

**CENTRAL COMMUNITY SCHOOL SYSTEM**

**REPORT ON AUDIT OF BASIC  
FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**CENTRAL, LOUISIANA**

# CENTRAL COMMUNITY SCHOOL SYSTEM

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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, 2019, 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, 2019, 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, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 21, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 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 62 through 65 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 20, 2019, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Central Community School System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Central Community School System's internal control over financial reporting and compliance.

Respectfully submitted,  
*Hannis T. Bourgeois, LLP*

Denham Springs, Louisiana  
December 20, 2019

## CENTRAL COMMUNITY SCHOOL SYSTEM

### MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

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, 2019. 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 a new element of the 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 2018-2019 fiscal years include the following:

- ❖ Net position is a deficit of \$(20,159,260) for the year ended June 30, 2019, which is a reductions of \$3,285,043 from the prior year deficit.
- ❖ Total assets decreased by \$539,662 attributed to the following elements:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	Amount Increase (Decrease)
Cash and Cash Equivalents	\$19,199,751	\$18,160,805	\$ 1,038,946
Receivables	3,640,238	3,425,807	214,431
Inventory	55,669	56,675	(1,006)
Restricted Assets:			
Cash	2,058,306	2,058,306	-
Capital Assets:			
Land and Construction in Progress	2,936,056	3,063,237	(127,181)
Other Capital Assets (Net of Accumulated Depreciation)	<u>61,953,168</u>	<u>63,618,020</u>	<u>(1,664,852)</u>
Total Assets	<u>\$89,843,188</u>	<u>\$90,382,850</u>	<u>\$ (539,662)</u>

**CENTRAL COMMUNITY SCHOOL SYSTEM**

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2019

❖ Total Liabilities decreased \$2,027,173 attributed to the following items:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Amount Increase (Decrease)</u>
Accounts, Salaries, and Other Payables	\$ 3,741,371	\$ 3,416,582	\$ 324,789
Interest Payable	417,350	445,600	(28,250)
 Long-Term Liabilities:			
Due within One Year	4,074,782	3,800,091	274,691
Due in More than one Year	58,854,839	62,174,815	(3,319,976)
Net Pension Liability	<u>49,084,615</u>	<u>48,363,042</u>	<u>721,573</u>
Total Liabilities	<u>\$116,172,957</u>	<u>\$118,200,130</u>	<u>\$(2,027,173)</u>

❖ Total revenues increased by \$1,276,584 from fiscal year 2018 to fiscal year 2019. Primary increases and decreases are discussed below:

- Property taxes levied increased \$486,739.
- Sales and use tax revenue decreased by \$54,699.
- The largest revenue source is the Minimum Foundation Program (MFP) distribution from the State, amounting to \$30,312,955. This amount has decreased from the prior year by the amount of \$547,198. 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 keep to a minimum.
- Property taxes were levied in the amount of \$3,811,089 by the school system to pay for the debt service requirements relating to the issuance of general obligation bonds. This is an increase of \$199,784 above the 2018 assessment.
- In 2010, 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 \$1,830,780 which is an increase of \$11,186 from 2018.
- Total Governmental Expenditures have decreased in the amount \$381,532. Expenses increased in most areas, Capital Projects decreased by \$640,237, Instructional Programs increased by \$22,129, and Support Services increased by 962,439 while Debt Services decreased by 725,863.

## CENTRAL COMMUNITY SCHOOL SYSTEM

### MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2019

#### 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 Assets 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 2018/2019 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 assets 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).

The Statement of Fiduciary Net Assets - 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.

**CENTRAL COMMUNITY SCHOOL SYSTEM**

MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2019

**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, 2019 was \$53,456,848. However, not all of this cost was borne by the taxpayers of the Central Community School District. Of this amount, \$1,024,618 was paid by those who used or benefited from the services rendered (e.g., charges for school lunches and summer school tuition) and \$6,077,331 was paid through various federal and state grants. Consequently, the net cost of \$46,354,899 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, 2019. 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.

TABLE I  
Total Cost and Net Cost of Governmental Activities  
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>		<u>2018</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
<b>Instruction:</b>				
Regular Education Programs	\$17,384,152	\$ 17,166,078	\$16,971,087	\$ 16,514,038
Special Education Programs	4,122,271	2,795,385	4,019,354	3,019,424
Other Instructional Programs	4,372,670	3,293,187	4,005,169	2,973,935
<b>Support Services:</b>				
Pupil Support	2,622,401	2,282,354	2,654,360	2,311,857
Instructional Staff Support	2,183,548	1,367,224	1,911,834	1,251,651
General and School Administration	6,634,792	6,595,903	5,878,807	5,621,166
Business Services	563,100	469,999	547,026	455,159
Plant Services	3,989,246	3,989,246	3,817,724	3,817,724
Student Transportation	5,225,733	5,225,733	4,885,675	4,880,691
Central Services	1,380,231	1,206,768	1,501,736	664,913
Food Services	2,879,746	(135,936)	2,727,186	(48,132)
Bond Issuance Cost	-	-	248,589	248,589
Interest on Long-Term Debt	<u>2,098,958</u>	<u>2,098,958</u>	<u>2,236,457</u>	<u>2,236,457</u>
Totals	<u>\$53,456,848</u>	<u>\$46,354,899</u>	<u>\$51,405,004</u>	<u>\$43,947,472</u>

## CENTRAL COMMUNITY SCHOOL SYSTEM

### MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2019

#### **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, 2019, its combined fund balance was \$19,597,693 as compared to its combined fund balance of \$18,901,997 as of June 30, 2018, an increase of \$695,696. The General Fund, the main operational arm of the School Board, saw its total fund balance increase by \$1,378,560. While General Fund Revenues increased by \$619,473 General Fund Expenditures decreased by \$297,172 and Other Financing Sources (Uses) (Transfers to Other Funds) decreased by \$1,058,910 thereby increasing current year Excess of Revenues and Other Sources over Expenditures and Other Uses by \$1,975,555.

#### **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 August 27, 2018.

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 \$1,076,686 more than had been budgeted on the final amendment.

#### **CAPITAL ASSETS AND DEBT**

**Capital Assets.** At June 30, 2019, the Central Community School System had a \$64,889,224 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.

## CENTRAL COMMUNITY SCHOOL SYSTEM

### MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2019

**Long-Term Debt.** At June 30, 2019, the School System had outstanding bonded indebtedness in the amount of \$51,210,001.

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 \$55,070,000 at June 30, 2019.

Other long-term obligations include compensated absences and accumulated Unfunded Other Postemployment Benefits Payable. At June 30, 2019, this balance was \$11,719,620.

### **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 10/01/2018 was 4,635 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 Million and repay the bonds by extending property tax for five years. The proposal 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 9<sup>th</sup> grade academy for \$5.82 mil, old middle school renovations and asbestos removal \$1.5 mil, technology update for state mandated assessments \$2.0 mil, repair Central high parking lot \$1.8 mil, lighting for central baseball & softball fields \$500k. 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.

## **CENTRAL COMMUNITY SCHOOL SYSTEM**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

JUNE 30, 2019

#### **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](mailto:bguyon@centralcss.org).

GOVERNMENT-WIDE FINANCIAL STATEMENTS

## CENTRAL COMMUNITY SCHOOL SYSTEM

STATEMENT OF NET POSITION (DEFICIT)

JUNE 30, 2019

(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2018)

**ASSETS**

	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2018</u>
Cash and Cash Equivalents	\$ 19,199,751	\$ 18,160,805
Receivables	3,640,238	3,425,807
Inventory	55,669	56,675
Restricted Assets:		
Cash	2,058,306	2,058,306
Capital Assets:		
Land and Construction in Progress	2,936,056	3,063,237
Other Capital Assets (Net of Accumulated Depreciation)	61,953,168	63,618,020
Total Assets	<u>89,843,188</u>	<u>90,382,850</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Amount on Refunding	1,118,581	1,230,440
Deferred Outflows - Related to Pensions	12,803,271	9,577,908
Deferred Outflows - Related to Post-Employment Benefits Other Than Pensions	210,155	236,435
Total Deferred Outflows	<u>14,132,007</u>	<u>11,044,783</u>

**LIABILITIES**

Accounts, Salaries, and Other Payables	3,741,371	3,416,582
Interest Payable	417,350	445,600
Long-Term Liabilities:		
Due Within One Year	4,074,782	3,800,091
Due in More than One Year	58,854,839	62,174,815
Net Pension Liability	49,084,615	48,363,042
Total Liabilities	<u>116,172,957</u>	<u>118,200,130</u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred Inflows - Related to Pensions	6,351,815	4,875,971
Deferred Inflows - Related to Post-Employment Benefits Other Than Pensions	1,609,683	1,795,835
Total Deferred Inflows	<u>7,961,498</u>	<u>6,671,806</u>

**NET POSITION (DEFICIT)**

Net Investment in Capital Assets	16,007,206	15,530,687
Restricted for:		
Classroom Improvements	38,851	69,611
Debt Service	4,630,431	4,367,468
Unrestricted (Deficit)	<u>(40,835,748)</u>	<u>(43,412,069)</u>
Total Net Position (Deficit)	<u>\$ (20,159,260)</u>	<u>\$ (23,444,303)</u>

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, 2019

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

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Total Governmental Activities - Net (Expense) Revenues and Changes in Net Position 2019	Total Governmental Activities - Net (Expense) Revenues and Changes in Net Position 2018
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Governmental Activities:						
Instruction:						
Regular Programs	\$ 17,384,152	\$ -	\$ 218,074	\$ -	\$ (17,166,078)	\$ (16,514,038)
Special Education Programs	4,122,271	484,297	842,589	-	(2,795,385)	(3,019,424)
Vocational Programs	1,122,696	-	-	-	(1,122,696)	(982,096)
All Other Programs	3,249,974	350,799	728,684	-	(2,170,491)	(1,991,839)
Support Services:						
Pupil Support	2,622,401	-	340,047	-	(2,282,354)	(2,311,857)
Instructional Staff Support	2,183,548	-	816,324	-	(1,367,224)	(1,251,651)
General Administration	4,203,925	-	20,141	-	(4,183,784)	(3,373,645)
School Administration	2,430,867	-	18,748	-	(2,412,119)	(2,247,521)
Business Services	563,100	-	93,101	-	(469,999)	(455,159)
Plant Services	3,989,245	-	-	-	(3,989,245)	(3,817,724)
Student Transportation Services	5,225,733	-	-	-	(5,225,733)	(4,880,691)
Central Services	1,380,231	-	173,463	-	(1,206,768)	(664,913)
Food Services	2,879,747	189,522	2,826,160	-	135,935	48,132
Bond Issuance Costs	-	-	-	-	-	(248,589)
Interest on Long-Term Debt	2,098,958	-	-	-	(2,098,958)	(2,236,457)
Total Governmental Activities	\$ 53,456,848	\$ 1,024,618	\$ 6,077,331	\$ -	(46,354,899)	(43,947,472)
Taxes:						
Property Taxes, Levied for General Purposes					5,474,268	5,187,313
Property Taxes, Levied for Debt Services					3,811,089	3,611,305
Sales and Use Taxes, Levied for General Purposes					7,321,888	7,278,375
Sales and Use Taxes, Levied for Debt Services					1,830,780	1,819,594
Grants and Contributions not Restricted to Specific Purposes:						
Minimum Foundation Program					30,096,590	30,626,449
Other					25,103	26,912
Interest and Investment Earnings					96,980	24,097
Net Gain (Loss) on Disposal of Assets					-	252,624
Miscellaneous					983,244	442,241
Total General Revenues					49,639,942	49,268,910
Change in Net Position					3,285,043	5,321,438
Net Position (Deficit) - Beginning of Year					(23,444,303)	(28,765,741)
Net Position (Deficit) - End of Year					\$ (20,159,260)	\$ (23,444,303)

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, 2019  
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2018)

<u>ASSETS</u>	General Fund	Special Revenue		Total Governmental Funds	
		Federal Grant Fund	Nonmajor Governmental Funds	2019	2018
Cash and Cash Equivalents	\$ 15,783,245	\$ -	\$ 3,416,506	\$ 19,199,751	\$ 18,160,805
Receivables	1,331,069	1,719,913	589,256	3,640,238	3,425,807
Inventory	-	-	55,669	55,669	56,675
Due from Other Funds	2,385,672	-	37,908	2,423,580	2,129,977
Restricted Assets:					
Cash and Cash Equivalents	-	-	2,058,306	2,058,306	2,058,306
Total Assets	\$ 19,499,986	\$ 1,719,913	\$ 6,157,645	\$ 27,377,544	\$ 25,831,570
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
<b>Liabilities:</b>					
Accounts, Salaries and Other Payables	\$ 3,725,586	\$ 1,188	\$ 14,597	\$ 3,741,371	\$ 3,416,582
Due to Other Funds	37,908	1,740,526	645,146	2,423,580	2,129,977
Total Liabilities	3,763,494	1,741,714	659,743	6,164,951	5,546,559
<b>Deferred Inflows of Resources:</b>					
Deferred Inflows of Resources- Unavailable Intergovernmental Revenues	-	1,614,900	-	1,614,900	1,383,014
<b>Fund Balances:</b>					
Nonspendable:					
Inventory	-	-	55,669	55,669	56,675
Restricted For:					
Classroom Improvements	38,851	-	-	38,851	69,611
Debt Service	-	-	4,630,431	4,630,431	4,367,468
Committed For:					
Construction Contracts	-	-	-	-	17,731
Assigned To:					
Capital Projects	-	-	330,888	330,888	1,295,089
School Lunch Program	-	-	480,914	480,914	239,096
Other Post Employment Benefits	2,000,000	-	-	2,000,000	2,000,000
Unassigned (Deficit)	13,697,641	(1,636,701)	-	12,060,940	10,856,327
Total Fund Balances (Deficit)	15,736,492	(1,636,701)	5,497,902	19,597,693	18,901,997
Total Liabilities and Fund Balances	\$ 19,499,986	\$ 1,719,913	\$ 6,157,645	\$ 27,377,544	\$ 25,831,570

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, 2019

(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2018)

	<u>2019</u>	<u>2018</u>
Total Fund Balances - Governmental Funds	\$ 19,597,693	\$ 18,901,997
Cost of Capital Assets	86,940,238	86,145,350
Less: Accumulated Depreciation	<u>(22,051,014)</u>	<u>(19,464,093)</u>
	64,889,224	66,681,257
Elimination of Interfund Assets and Liabilities:		
Due from Other Funds	2,423,580	2,129,977
Due to Other Funds	<u>(2,423,580)</u>	<u>(2,129,977)</u>
	-	-
Long-Term Liabilities:		
Compensated Absences	(2,197,462)	(2,198,424)
Total OPEB Liability	(9,522,158)	(9,315,996)
Net Pension Liability	(49,084,615)	(48,363,042)
Bonds Payable	(51,210,001)	(54,460,486)
Deferred Amount on Refunding	1,118,581	1,230,440
Accrued Interest Payable	<u>(417,350)</u>	<u>(445,600)</u>
	(111,313,005)	(113,553,108)
Deferred Inflows of Resources - Unavailable Intergovernmental Revenues are not Reported in Governmental Funds	1,614,900	1,383,014
Deferred Outflows of Resources Related to Pensions are not Reported in Governmental Funds	12,803,271	9,577,908
Deferred Outflows of Resources Related to Other Post Employment Benefits are not Reported in Governmental Funds	210,155	236,435
Deferred Inflows of Resources Related to Pensions are not Reported in Governmental Funds	(6,351,815)	(4,875,971)
Deferred Inflows of Resources Related to Other Post Employment Benefits are not Reported in Governmental Funds	<u>(1,609,683)</u>	<u>(1,795,835)</u>
Net Position (Deficit)	<u>\$ (20,159,260)</u>	<u>\$ (23,444,303)</u>

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 FUNDS**

FOR THE YEAR ENDED JUNE 30, 2019  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018)

	General Fund	Special	Nonmajor Governmental Funds	Total Governmental Funds	
		Revenue Fund Federal Grant Fund		2019	2018
<b>Revenues:</b>					
Local Sources:					
Taxes:					
Ad Valorem	\$ 5,474,268	\$ -	\$ 3,811,089	\$ 9,285,357	\$ 8,798,618
Sales and Use	7,321,888	-	1,830,780	9,152,668	9,097,969
Other	232,984	-	-	232,984	223,103
Tuition	350,799	-	-	350,799	384,074
Interest Earnings	88,521	-	8,459	96,980	24,097
Rentals, Leases and Royalties	11,246	-	-	11,246	18,593
Food Services	-	-	189,522	189,522	191,937
Other	1,223,311	-	-	1,223,311	408,628
State Sources:					
Unrestricted Grants-in-Aid	30,162,955	-	150,000	30,312,955	30,860,153
Restricted Grants-in-Aid	403,461	-	-	403,461	428,337
Federal Sources:					
Unrestricted - Indirect Cost Recoveries	-	-	93,101	93,101	81,390
Restricted Grants-in-Aid - Subgrants	65,054	439,026	4,684,079	5,188,159	4,753,011
Other - Commodities	-	-	185,827	185,827	179,876
<b>Total Revenues</b>	<b>45,334,487</b>	<b>439,026</b>	<b>10,952,857</b>	<b>56,726,370</b>	<b>55,449,786</b>
<b>Expenditures:</b>					
Instruction:					
Regular Programs	17,396,121	275,390	-	17,671,511	17,753,783
Special Education Programs	3,792,790	-	440,356	4,233,146	4,314,466
Vocational Programs	1,150,244	-	-	1,150,244	1,057,085
Other Instructional Programs	2,203,173	-	-	2,203,173	2,190,231
Special Programs	489,488	245,153	402,233	1,136,874	1,057,254
Support Services:					
Pupil Support	2,364,892	-	340,047	2,704,939	2,879,155
Instructional Staff Support	1,455,006	94,600	687,647	2,237,253	2,050,677
General Administration	1,927,505	14,807	130,368	2,072,680	1,556,264
School Administration	2,261,413	13,783	-	2,275,196	2,285,384
Business Services	576,354	-	-	576,354	580,860
Plant Services	3,684,243	-	285,163	3,969,406	3,799,482
Transportation Services	5,225,733	-	-	5,225,733	4,885,675
Central Services	1,217,166	-	173,463	1,390,629	1,528,049
Food Services	13,048	-	2,893,400	2,906,448	2,830,653

(CONTINUED)

**CENTRAL COMMUNITY SCHOOL SYSTEM**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2019  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018)

	General Fund	Special Revenue Fund	Nonmajor Governmental Funds	Total Governmental Funds	
		Federal Grant Fund		2019	2018
<b>Expenditures (Continued):</b>					
Capital Outlay	66,649	-	728,239	794,888	1,435,125
Debt Service:					
Principal Retirement	-	-	3,220,000	3,220,000	3,560,535
Interest and Bank Charges	8,838	-	2,036,997	2,045,835	2,182,574
Bond Issuance Costs	-	-	-	-	248,589
Total Expenditures	43,832,663	643,733	11,337,913	55,814,309	56,195,841
Excess (Deficiency) of Revenues Over Expenditures					
	1,501,824	(204,707)	(385,056)	912,061	(746,055)
<b>Other Financing Sources (Uses):</b>					
Proceeds on Disposal of Capital Assets	-	-	-	-	300,300
Transfers In	93,101	-	-	93,101	1,495,435
Transfers Out	-	-	(93,101)	(93,101)	(1,495,435)
Other Transfers Out	(216,365)	-	-	(216,365)	(233,704)
Proceeds from Bond Issuance	-	-	-	-	10,600,000
Premium on Bond Issuance	-	-	-	-	1,574,014
Payment to Refund Bonds	-	-	-	-	(11,975,885)
Total Other Financing Sources (Uses)	(123,264)	-	(93,101)	(216,365)	264,725
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses					
	1,378,560	(204,707)	(478,157)	695,696	(481,330)
<b>Fund Balances (Deficit) at Beginning of Year</b>					
	14,357,932	(1,431,994)	5,976,059	18,901,997	19,383,327
<b>Fund Balances (Deficit) at End of Year</b>					
	\$ 15,736,492	\$ (1,636,701)	\$ 5,497,902	\$ 19,597,693	\$ 18,901,997

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, 2019

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

	2019	2018
Total Net Change in Fund Balances - Governmental Funds	\$ 695,696	\$ (481,330)
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Deferred Inflows of Resources - Unavailable Intergovernmental Revenues	231,886	1,257,736
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	794,888	1,435,125
Depreciation Expense	(2,586,921)	(2,779,059)
Less cost basis of capital assets retired during the year	-	(47,676)
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	3,220,000	3,560,535
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	962	4,524
Amortization of Premiums on Bonds	30,485	29,213
(Increase) Decrease in Pension Expense	1,027,946	2,562,674
(Increase) Decrease in OPEB Expense	(46,291)	60,921
Amortization of Deferred Amount on Refunding	(111,858)	(111,858)
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	28,250	28,762
Change in Net Position of Governmental Activities	\$ 3,285,043	\$ 5,321,438

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, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues:</b>				
Local Sources:				
Taxes:				
Ad Valorem	\$ 5,220,000	\$ 5,449,000	\$ 5,474,268	\$ 25,268
Sales and Use	7,240,000	7,105,000	7,321,888	216,888
Other	222,000	271,000	232,984	(38,016)
Tuition	329,000	329,000	350,799	21,799
Interest Earnings	10,000	10,000	88,521	78,521
Rentals, Leases, and Royalties	5,000	5,000	11,246	6,246
Other	274,100	309,100	1,223,311	914,211
State Sources:				
Unrestricted Grants-in-Aid	29,636,584	30,078,252	30,162,955	84,703
Restricted Grants-in-Aid	334,922	490,115	403,461	(86,654)
Federal Sources:				
Restricted Grants-in-Aid	40,000	40,000	65,054	25,054
Total Revenues	<u>43,311,606</u>	<u>44,086,467</u>	<u>45,334,487</u>	<u>1,248,020</u>
<b>Expenditures:</b>				
Instruction:				
Regular Programs	17,875,780	17,603,538	17,396,121	207,417
Special Education Programs	3,886,537	3,881,391	3,792,790	88,601
Vocational Programs	1,038,630	1,302,385	1,150,244	152,141
Other Instructional Programs	1,964,949	2,099,723	2,203,173	(103,450)
Special Programs	455,747	420,873	489,488	(68,615)
Support Services:				
Pupil Support	2,556,684	2,439,364	2,364,892	74,472
Instructional Staff Support	1,347,531	1,487,424	1,455,006	32,418
General Administration	1,251,578	1,402,886	1,927,505	(524,619)
School Administration	2,242,851	2,301,473	2,261,413	40,060
Business Services	566,349	617,109	576,354	40,755
Plant Services	3,803,414	3,772,788	3,684,243	88,545

(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, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Expenditures (Continued):</b>				
Support Services (Continued):				
Transportation Services	4,791,025	4,789,100	5,225,733	(436,633)
Central Services	1,359,159	1,373,319	1,217,166	156,153
Food Services	-	11,720	13,048	(1,328)
Capital Outlay	202,450	297,000	66,649	230,351
Debt Service:				
Principal Retirement	-	54,500	-	54,500
Interest and Bank Charges	-	-	8,838	(8,838)
Total Expenditures	<u>43,342,684</u>	<u>43,854,593</u>	<u>43,832,663</u>	<u>21,930</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(31,078)	231,874	1,501,824	1,269,950
<b>Other Financing Sources (Uses):</b>				
Transfers In	70,000	70,000	93,101	23,101
Other Transfers Out	-	-	(216,365)	(216,365)
Total Other Financing Sources (Uses)	<u>70,000</u>	<u>70,000</u>	<u>(123,264)</u>	<u>(193,264)</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	38,922	301,874	1,378,560	1,076,686
<b>Fund Balance at Beginning of Year</b>	<u>14,357,932</u>	<u>14,357,932</u>	<u>14,357,932</u>	<u>-</u>
<b>Fund Balance at End of Year</b>	<u><u>\$ 14,396,854</u></u>	<u><u>\$ 14,659,806</u></u>	<u><u>\$ 15,736,492</u></u>	<u><u>\$ 1,076,686</u></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, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
<b>Revenues:</b>				
Federal Sources:				
Federal Grants	\$ 393,823	\$ 401,005	\$ 439,026	\$ 38,021
Total Revenues	<u>393,823</u>	<u>401,005</u>	<u>439,026</u>	<u>38,021</u>
<b>Expenditures:</b>				
Instruction:				
Regular Programs	47,239	55,963	275,390	(219,427)
Special Programs	249,616	249,616	245,153	4,463
Support Services:				
Instructional Staff Support	96,968	95,426	94,600	826
General Administration	-	-	14,807	(14,807)
School Administration	<u>-</u>	<u>-</u>	<u>13,783</u>	<u>(13,783)</u>
Total Expenditures	<u>393,823</u>	<u>401,005</u>	<u>643,733</u>	<u>(242,728)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(204,707)	(204,707)
<b>Fund Balance (Deficit) at Beginning of Year</b>	<u>(1,431,994)</u>	<u>(1,431,994)</u>	<u>(1,431,994)</u>	<u>-</u>
<b>Fund Balance (Deficit) at End of Year</b>	<u><u>\$ (1,431,994)</u></u>	<u><u>\$ (1,431,994)</u></u>	<u><u>\$ (1,636,701)</u></u>	<u><u>\$ (204,707)</u></u>

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, 2019

(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2018)

**ASSETS**

	<u>2019</u>	<u>2018</u>
Cash	\$ 842,816	\$ 783,806
Total Assets	<u>\$ 842,816</u>	<u>\$ 783,806</u>

**LIABILITIES**

Amounts Held for School Activities	\$ 842,816	\$ 783,806
Total Liabilities	<u>\$ 842,816</u>	<u>\$ 783,806</u>

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

# CENTRAL COMMUNITY SCHOOL SYSTEM

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

### 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, 2019

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, 2019.

#### 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, 2019

### **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, 2019

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 since 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 and the Other Federal Grants Special Revenue Fund for the year ended June 30, 2019. 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 grant, and the Temporary Assistance for Needy Families (TANF) 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.

## CENTRAL COMMUNITY SCHOOL SYSTEM

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019

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 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, 2019

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, 2019, 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, 2019. 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, 2019

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, 2019

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, 2019

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 represent consumptions of net position that apply to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent acquisitions of net position that apply 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, 2019

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, 2019

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. Impact of Recently Issued Accounting Principles

The following statements of the Governmental Accounting Standards Board are effective for the School System's 2019 fiscal year. The School System has adopted and implemented these statements in the preparation of the financial statements for the year ended June 30, 2019:

- 1. Statement No. 83 - Certain Asset Retirement Obligations (2019)*
- 2. Statement No. 88 - Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements (2019)*

The following statements of the Governmental Accounting Standards Board will be effective for years subsequent to the School System's fiscal year 2019:

- 1. Statement No. 84 - Fiduciary Activities (2020)*
- 2. Statement No. 87 - Leases (2021)*
- 3. Statement No. 89 - Accounting for Interest Cost during the Period of Construction (2021)*
- 4. Statement No. 90 - Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61 (2020)*
- 5. Statement No. 91 - Conduit Debt Obligations (2022)*

The School System is currently evaluating the effects that these statements will have in its financial statements for the years ended June 30, 2020 and later.

#### S. Summary Financial Information for 2018 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, 2018, from which the summarized information was derived.

Certain items in the 2018 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, 2019

**(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, 2019, the carrying amount of the School System's Cash and Cash Equivalents and Investments (checking accounts, savings accounts, and certificates of deposits) was \$22,100,873 and the confirmed bank balances were \$22,755,506. 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, 2019:

	<u>Deposits in Bank Accounts</u>		
	<u>Governmental Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Book Balances	\$ 21,258,057	\$ 842,816	\$ 22,100,873
Bank Balances	\$ 21,856,142	\$ 899,364	\$ 22,755,506

*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, 2019, none of the School System's bank balance of \$22,755,506 was exposed to custodial credit risk.

**(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.

## CENTRAL COMMUNITY SCHOOL SYSTEM

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019

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	3.91
Special	38.45	30.06
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	\$ 9,444,502
Less: Amounts Deemed Uncollectible	<u>(159,145)</u>
Net Ad Valorem Taxes Collectible	<u>\$ 9,285,357</u>

Ad Valorem taxes receivable at June 30, 2019, totaled \$15,409.

**CENTRAL COMMUNITY SCHOOL SYSTEM**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019

**(4) Receivables**

The receivables at June 30, 2019, are as follows:

	<u>Federal Grants</u>	<u>State Grants</u>	<u>Sales Taxes</u>	<u>Ad Valorem Taxes</u>	<u>Interest</u>	<u>Other</u>	<u>Total</u>
General Fund	\$ 38,225	\$ 145,321	\$ 1,070,677	\$ 12,690	\$ 1,007	\$ 63,149	\$ 1,331,069
Other Federal Grants							
Special Revenue Fund	1,719,913	-	-	-	-	-	1,719,913
Nonmajor Funds	<u>313,675</u>	<u>-</u>	<u>267,669</u>	<u>2,719</u>	<u>705</u>	<u>4,488</u>	<u>589,256</u>
Totals	<u>\$2,071,813</u>	<u>\$ 145,321</u>	<u>\$ 1,338,346</u>	<u>\$ 15,409</u>	<u>\$ 1,712</u>	<u>\$ 67,637</u>	<u>\$ 3,640,238</u>

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

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 2,385,672	\$ 37,908
Other Federal Grants Special Revenue Fund	-	1,740,526
Nonmajor Governmental Funds:		
Special Revenue Funds:		
Improving America's Schools	-	178,258
Special Education	-	120,820
School Food Service	37,908	-
Capital Projects Funds:		
Proposition No.1	-	9,968
Debt Service Funds:		
General Obligation	-	87,412
Sales Tax	-	248,688
Total Nonmajor Governmental Funds	<u>37,908</u>	<u>645,146</u>
Total	<u>\$ 2,423,580</u>	<u>\$ 2,423,580</u>

**CENTRAL COMMUNITY SCHOOL SYSTEM**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019

	Transfers In	Transfers Out
General Fund	\$ 93,101	\$ -
Nonmajor Governmental Funds:		
Special Revenue Funds:		
Improving America's Schools	-	49,150
Special Education	-	43,951
Total Nonmajor Governmental Funds	-	93,101
Total	\$ 93,101	\$ 93,101

**(6) Changes in Capital Assets**

Capital asset activity for the year ended June 30, 2019 is as follows:

	Balance July 01, 2018	Additions	Deletions	Balance June 30, 2019
<u>Governmental Activities:</u>				
Capital Assets not being Depreciated:				
Land	\$ 2,931,206	\$ -	\$ -	\$ 2,931,206
Construction in Progress	132,031	25,538	152,719	4,850
Total Capital Assets not being Depreciated	3,063,237	25,538	152,719	2,936,056
Capital Assets being Depreciated:				
Buildings and Improvements	78,190,145	850,726	-	79,040,871
Furniture and Equipment	4,891,968	71,343	-	4,963,311
Total Capital Assets being Depreciated	83,082,113	922,069	-	84,004,182
Less: Accumulated Depreciation for:				
Buildings and Improvements	15,612,962	2,089,301	-	17,702,263
Furniture and Equipment	3,851,131	497,620	-	4,348,751
Total Accumulated Depreciation	19,464,093	2,586,921	-	22,051,014
Total Capital Assets being Depreciated, Net	63,618,020	(1,664,852)	-	61,953,168
Total Governmental Activities Capital Assets, Net	\$66,681,257	\$(1,639,314)	\$ 152,719	\$64,889,224

**CENTRAL COMMUNITY SCHOOL SYSTEM**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019

Depreciation expense of \$2,586,921 for the year ended June 30, 2019 was charged to the following governmental functions:

**Instruction:**

Regular Education	\$ 183,123
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**Support Services:**

General Administration (Including all Buildings)	2,148,217
School Administration	221,733
Plant Services	19,839
Food Services	<u>14,009</u>
Total	<u><u>\$ 2,586,921</u></u>

**(7) Accounts, Salaries, and Other Payables**

The payables at June 30, 2019, are as follows:

	<u>Accounts Payable</u>	<u>Salaries Withholdings and Benefits</u>	<u>Total</u>
General Fund	\$517,186	\$3,208,400	\$3,725,586
Special Revenue Fund -			
Other Federal Grants	1,188	-	1,188
Nonmajor Funds	<u>14,597</u>	<u>-</u>	<u>14,597</u>
Total	<u><u>\$532,971</u></u>	<u><u>\$3,208,400</u></u>	<u><u>\$3,741,371</u></u>

**(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:

# CENTRAL COMMUNITY SCHOOL SYSTEM

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019

### **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](http://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](http://www.lasers.net).

#### *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.

## CENTRAL COMMUNITY SCHOOL SYSTEM

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019

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.

#### 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.

## CENTRAL COMMUNITY SCHOOL SYSTEM

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019

#### 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.

#### 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.

## CENTRAL COMMUNITY SCHOOL SYSTEM

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019

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.

#### **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.

## CENTRAL COMMUNITY SCHOOL SYSTEM

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019

For members who joined the System prior to July 1, 2006, the maximum retirement benefit is an amount equal to 3 1/3% of the average compensation for the three highest consecutive years of membership service, subject to the 10% salary limitation, multiplied by the number of years of service limited to 100% of final average compensation plus a supplementary allowance of \$2.00 per month for each year of service. For members who joined the System on or after July 1, 2006 through June 30, 2010, 3 1/3% of the average compensation is used to calculate benefits, however, the calculation consists of the five highest consecutive years of membership service, subject to the 10% salary limitation. For members who join the System on or after July 1, 2010, 2 1/2% of the average compensation is used to calculate benefits and consists of the five highest consecutive years' average salary, subject to the 15% salary limitation. The supplemental allowance was eliminated for members entering the System on or after July 1, 1986. Effective January 1, 1992, the supplemental allowance was reinstated to all members whose service retirement became effective after July 1, 1971.

#### 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.

# CENTRAL COMMUNITY SCHOOL SYSTEM

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019

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.

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).

#### *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, 2019 are as follows:

2019 TRSL Sub Plan	Contributions	
	Employee	Employer
K-12 Regular Plan	8.0%	26.7%
Plan A	9.1%	26.7%
<hr/>		
ORP		
2019	8.0%	28.0%

# CENTRAL COMMUNITY SCHOOL SYSTEM

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019

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 \$6,057,826 for the year ended June 30, 2019.

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 \$196,573 for the year ended June 30, 2019.

### **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, 2019, the employer contribution rate was 28.0% and the employee rate was 7.5%. Contributions to LSERS from the School System were \$8,817 for the year ended June 30, 2019.

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

At June 30, 2019, the School System reported a liability of \$49,084,615 for its proportionate share of the net pension liability of TRSL and LSERS combined. For all plans, the net pension liability was measured as of June 30, 2018 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, 2018 and change in proportion measured as of June 30, 2018 is as follows:

<u>Plan</u>	<u>Proportion at June 30, 2018</u>	<u>Change in Proportion</u>
TRSL	0.497020%	0.02959%
LSERS	0.035557%	0.00106%

**CENTRAL COMMUNITY SCHOOL SYSTEM**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019

For the year ended June 30, 2019, the School System recognized pension expense as follows:

Plan	Pension Expense
TRSL	\$ 5,229,713
LSERS	60,392
LASERS*	(253,752)
	\$ 5,036,353

\*The School System is no longer a contributing employer to LASERS, and made no contributions for fiscal year ending June 30, 2019.

At June 30, 2019, the School System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	TRSL	LSERS	Total
<b>Deferred Outflows of Resources:</b>			
Differences between expected and actual Experience	\$ -	\$ -	\$ -
Changes in Assumptions	3,138,594	10,009	3,148,603
Net difference between projected and actual earnings on pension plan investments	-	4,718	4,718
Changes in proportion and differences between Employer contributions and proportionate share of contributions	3,571,350	39,892	3,611,242
Employer contributions subsequent to the measurement date	6,029,891	8,817	6,038,708
Total Deferred Outflows of Resources	\$ 12,739,835	\$ 63,436	\$12,803,271
<b>Deferred Inflows of Resources:</b>			
Differences between expected and actual Experience	\$ 1,609,128	\$ 6,556	\$ 1,615,684
Changes in Assumptions	-	-	-
Net difference between projected and actual earnings on pension plan investments	3,148,162	-	3,148,162
Changes in proportion and differences between Employer contributions and proportionate share of contributions	1,587,703	266	1,587,969
Total Deferred Inflows of Resources	\$ 6,344,993	\$ 6,822	\$ 6,351,815

**CENTRAL COMMUNITY SCHOOL SYSTEM**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019

\$6,038,708 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, 2020. 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>Total</u>
2020	\$ 910,413	\$ 47,171	\$ 957,584
2021	181,685	6,695	188,380
2022	(1,246,665)	(7,174)	(1,253,839)
2023	519,518	1,105	520,623
	<u>\$ 364,951</u>	<u>\$ 47,797</u>	<u>\$ 412,748</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>
Inflation	2.500%	2.500%
Investment rate of return	7.650%	7.0625%
Salary increases	3.3% to 4.8% varies on duration of service	3.25%

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 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

**CENTRAL COMMUNITY SCHOOL SYSTEM**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019

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 8.07% for 2018. 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Domestic Equity	27%	4.01%
International Equity	19%	4.90%
Domestic Fixed Income	13%	1.36%
International Fixed Income	6%	2.35%
Private Equity	25%	8.39%
Other Private Assets	10%	3.57%
	<u>100%</u>	

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 7.76%. 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, 2018 are summarized in the following table:

**CENTRAL COMMUNITY SCHOOL SYSTEM**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019

<b>Asset Class</b>	<b>Target Asset Allocation</b>	<b>Long-Term Expected Portfolio Real Rate of</b>
Core Fixed Income	8%	1.69%
High Yield	5%	4.13%
Emerging Markets Debt	7%	4.42%
Global Fixed Income	10%	1.63%
US Equity	20%	6.15%
Developed Equity	18%	7.11%
Emerging Markets Equity	10%	9.41%
Global REITs	3%	5.77%
Private Equity	5%	10.28%
Hedge Fund of Funds	3%	3.94%
Real Estate	5%	4.90%
Timber	2%	5.67%
Oil & Gas	2%	10.57%
Infrastructure	2%	6.25%
Total	100%	

***Discount Rate***

The discount rate used to measure the total pension liability was 7.650% for TRSL, which was a decrease of 0.05% from the prior measurement date of June 30, 2017. For LSERS, the discount rate used to measure the total pension liability was 7.0625%, which was a decrease of 0.0625% from the prior measurement date of June 30, 2017. 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.

**CENTRAL COMMUNITY SCHOOL SYSTEM**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019

<b>TRSL:</b>	<u>Changes in Discount Rate</u>		
	Current		
	1% Decrease	Discount Rate	1% Increase
	<u>6.650%</u>	<u>7.650%</u>	<u>8.650%</u>
Net pension liability	\$ 64,710,618	\$ 48,847,047	\$ 35,465,445

<b>LSERS:</b>	<u>Changes in Discount Rate</u>		
	Current		
	1% Decrease	Discount Rate	1% Increase
	<u>6.0625%</u>	<u>7.0625%</u>	<u>8.0625%</u>
Net pension liability	\$ 326,127	\$ 237,568	\$ 161,871

***Pension Plans Fiduciary Net Position***

TRSL issued a stand-alone audit report on its financial statements for the year ended June 30, 2018. Access to the audit report can be found on the System’s website: [www.trsl.org](http://www.trsl.org) or on the Office of Louisiana Legislative Auditor’s official website: [www.lla.state.la.us](http://www.lla.state.la.us).

LSERS issued a stand-alone audit report on its financial statements for the year ended June 30, 2018. Access to the audit report can be found on the System’s website: [www.lasers.net](http://www.lasers.net) or on the Office of Louisiana Legislative Auditor’s official website: [www.lla.state.la.us](http://www.lla.state.la.us).

**Payables to the Pension Plans**

At June 30, 2019 included in liabilities are payables to the TRSL of \$1,197,341. These payables are normal legally required contributions to the pension plan.

**(9) Changes in Agency Fund Deposits Due Others**

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

	<u>School Activity Funds</u>
Balance - June 30, 2018	\$ 783,806
Additions	2,196,330
Deductions	<u>(2,137,320)</u>
Balance - June 30, 2019	<u>\$ 842,816</u>

**CENTRAL COMMUNITY SCHOOL SYSTEM**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019

**(10) Long-Term Debt**

The following is a summary of the long-term obligation transactions for the year ended June 30, 2019:

	Bonded Debt	Compensated Absences	Post- Employment Benefits	Total
Long-Term Obligations July 01, 2018	\$54,460,486	\$ 2,198,424	\$ 9,315,996	\$65,974,906
Additions:				
Increases	-	1,605,341	790,804	2,396,145
Deductions:				
Principal Payments	(3,220,000)	-	-	(3,220,000)
Amortization of Premium on Issuance of Bonds	(30,485)	-	-	(30,485)
Deductions	-	(1,606,303)	(584,642)	(2,190,945)
Long-Term Obligations June 30, 2019	\$51,210,001	\$ 2,197,462	\$ 9,522,158	\$62,929,621

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, 2019:

	Bonded Debt	Compensated Absences	Post- Employment Benefits	Total
Current Portion	\$ 3,525,416	\$ 549,366	\$ -	\$ 4,074,782
Long-Term Portion	47,684,585	1,648,096	9,522,158	58,854,839
Total	\$51,210,001	\$ 2,197,462	\$ 9,522,158	\$62,929,621

Bonded Debt

All School System bonds outstanding at June 30, 2019 in the amount of \$48,145,000 consist of general obligation bonds and sales tax revenue bonds with final maturities from 2020 to 2034 and interest rates from 2.00 percent to 6.00 percent. Bond principal and interest payable in the next fiscal year is \$3,375,000 and \$1,905,664, respectively. Bonded debt is comprised of the following individual issues which are payable from the debt service funds:

**CENTRAL COMMUNITY SCHOOL SYSTEM**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019

	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Final Payment Due</u>	<u>Interest to Maturity</u>	<u>Principal Outstanding</u>
General Obligation Bonds -					
Secured by Ad Valorem Taxes:					
Series 2009A -					
Issued December 1, 2009	\$12,000,000	4.0-4.5%	03/01/20	\$ 25,200	\$ 630,000
Series 2010 -					
Issued March 1, 2010	\$10,000,000	3.0-4.1%	03/01/30	1,774,877	6,900,000
Series 2014 -					
Issued March 11, 2014	\$13,100,000	2.0-4.5%	03/01/34	3,695,950	10,735,000
Series 2016 -					
Issued May 25, 2016	\$6,445,000	3.0-4.0%	03/01/29	1,481,900	6,445,000
Series 2017 -					
Issued September 1, 2017	\$6,925,000	2.0-5.0%	09/01/29	<u>2,014,000</u>	<u>6,925,000</u>
Total General Obligation Bonds Secured by Ad Valorem Taxes				8,991,927	31,635,000
Sales Tax Revenue Bonds -					
Secured by Sales Taxes:					
Series 2010 -					
Issued March 1, 2010	\$10,000,000	3.25-4.25%	01/01/30	1,663,980	6,690,000
Series 2010A -					
Issued September 23, 2010	\$ 9,000,000	2.0-4.5%	01/01/30	1,444,622	6,145,000
Series 2017 -					
Issued September 1, 2017	\$ 3,675,000	2.0-5.0%	01/01/29	<u>975,525</u>	<u>3,675,000</u>
Total Sales Tax Bonds Secured by Sales Taxes				<u>4,084,127</u>	<u>16,510,000</u>
Total Bonded Debt				<u>\$13,076,051</u>	<u>\$48,145,000</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, 2019 the School System has accumulated \$4,630,431 in the Debt Service Funds for future debt requirements. The bonds are due, by years, as follows:

**CENTRAL COMMUNITY SCHOOL SYSTEM**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019

Year Ending June 30,	General Obligation Bonds:			Sales Tax Bonds:		
	Principal Payments	Interest Payments	Total	Principal Payments	Interest Payments	Total
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	2,550,000	931,083	3,481,083	1,440,000	455,075	1,895,075
2025-2029	14,805,000	2,952,963	17,757,963	8,475,000	1,260,166	9,735,166
2030-2034	5,110,000	564,195	5,674,195	1,465,000	30,697	1,495,697
	31,635,000	8,991,927	40,626,927	16,510,000	4,084,127	20,594,127
Unamortized Premium	2,367,968	-	2,367,968	697,033	-	697,033
	<u>\$34,002,968</u>	<u>\$ 8,991,927</u>	<u>\$42,994,895</u>	<u>\$17,207,033</u>	<u>\$ 4,084,127</u>	<u>\$21,291,160</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, 2019, the statutory limit is approximately \$81,000,000 and outstanding general obligation bonded debt funded by ad valorem taxes totals \$31,635,000.

Year Ending June 30,	Total Bonds		
	Principal Payments	Interest Payments	Total
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	3,990,000	1,386,158	5,376,158
2025-2029	23,280,000	4,213,129	27,493,129
2030-2034	6,575,000	594,892	7,169,892
	48,145,000	13,076,054	61,221,054
Unamortized Premium	3,065,001	-	3,065,001
	<u>\$51,210,001</u>	<u>\$13,076,054</u>	<u>\$64,286,055</u>

## CENTRAL COMMUNITY SCHOOL SYSTEM

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019

#### Prior Years 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, 2019, the unamortized balance is \$505,344. 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, 2019, \$6,630,000 of the Series 2009 defeased bonds are still outstanding.

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.

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, 2019, the unamortized balance is \$385,319. 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, 2019, \$7,325,000 of the defeased bonds are still outstanding.

## CENTRAL COMMUNITY SCHOOL SYSTEM

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019

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.

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, 2019, the unamortized balance is \$227,918. 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, 2019, \$3,915,000 of the defeased bonds are still outstanding.

#### Compensated Absences

At June 30, 2019, employees of the School System have accumulated and vested \$2,197,462 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.

## CENTRAL COMMUNITY SCHOOL SYSTEM

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019

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.

**Employees Covered by Benefit Terms.** At June 30, 2019, 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	<u>465</u>
	<u><u>501</u></u>

**Total OPEB Liability.** The School System's total OPEB liability of \$9,522,158 was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date.

**CENTRAL COMMUNITY SCHOOL SYSTEM**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019

**Changes in the Total OPEB Liability**

Total OPEB Liability - Beginning	\$9,315,996
Changes for the year:	
Service Cost	325,920
Interest	284,237
Changes to Benefit Terms	180,647
Differences Between Expected and Actual Experience	(232,143)
Changes in Assumptions or Other Inputs	(17,827)
Benefit Payments	<u>(334,672)</u>
Net Changes to Total OPEB Liability	<u>206,162</u>
Total OPEB Liability - Ending	<u><u>\$9,522,158</u></u>

Changes in assumptions or other inputs between 2018 and 2019 reflect the following changes:

- 1) The discount rate was decreased from 3.3% to 3.0%.
- 2) The first year claim cost and contribution trend was reduced from 6% to 0% to reflect that the premiums/funding rates did not increase for 2019.

Changes of benefit terms between 2018 and 2019 reflect the following changes:

- 1) The future retiree plan elections were revised from HDHP: 39%, \$1,000Ded: 11%, \$0Ded: 50% to HDHP: 35%, \$0Ded: 65% based on 2019 elections since the \$1,000Ded plan was removed effective 1/1/19.
- 2) The current retiree plan elections were revised based on 2019 elections since the \$1,000Ded plan was removed effective 1/1/19.
- 3) The claim costs for participants in the HDHP were increased for the 2019 year to account for the \$500 CCSS is contributing into each participants' HSA. This was assumed for one year only.

All other assumptions and inputs remained the same.

**CENTRAL COMMUNITY SCHOOL SYSTEM**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019

**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
	2.0%	3.0%	4.0%
Total OPEB Liability	\$ 10,846,819	\$ 9,522,158	\$ 8,422,629

**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	\$ 8,247,467	\$ 9,522,158	\$ 11,072,547

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

For the year ended June 30, 2019, the School System recognized OPEB expense of \$380,963. At June 30, 2019, the School System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 615,934
Changes in Assumptions or Other Inputs	210,155	993,749
Total	\$ 210,155	\$ 1,609,683

**CENTRAL COMMUNITY SCHOOL SYSTEM**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019

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

<u>Year Ended June 30</u>	<u>Outflows</u>	<u>Inflows</u>
2020	\$ 26,280	\$ 436,122
2021	26,280	148,250
2022	26,280	148,250
2023	26,280	148,250
2024	26,280	148,250
2025 and Later	78,755	580,561
	<u>\$ 210,155</u>	<u>\$ 1,609,683</u>

**Actuarial Assumptions and Other Inputs.** The total OPEB liability in the June 30, 2019 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, 2019. An average of the S&P Municipal Bond 20 Year High Grade Rate Index of 2.79% and the Fidelity General Obligation AA 20 Year Yield of 3.13% was 3.0%, 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, 2019.

**CENTRAL COMMUNITY SCHOOL SYSTEM**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019

**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:

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 5.8% beginning in 2019, 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, 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 2011-2018, 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: 35%, \$0 Ded: 65%, \$1,000 Ded: 0%, and those greater than 65 using HDHP: 35%, \$0 Ded: 65%, \$1,000 Ded 0%. Husbands were assumed to be three years older than wives.

## CENTRAL COMMUNITY SCHOOL SYSTEM

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019

**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. 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) **Group Health Self Insurance**

The School System self-insures the group health coverage for employees. Each month, the School System funds an account with an amount equal to what would be required for premiums if the previous policy had continued. From this account, the health claims of employees are paid, as well as a premium for stop-loss insurance which caps the claims per employee at \$50,000 per policy year. As of June 30, 2019, the School System has accrued a liability as of June 30, 2019 in the amount of \$429,562 based on a search of actual claims subsequent to the balance sheet date as well as a reserve for claims incurred but not yet reported.

#### (12) **Litigation and Claims**

At June 30, 2019, 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.

#### (13) **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, 2019, a trust fund plan has not been adopted.

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

For fiscal year ended June 30, 2019, the Special Revenue Fund – Federal Grant Fund had a deficiency of revenues and other sources under expenditures and other uses of \$204,707 which adds to the 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 continues to work with the Federal Emergency Management Agency and expects the deficit fund balance to be resolved through future federal financial assistance related to this event.

**CENTRAL COMMUNITY SCHOOL SYSTEM**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019

As of June 30, 2019, 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 \$1,614,900 of deferred inflows of resources – unavailable intergovernmental revenues. At June 30, 2019, the fund balance deficit is \$1,636,701.

**(14) Subsequent Events**

Issuance of Debt – Sales Tax Refunding Bonds

On October 30, 2019, the School System issued \$9,265,000 Series 2019 Sales Tax Refunding Bonds for the purpose of refunding \$11,925,000 of the outstanding balance of the Sales Tax Bonds Series 2010 and Series 2010A and associated interest. The net proceeds of \$10,114,536 (after payment of \$213,602 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 2010 and Series 2010A Bonds. This advance refunding was undertaken to decrease total debt service payments over the next 11 years by \$3,389,679, resulting in an economic gain of \$1,012,714.

Management has evaluated subsequent events through December 20, 2019, the date which the financial statements were available to be issued.

**(15) Budget Variance - Special Revenue Fund**

The Federal Grants Fund – Special Revenue Fund had actual expenditures with an unfavorable budget variance exceeding 5% for the year ended June 30, 2019.

<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>	<u>Unfavorable Variance Percentage</u>
\$ 401,005	\$ 643,733	\$ (242,728)	(60.53%)

REQUIRED SUPPLEMENTARY INFORMATION

## CENTRAL COMMUNITY SCHOOL SYSTEM

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY BY PLAN

FOR THE YEAR ENDED JUNE 30, 2019\*

<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>
<b><u>Teachers' Retirement System of Louisiana:</u></b>					
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%
2019	0.49702%	48,847,047	22,829,919	213.96%	68.17%
<b><u>State of Louisiana School Employees' Retirement System:</u></b>					
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%
2019	0.03556%	237,568	102,337	232.14%	74.44%

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

\*For TRSL and LSERS, 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, 2019

<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>
<b><u>Teachers' Retirement System of Louisiana:</u></b>					
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	6,078,264	6,078,264	-	22,829,919	26.62%
2019	6,057,826	6,057,826	-	22,668,391	26.72%
<b><u>State of Louisiana School Employees' Retirement System:</u></b>					
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	28,245	28,245	-	102,337	27.60%
2019	8,817	8,817	-	31,489	28.00%

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 SYSTEM'S  
TOTAL OPEB LIABILITY AND RELATED RATIOS

FOR THE YEAR ENDED JUNE 30, 2019

<b>Total OPEB Liability</b>	2019	2018	2017	2016	2015
Service Cost	\$ 325,920	\$ 319,529	\$ 336,812	\$ 336,812	\$ 639,379
Interest	284,237	319,853	314,437	257,883	312,259
Changes to Benefit Terms	180,647	-	-	-	-
Differences Between Expected and Actual Experience	(232,143)	(459,228)	(63,394)	(448,485)	-
Changes in Assumptions or Other Inputs	(17,827)	(29,432)	(1,292,067)	315,277	-
Benefit Payments	(334,672)	(415,447)	(397,413)	(374,942)	(250,192)
Net Change in Total OPEB Liability	206,162	(264,725)	(1,101,625)	86,545	701,446
Total OPEB Liability - Beginning	9,315,996	9,580,721	10,682,346	10,595,801	9,894,355
Total OPEB Liability - Ending	<u>\$ 9,522,158</u>	<u>\$ 9,315,996</u>	<u>\$ 9,580,721</u>	<u>\$ 10,682,346</u>	<u>\$ 10,595,801</u>
Covered Employee Payroll	\$ 22,524,677	\$ 22,083,017	\$ 17,595,198	\$ 17,595,198	\$ 19,683,240
Total OPEB Liability as a Percentage of Covered Employee Payroll	42.27%	42.19%	54.45%	60.71%	53.83%

**Notes to Schedule**

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

**Changes of assumptions and other inputs between 2018 and 2019:**

- 1) The discount rate was decreased from 3.3% to 3.0%.
- 2) The first year claim cost and contribution trend was reduced from 6% to 0% to reflect that the premiums/funding rates did not increase for 2019.

**Changes of benefit terms between 2018 and 2019:**

- 1) The future retiree plan elections were revised from HDHP: 39%, \$1,000Ded: 11%, \$0Ded: 50% to HDHP: 35%, \$0Ded: 65% based on 2019 elections since the \$1,000Ded plan was removed effective 1/1/19.
- 2) The current retiree plan elections were revised based on 2019 elections since the \$1,000Ded plan was removed effective 1/1/19.
- 3) The claim costs for participants in the HDHP were increased for the 2019 year to account for the \$500 CCSS is contributing into each participants' HSA. This was assumed for one year only.

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.

# CENTRAL COMMUNITY SCHOOL SYSTEM

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2019

### **Pension Liability:**

#### *Changes of Benefit Terms*

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, 2019, 2018, 2017, 2016, and 2015

#### *Changes in Assumptions*

Teachers' Retirement System of Louisiana (TRSL):

- Assumptions regarding the discount rate changed from 7.70% to 7.65% in performing the June 30, 2018 valuation (used to measure the June 30, 2019 net pension liability).
- 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 7.125% to 7.0625% in performing the June 30, 2018 valuation (used to measure the June 30, 2019 net pension liability).
- 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).

See independent auditor's report.

SCHEDULES REQUIRED BY STATE LAW

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

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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, 2019; 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 1<sup>st</sup> 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.

(No Differences Noted)

Public School Staff Data: Average Salaries (NO SCHEDULE)

4. We obtained June 30<sup>th</sup> 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).

(No Differences Noted)

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

The purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of the 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 20, 2019

## CENTRAL COMMUNITY SCHOOL SYSTEM

GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES  
AND CERTAIN LOCAL REVENUE SOURCES

FOR THE YEAR ENDED JUNE 30, 2019

<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	\$ 15,281,248	
Other Instructional Staff Activities	1,359,655	
Employee Benefits	6,425,877	
Purchased Professional and Technical Services	313,458	
Instructional Materials and Supplies	584,210	
Instructional Equipment	-	
Total Teacher and Student Interaction Activities	<hr/>	\$ 23,964,448
Other Instructional Activities		1,067,368
Pupil Support Activities	2,364,892	
Less: Equipment for Pupil Support Activities	-	
Net Pupil Support Activities	<hr/>	2,364,892
Instructional Staff Services	1,455,006	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services	<hr/>	1,455,006
School Administration	2,261,413	
Less: Equipment for School Administration	-	
Net School Administration	<hr/>	2,261,413
Total General Fund Instructional Expenditures (Total Column B)		<hr/> <hr/>
Total General Fund Equipment Expenditures		<hr/> <hr/> \$ -

(CONTINUED)

**CENTRAL COMMUNITY SCHOOL SYSTEM**

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

FOR THE YEAR ENDED JUNE 30, 2019

**Certain Local Revenue Sources**

Local Taxation Revenue:

Ad Valorem Taxes	
Constitutional Ad Valorem Taxes	\$ 630,097
Renewable Ad Valorem Tax	4,844,171
Debt Service Ad Valorem Tax	3,811,089
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	231,270
Sales and Use Taxes	9,152,668
Total Local Taxation Revenue	<u>\$ 18,669,295</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>\$ 18,381</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, 2018

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary Activity Classes	22.6%	36	75.5%	120	0.0%	-	0.0%	3
Elementary	25.4%	230	73.5%	664	0.0%	-	1.1%	10
High Activity Classes	83.3%	85	10.8%	11	4.9%	5	1.0%	1
High	56.6%	380	27.4%	184	15.8%	106	0.1%	1
Middle/Jr. High Activity Classes	16.4%	9	14.5%	8	65.5%	36	3.6%	2
Middle/Jr. High	42.4%	139	47.3%	155	9.8%	32	0.6%	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.

### 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.

General Obligation Bonds Fund – The General Obligation Bonds Fund is used to accumulate ad valorem tax revenues assessed for the repayment of general obligation bonds. In addition, this fund accounts for the repayment of the general obligation principal and interest repayments.

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, 2019  
 (WITH COMPARATIVE TOTALS AS OF JUNE 30, 2018)

ASSETS	Special Revenue Funds				Debt Service Funds			Capital	Total Nonmajor	
	Improving America's Schools	Special Education	School Food Service	Total	General Obligation Bonds	Sales Tax Bonds	Total	Projects Fund Proposition No. 1	2019	2018
Cash	\$ -	\$ -	\$ 438,519	\$ 438,519	\$ 2,489,993	\$ 147,138	\$ 2,637,131	\$ 340,856	\$ 3,416,506	\$ 4,095,637
Receivables	188,140	125,535	4,487	318,162	3,425	267,669	271,094	-	589,256	470,289
Inventory	-	-	55,669	55,669	-	-	-	-	55,669	56,675
Due From Other Funds	-	-	37,908	37,908	-	-	-	-	37,908	-
Restricted Asset:										
Cash and Cash Equivalents	-	-	-	-	-	2,058,306	2,058,306	-	2,058,306	2,058,306
Total Assets	<u>\$ 188,140</u>	<u>\$ 125,535</u>	<u>\$ 536,583</u>	<u>\$ 850,258</u>	<u>\$ 2,493,418</u>	<u>\$ 2,473,113</u>	<u>\$ 4,966,531</u>	<u>\$ 340,856</u>	<u>\$ 6,157,645</u>	<u>\$ 6,680,907</u>
<b>LIABILITIES AND FUND EQUITY</b>										
<b>Liabilities:</b>										
Accounts, Salaries and Other Payables	\$ 9,882	\$ 4,715	\$ -	\$ 14,597	\$ -	\$ -	\$ -	\$ -	\$ 14,597	\$ 152,030
Due to Other Funds	178,258	120,820	-	299,078	87,412	248,688	336,100	9,968	645,146	552,818
Total Liabilities	188,140	125,535	-	313,675	87,412	248,688	336,100	9,968	659,743	704,848
<b>Fund Equity:</b>										
Fund Balances - Nonspendable:										
Inventory	-	-	55,669	55,669	-	-	-	-	55,669	56,675
Restricted For:										
Debt Service	-	-	-	-	2,406,006	2,224,425	4,630,431	-	4,630,431	4,367,468
Committed For:										
Construction Contracts	-	-	-	-	-	-	-	-	-	17,731
Assigned To:										
Capital Projects	-	-	-	-	-	-	-	330,888	330,888	1,295,089
School Lunch Program	-	-	480,914	480,914	-	-	-	-	480,914	239,096
Total Fund Balances	-	-	536,583	536,583	2,406,006	2,224,425	4,630,431	330,888	5,497,902	5,976,059
Total Liabilities and Fund Equity	<u>\$ 188,140</u>	<u>\$ 125,535</u>	<u>\$ 536,583</u>	<u>\$ 850,258</u>	<u>\$ 2,493,418</u>	<u>\$ 2,473,113</u>	<u>\$ 4,966,531</u>	<u>\$ 340,856</u>	<u>\$ 6,157,645</u>	<u>\$ 6,680,907</u>

See independent auditor's report.

## CENTRAL COMMUNITY SCHOOL SYSTEM

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES

## NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2019  
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2018)

	Special Revenue Funds				Debt Service Funds			Capital	Total Nonmajor	
	Improving America's Schools	Special Education	School Food Service	Total	General Obligation Bonds	Sales Tax Bonds	Total	Projects Fund Proposition No. 1	2019	2018
<b>Revenues:</b>										
Local Sources:										
Taxes:										
Ad Valorem	\$ -	\$ -	\$ -	\$ -	\$ 3,811,089	\$ -	\$ 3,811,089	\$ -	\$ 3,811,089	\$ 3,611,305
Sales and Use	-	-	-	-	-	1,830,780	1,830,780	-	1,830,780	1,819,594
Interest Earnings	-	-	-	-	8,459	-	8,459	-	8,459	8,118
Food Services	-	-	189,522	189,522	-	-	-	-	189,522	191,937
State Sources:										
Unrestricted Grants in Aid	-	-	150,000	150,000	-	-	-	-	150,000	150,000
Federal Sources:										
Unrestricted - Indirect										
Cost Recoveries	49,150	43,951	-	93,101	-	-	-	-	93,101	81,390
Restricted Grants-in-Aid - Subgrants	1,098,884	944,862	2,640,333	4,684,079	-	-	-	-	4,684,079	4,290,750
Other-Commodities	-	-	185,827	185,827	-	-	-	-	185,827	179,876
Total Revenues	1,148,034	988,813	3,165,682	5,302,529	3,819,548	1,830,780	5,650,328	-	10,952,857	10,332,970
<b>Expenditures:</b>										
Instruction:										
Special Education Programs	-	440,356	-	440,356	-	-	-	-	440,356	501,596
Special Programs	402,233	-	-	402,233	-	-	-	-	402,233	289,451
Support Services:										
Pupil Support	7,410	332,637	-	340,047	-	-	-	-	340,047	342,503
Instructional Staff Support	550,411	137,236	-	687,647	-	-	-	-	687,647	603,497
General Administration	-	-	-	-	110,690	19,678	130,368	-	130,368	124,929
Plant Services	-	-	166	166	-	-	-	284,997	285,163	29,634
Transportation Services	-	-	-	-	-	-	-	-	-	4,984
Central Services	138,830	34,633	-	173,463	-	-	-	-	173,463	171,660
Food Services	-	-	2,893,400	2,893,400	-	-	-	-	2,893,400	2,818,630
Capital Outlay	-	-	31,304	31,304	-	-	-	696,935	728,239	1,129,400
Debt Service:										
Principal Retirement	-	-	-	-	2,070,000	1,150,000	3,220,000	-	3,220,000	3,275,438
Interest and Bank Charges	-	-	-	-	1,336,800	700,197	2,036,997	-	2,036,997	2,134,370
Cost of Issuance	-	-	-	-	-	-	-	-	-	248,589
Total Expenditures	1,098,884	944,862	2,924,870	4,968,616	3,517,490	1,869,875	5,387,365	981,932	11,337,913	11,674,681

(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, 2019  
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2018)

	<u>Special Revenue Funds</u>				<u>Debt Service Funds</u>			<u>Capital</u>	<u>Total Nonmajor</u>	
	<u>Improving America's Schools</u>	<u>Special Education</u>	<u>School Food Service</u>	<u>Total</u>	<u>General Obligation Bonds</u>	<u>Sales Tax Bonds</u>	<u>Total</u>	<u>Projects Funds Proposition No. 1</u>	<u>2019</u>	<u>2018</u>
Excess (Deficiency) of Revenues Over Expenditures	49,150	43,951	240,812	333,913	302,058	(39,095)	262,963	(981,932)	(385,056)	(1,341,711)
<b>Other Financing Sources (Uses):</b>										
Proceeds on Disposal of Capital Assets	-	-	-	-	-	-	-	-	-	400
Proceeds from Bond Issuance	-	-	-	-	-	-	-	-	-	10,600,000
Premium on Bond Issuance	-	-	-	-	-	-	-	-	-	1,574,014
Payment to Refund Bonds	-	-	-	-	-	-	-	-	-	(11,975,885)
Transfers In	-	-	-	-	-	-	-	-	-	1,414,045
Transfers Out	(49,150)	(43,951)	-	(93,101)	-	-	-	-	(93,101)	(165,675)
Total Other Financing Sources (Uses)	(49,150)	(43,951)	-	(93,101)	-	-	-	-	(93,101)	1,446,899
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	-	-	240,812	240,812	302,058	(39,095)	262,963	(981,932)	(478,157)	105,188
<b>Fund Balances at Beginning of Year</b>	-	-	295,771	295,771	2,103,948	2,263,520	4,367,468	1,312,820	5,976,059	5,870,871
<b>Fund Balances at End of Year</b>	\$ -	\$ -	\$ 536,583	\$ 536,583	\$ 2,406,006	\$ 2,224,425	\$ 4,630,431	\$ 330,888	\$ 5,497,902	\$ 5,976,059

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, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
<b>Revenues:</b>				
Federal Sources:				
Federal Grants	\$ 851,958	\$ 1,324,994	\$ 1,148,034	\$ (176,960)
Total Revenues	851,958	1,324,994	1,148,034	(176,960)
<b>Expenditures:</b>				
Instruction:				
Special Programs	326,246	450,632	402,233	48,399
Support Service:				
Pupil Support	8,368	11,922	7,410	4,512
Instructional Staff Support	330,056	662,607	550,411	112,196
Transportation Services	4,768	4,768	-	4,768
Central Services	145,865	139,034	138,830	204
Total Expenditures	815,303	1,268,963	1,098,884	170,079
Excess of Revenues Over Expenditures	36,655	56,031	49,150	(6,881)
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(36,655)	(56,031)	(49,150)	6,881
Total Other Financing Sources (Uses)	(36,655)	(56,031)	(49,150)	6,881
Excess of Revenues and Other Sources Over Expenditures and Other Uses	-	-	-	-
<b>Fund Balance at Beginning of Year</b>	-	-	-	-
<b>Fund Balance at End of Year</b>	\$ -	\$ -	\$ -	\$ -

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, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
<b>Revenues:</b>				
Federal Sources:				
Federal Grants	\$ 857,679	\$ 1,129,571	\$ 988,813	\$ (140,758)
Total Revenues	857,679	1,129,571	988,813	(140,758)
<b>Expenditures:</b>				
Instruction:				
Special Education Programs	409,966	501,352	440,356	60,996
Support Services:				
Pupil Support Services	307,952	360,751	332,637	28,114
Instructional Staff Support	95,692	166,006	137,236	28,770
Central Services	42,391	51,635	34,633	17,002
Total Expenditures	856,001	1,079,744	944,862	134,882
Excess of Revenues Over Expenditures	1,678	49,827	43,951	(5,876)
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(1,678)	(49,827)	(43,951)	5,876
Total Other Financing Sources (Uses)	(1,678)	(49,827)	(43,951)	5,876
Excess of Revenues and Other Sources Over Expenditures and Other Uses	-	-	-	-
<b>Fund Balance at Beginning of Year</b>	-	-	-	-
<b>Fund Balance at End of Year</b>	\$ -	\$ -	\$ -	\$ -

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, 2019

	Original Budget	Final Budget	Actual	Variance with Budget
<b>Revenues:</b>				
Local Sources:				
Food Services	\$ 187,300	\$ 207,600	\$ 189,522	\$ (18,078)
State Sources:				
Unrestricted Grants in Aid	150,000	150,000	150,000	-
Federal Sources:				
Federal Grants	2,300,000	2,660,000	2,640,333	(19,667)
Other-Commodities	179,876	179,876	185,827	5,951
Total Revenues	<u>2,817,176</u>	<u>3,197,476</u>	<u>3,165,682</u>	<u>(31,794)</u>
<b>Expenditures:</b>				
Support Service:				
Plant Services	6,150	25,850	166	25,684
Food Services	2,854,073	3,051,998	2,893,400	158,598
Capital Outlay	42,000	42,000	31,304	10,696
Total Expenditures	<u>2,902,223</u>	<u>3,119,848</u>	<u>2,924,870</u>	<u>194,978</u>
Excess of Revenues Over Expenditures	(85,047)	77,628	240,812	163,184
<b>Fund Balance at Beginning of Year</b>	<u>295,771</u>	<u>295,771</u>	<u>295,771</u>	<u>-</u>
<b>Fund Balance at End of Year</b>	<u>\$ 210,724</u>	<u>\$ 373,399</u>	<u>\$ 536,583</u>	<u>\$ 163,184</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, 2019

(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2018)

	<b>ASSETS</b>	
	<u>2019</u>	<u>2018</u>
Cash	\$ <u>842,816</u>	\$ <u>783,806</u>
Total Assets	\$ <u><u>842,816</u></u>	\$ <u><u>783,806</u></u>
 <b>LIABILITIES</b>		
Amounts Held for School Activities	\$ <u>842,816</u>	\$ <u>783,806</u>
Total Liabilities	\$ <u><u>842,816</u></u>	\$ <u><u>783,806</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, 2019

<u>School</u>	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>
Bellingrath Hills School	\$ 29,438	\$ 181,752	\$ 154,975	\$ 56,215
Tanglewood Elementary	122,732	232,710	217,431	138,011
Central Intermediate	102,616	358,995	344,903	116,708
Central Middle School	102,184	451,600	431,486	122,298
Central High School	426,836	971,273	988,525	409,584
Total	<u>\$ 783,806</u>	<u>\$ 2,196,330</u>	<u>\$ 2,137,320</u>	<u>\$ 842,816</u>

See independent auditor's report

**CENTRAL COMMUNITY SCHOOL SYSTEM**  
**SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS**

FOR THE YEAR ENDED JUNE 30, 2019

Roxanne Atkinson, President	\$ 8,500
Dr. David Walker, Vice President	8,300
Dr. James W. Gardner	7,800
* Willard M. Easley	-
Sharon Watts Browning	7,800
Ruby W. Foil	7,800
Dr. Keith Holmes (Term began January 1, 2019)	4,550
Jim Lloyd (Term expired December 31, 2018)	<u>3,250</u>
Total	<u>\$ 48,000</u>

Term of Current Board Expires December 31, 2022.

\* - Elected not to receive compensation in the fiscal year ended June 30, 2019.

See independent auditor's report.

**CENTRAL COMMUNITY SCHOOL SYSTEM**

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER  
PAYMENTS TO AGENCY HEAD

FOR THE YEAR ENDED JUNE 30, 2019

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, 2019:

	7/1 - 6/30
	<u>Jason Fountain</u>
Salary	\$ 129,380
Insurance Allowance	-
Conference Travel	4,307
Membership Dues	-
Registration Fees	1,970
Housing, Car, & Phone Allowance	<u>14,400</u>
Total	<u><u>\$ 150,057</u></u>

## CENTRAL COMMUNITY SCHOOL SYSTEM

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2019

<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:				
National School Lunch Program [1]	10.555	N/A	\$ -	\$ 185,827
Passed Through Louisiana Department of Education:				
Summer Food Service Program [1]	10.559	N/A	-	1,289
National Breakfast Program [1]	10.553	N/A	-	699,577
National School Lunch Program [1]	10.555	N/A	-	<u>1,939,467</u>
Total United States Department of Agriculture				2,826,160
<u>United States Department of Education</u>				
Passed Through Louisiana Department of Education:				
Title I - Grants to Local Educational Agencies	84.010A	28-19-T1-69	2,948	786,161
Title II - Teacher and Principal Training and Recruiting	84.367A	28-19-50-69	21,154	281,009
Title III - English Language Acquisition	84.365A	28-19-60-69	-	19,111
Individuals with Disabilities Educational Act Special Education IDEA [2]	84.027A	28-19-B1-69	-	981,482
IDEA - Preschool [2]	84.173A	28-19-P1-69	-	7,331
Vocational Education - (Carl Perkins)	84.048A	28-19-02-69	-	46,998
Education for Homeless Children and Youth	84.196	28-17-H1-69	-	4,483
Direct Student Services	84.010A	28-19-DSS-69	-	11,297
Student Support and Academic Enrichment Program	84.424A	28-19-71-69	3,915	45,973
Striving Readers/Comprehensive Literacy	84.371C	28-18-SR06-69	-	<u>93,929</u>
Total United States Department of Education				2,277,774

(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>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 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	28-19-36-69	-	<u>249,616</u>
Total United States Department of Health and Human Services				<u>249,616</u>
<u>United States Department of Defense</u>				
Reserve Officers' Training Corps	None	N/A	-	<u>65,054</u>
Total United States Department of Defense				<u>65,054</u>
<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	-	<u>280,369</u>
Total United States Department of Homeland Security			-	<u>280,369</u>
Total Expenditures of Federal Awards			<u>\$ 28,017</u>	<u>\$ 5,698,973</u>

[1] Total Child Nutrition Cluster: \$2,826,160

[2] Total Special Education Cluster (IDEA): \$988,813

[3] Total TANF Cluster: \$249,616

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, 2019

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, 2019, the Central Community School System had food commodities totaling \$7,044 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, 2019.

Note D - Expenditures Incurred in Prior Fiscal Year

The accompanying schedule of expenditures of federal awards includes expenditures totaling \$231,886 that were incurred during the current fiscal year but were not reimbursed by the awarding agency as of June 30, 2019. 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). This amount is recorded as a Deferred Inflow of Resources – Unavailable Intergovernmental Revenues on the Governmental Funds Balance Sheet due to the timing of receipt of funds being not readily determinable.

See independent auditor's report.

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, 2019, 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 20, 2019.

**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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2019-01.

### **The Central Community School System's Response to Finding**

The School System's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The School System's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion or any assurance on them.

### **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 20, 2019

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, 2019. 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, 2019.

### ***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 20, 2019

**CENTRAL COMMUNITY SCHOOL SYSTEM**

SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2019

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
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<u>Federal Grantor/ Pass - Through Grantor/ Program Name</u>	<u>CFDA Number</u>
<u>United States Department of Agriculture</u>	
Passed Through Louisiana Department of Agriculture and Forestry:	
Food Distribution Program (Commodities) [1]	10.555
Passed Through Louisiana Department of Education:	
Summer Food Service Program [1]	10.559
National Breakfast Program [1]	10.553
National School Lunch Program [1]	10.555
<u>United States Department of Education</u>	
Passed Through Louisiana Department of Education:	
Title I – Grants to Local Educational Agencies	84.010

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

[1] Child Nutrition Cluster

**CENTRAL COMMUNITY SCHOOL SYSTEM**

SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2019

B. Findings - Internal Control Over Financial Reporting

None

C. Findings – Compliance

Finding 2019-01 Unfavorable Budget Variance > 5% of Amended Budget

Criteria:

The School System is required to follow the requirements of the Louisiana Local Government Budget Act at LSA R.S. 39:1301 through 39:1315.

Condition:

State law requires that budgets be amended when actual revenues are less than budgeted revenues or actual expenditures exceed budgeted expenditures and other financing uses exceed budgeted amounts by 5% or more. See note 15 to the financial statements. An unfavorable budget variance for Actual Expenditures compared to Final Budgeted Expenditures in the Special Revenue Fund – Federal Grant Fund exceeded the 5% variance required by state law.

Cause:

The School System’s amended Final Budgeted Expenditures were not adjusted enough to reduce the budget variance below the 5% variance as required by state law.

Effect:

Because the School System’s amended Final Budgeted Expenditures were not adjusted enough to reduce the budget variance below the 5% variance as required by state law, the budget variance for Actual Expenditures compared to Final Budgeted Expenditures created an unfavorable budget variance that exceeded the 5% variance required by state law.

Recommendation:

We recommend the School System implement procedures to monitor actual revenue and expenditures more closely and make appropriate budget amendments to comply with the law requiring the budget to actual variance be within 5%.

Management’s Response:

Management will take measures to improve procedures in place to ensure budget to actual variances are monitored more closely and appropriate budget amendments are made in accordance with state law.

**CENTRAL COMMUNITY SCHOOL SYSTEM**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

FOR THE YEAR ENDED JUNE 30, 2019

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, 2019**

**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, 2018 through June 30, 2019. 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**

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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. – **No exceptions.**
  - 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** – No written policy or procedures were found related to receipts/collections.

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.**

k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

**EXCEPTION** – No written policy or procedures were found related to disaster recovery/business continuity.

## **Collections**

---

2. 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.**
3. 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.**
4. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft. – **No exceptions.**
5. 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 to obtain and inspect the corresponding bank statement and reconciliation for each selected account. Randomly select two deposit dates for each of the 5 bank accounts selected above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:
- a) Observe that receipts are sequentially pre-numbered. – **No exceptions.**
  - 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). – **No exceptions.**
  - e) Trace the actual deposit per the bank statement to the general ledger. – **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 20, 2019

**Dr. Jason Fountain**  
*Superintendent*

**CENTRAL COMMUNITY  
SCHOOL SYSTEM**



**Willard Easley**  
*District 4*

**Roxanne Atkinson**  
*President*  
*District 2*

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**Dr. James W. Gardner**  
*District 5*

**Dr. G. David Walker**  
*Vice President*  
*District 3*

**Ruby Foil**  
*District 6*

**Dr. Keith Holmes**  
*District 1*

**Sharon Browning**  
*District 7*

**Response to "Independent Accountant's Report on Applying Agreed Upon Procedures" for the year ending June 30, 2019**

Central Community School Systems management has begun taking measures to correct all exceptions by implementing or revising policies and expect to have these corrected for the year ending June 30, 2020.

  
Barbra Guyon  
Chief Financial Officer