeland Security</u>				
Passed Through Louisiana Governor's Office of Homeland Security & Emergency Preparedness:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	-	1,336,474
Total United States Department of Homeland Security			-	1,336,474
Total Expenditures of Federal Awards			\$ 21,573	\$ 6,271,876

[1] Child Nutrition Cluster

[2] Special Education Cluster (IDEA)

[3] TANF Cluster

See accompanying notes to the Schedule of Expenditures of Federal Awards.

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2018

Note A - Significant Accounting Policies -

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Central Community School System and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.*

Note B - Food Distribution Program -

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2018, the Central Community School System had food commodities totaling \$5,657 in inventory.

Note C - Indirect Cost Rate Election -

The School System did not elect to use the 10% de minimis indirect cost rate during the year ended June 30, 2018.

Note D - Expenditures Incurred in Prior Fiscal Year

The accompanying schedule of expenditures of federal awards includes expenditures that were incurred during a prior fiscal year. At June 30, 2018, federal awards expended in prior fiscal years totaled \$1,257,736. These expenditures were related to the August 2016 flood event and are included in United States Department of Homeland Security Disaster Grants – Public Assistance (Presidentially Declared Disasters).

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



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

To the Members of the Board of the
Central Community School System
Central, 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, the budgetary comparison statement of the general fund and the special revenue fund - federal grants fund, the fiduciary fund statement and the aggregate remaining fund information of the Central Community School System (“School System”), Central, Louisiana, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Central Community School System’s basic financial statements, and have issued our report thereon dated December 21, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School System’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School System’s internal control. Accordingly, we do not express an opinion on the effectiveness of the School System’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 School System'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 would be required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the School System in a separate letter dated December 21, 2018.

Purpose of this Report

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

Respectfully submitted,

Hannis T. Bourgeois, LLP

Denham Springs, Louisiana
December 21, 2018

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

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

To the Members of the Board of the
Central Community School System
Central, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Central Community School System’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 Central Community School System’s (“the School System”) major federal programs for the year ended June 30, 2018. Central Community School System’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor’s Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

Purpose of this Report

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

Respectfully submitted,

Hannis T. Bourgeois, LLP

Denham Springs, Louisiana
December 21, 2018

CENTRAL COMMUNITY SCHOOL SYSTEM

SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2018

A. As required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), the following is a summary of the results of our audit:

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weaknesses identified? _____ Yes x No
- Significant deficiencies identified? _____ Yes x None Reported
- Noncompliance material to financial statements noted? _____ Yes x No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? _____ Yes x No
- Significant deficiencies identified? _____ Yes x None Reported

Type of auditor's report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? _____ Yes x No

Federal Grantor/ Pass - Through Grantor/ <u>Program Name</u>	<u>CFDA Number</u>
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United States Department of Homeland Security

Passed Through Louisiana Governor's Office of Homeland Security & Emergency Preparedness: Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036
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United States Department of Education

Passed Through Louisiana Department of Education: Special Education Cluster – Individuals with Disabilities Educational Act	84.027A
IDEA – Preschool	84.173A

- The threshold for distinguishing Types A and B programs was \$750,000.
- The School System was determined to be a low-risk auditee.

B. Findings - Internal Control Over Financial Reporting

None

C. Findings - Compliance

None

CENTRAL COMMUNITY SCHOOL SYSTEM
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

A. Findings - Internal Control Over Financial Reporting

None

B. Findings - Compliance

None

CENTRAL COMMUNITY SCHOOL SYSTEM
INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

JUNE 30, 2018

CENTRAL, LOUISIANA



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Independent Accountant's Report
on Applying Agreed-Upon Procedures

To the Members of the Board of the
Central Community School System
Central, Louisiana

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

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. 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.
EXCEPTION – Policies and procedures for monitoring the budget were not found in the School System's written policies and procedures.
 - 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. – **No exceptions.**
 - c) ***Disbursements***, including processing, reviewing, and approving – **No exceptions.**

- 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).

EXCEPTION – Policies and procedures regarding cash collections were not found in the School System’s written policies and procedures.

- e) *Payroll/Personnel*, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked. – **No exceptions.**
- 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.

EXCEPTION – No written policy or procedures were found related to contracting.

- 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) – **No exceptions.**
- h) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers – **No exceptions.**
- 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. – **No exceptions.**
- j) *Debt Service*, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements. – **No exceptions.**

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. – **No exceptions.**
 - 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. – **No exceptions.**
 - 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. – **No exceptions.**

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged); – **No exceptions.**
 - 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); – **No exceptions.**
 - 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. – **No exceptions.**

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). – **No exceptions.**
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 exceptions.**
 - 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 exceptions.**
 - 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 exceptions.**
 - 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 exceptions.**
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft. – **No exceptions.**
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). *Alternately, the practitioner may use a source document other than bank statements when*

selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered. – **No exceptions.**
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip. – **No exceptions.**
- c) Trace the deposit slip total to the actual deposit per the bank statement. – **No exceptions.**
- 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).

EXCEPTION – One transaction had a collection to deposit period of three business days.

- e) Trace the actual deposit per the bank statement to the general ledger. – **No exceptions.**

Non-Payroll Disbursements (excluding 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). – **No exceptions.**
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 exceptions.**
 - b) At least two employees are involved in processing and approving payments to vendors. – **No exceptions.**
 - 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 exceptions.**
 - 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. – **No exceptions.**
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.**
 - 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.**

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

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. – **No exceptions.**
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.]] – **No exceptions.**
 - b) Observe that finance charges and late fees were not assessed on the selected statements. – **No exceptions.**
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, – **No exceptions.**
 - (2) written documentation of the business/public purpose, and – **No exceptions.**
 - (3) documentation of the individuals participating in meals (for meal charges only). – **No exceptions.**

Contracts

14. 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. – **No exceptions.**
 - 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). – **No exceptions.**
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment. – **No exceptions.**
 - 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. – **No exceptions.**

Ethics

15. 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 ethics documentation from management, and:
 - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period. – **No exceptions.**
 - 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. – **No exceptions.**

Management's Response/Corrective Action to Exceptions

The School System's response to the exceptions identified in our performance of the SAUPs is attached. The School System's response was not subjected to any procedures applied in the SAUPs and, accordingly, we express no opinion or any assurance on it.

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.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Denham Springs, Louisiana
December 21, 2018

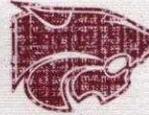
Dr. Jason Fountain
Superintendent

Dr. G. David Walker
President
District 3

Roxanne Atkinson
Vice President
District 2

Jim Lloyd
District 1

**CENTRAL COMMUNITY
SCHOOL SYSTEM**



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Willard Easley
District 4

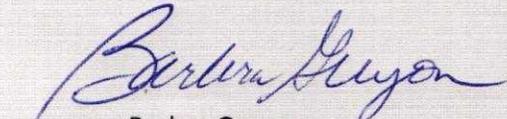
Dr. James W. Gardner
District 5

Ruby Foil
District 6

Sharon Browning
District 7

Response to 'Independent Accountant's Report on Applying Agreed-Upon Procedures for year ending June 30, 2018'

Central Community School Systems Management will take all exceptions into account and will review and develop written policies and procedures for Budgeting, Cash Collections, and Contracting as we did for the exceptions from the prior year.


Barbra Guyon
Chief Financial Officer

CENTRAL COMMUNITY SCHOOL SYSTEM
CENTRAL, LOUISIANA

MANAGEMENT LETTER

JUNE 30, 2018



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To the Members of the Board of the
Central Community School System
Central, Louisiana

In planning and performing our audit of the financial statements of the Central Community School System, Central, Louisiana, (School System) as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the School System's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School System's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School System's internal control.

However, during our audit we became aware of matters that are opportunities for strengthening internal control and operating efficiency. The following summarizes our comments and suggestions regarding the matters. This letter does not affect our report dated December 21, 2018, on the financial statements of the School System.

CURRENT AND PRIOR YEAR FINDING:

Finding 2018M-1 and 2017M-1 Statewide Agreed-Upon Procedures

Finding:

During our testing of the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures in the current year and in the prior year, we noted various exceptions where Central Community School System did not have written policies and procedures to correspond with those tested in the agreed-upon procedures.

Recommendation:

We recommend management review the policies and procedures as specified in the agreed-upon procedures and incorporate these in their written policy and procedure manual approved by the School System.

Management's Corrective Action:

The School System's management is reviewing the exceptions from the Statewide Agreed-Upon Procedures and will consider adopting certain new policies and procedures as recommended.

This report is intended for the use of management, and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Denham Springs, Louisiana
December 21, 2018