
ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2017



Postlethwaite & Netterville

A Professional Accounting Corporation

www.pncpa.com

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2017

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INDEPENDENT AUDITORS' REPORT

The Members of the
Zachary Community School Board
Zachary, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Zachary Community School Board (the School Board) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, 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 financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board, as of June 30, 2017, and the respective changes in financial position there of for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of school board's proportionate share of the net pension liability for the retirement systems, schedule of employer contributions to the retirement systems, notes to required supplementary information, schedule of funding progress for other post-employment benefit plans and schedule of employers contributions, and the budgetary comparison information on pages 4 through 10 and pages 48 through 53 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 financial statements that collectively comprise the School Board's basic financial statements. The combining and individual nonmajor fund financial statements on pages 54 through 61, the schedule of board members' compensation on page 62, and the schedule of compensation benefits, and other payments to the superintendent on page 63 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards on pages 68 and 69 are 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* (Uniform Guidance) and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the schedule of board members' compensation, the schedule of compensation benefits, and other payments to the superintendent and the schedule of expenditures of federal awards 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 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 combining and individual nonmajor fund financial statements, the schedule of board members' compensation, the schedule of compensation benefits, and other payments to the superintendent, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The information included in the performance and statistical data on pages 76 through 92 have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2017 on our consideration of the School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants, agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 29, 2017

ZACHARY COMMUNITY SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

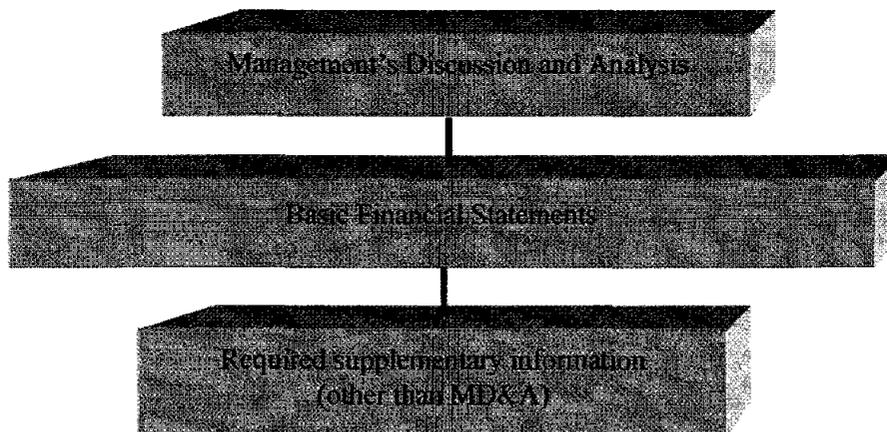
The Management's Discussion and Analysis of the Zachary Community School Board's financial performance presents a narrative overview and analysis of Zachary Community School Board's financial activities for the year ended June 30, 2017. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information (where available).

FINANCIAL HIGHLIGHTS

- ★ The Zachary Community School Board's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$25,889,717 at the close of fiscal year 2017. The Zachary Community School Board's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at the close of fiscal year 2016 by \$30,403,155.
- ★ For the fiscal year 2017, revenues exceed expenses by \$4,513,438. For the fiscal year 2016, expenses exceeded revenues by \$6,338,305.
- ★ State MFP revenues were approximately \$31.3 million for the fiscal year 2017 and \$30.8 million for the fiscal year 2016 due to a slight increase in the number of students.
- ★ No new debt was issued by the School Board during 2017. The School Board issued \$13,675,000 of long-term debt in fiscal year 2016. The proceeds of the debt issued were used to refund or for defeasance of existing debt. A deferred loss of \$765,645 was recognized related to the refunding and is being amortized over 11 years. During the year ended 2017 and 2016, \$5,060,000 and \$4,790,000, respectively, of the total principal debt outstanding was retired.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments.



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the basic financial statements), and required supplementary information.

ZACHARY COMMUNITY SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the School Board's finances, in a manner similar to a private sector business.

The *statement of net position* presents information on all of the School Board's assets and liabilities, and deferred inflows/outflows of resources, with the differences between them reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School Board is improving or deteriorating.

The *statement of activities* presents information showing how the School Board's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods. (e.g., uncollected taxes and earned but unused sick leave).

Both of the government-wide financial statements present functions of the School Board that are principally supported by taxes and intergovernmental revenues (governmental activities). The School Board has no functions or activities which are business-like in nature, meaning that they are primarily supported by user fees and charges for services, such as a municipally-owned utility system. The governmental activities of the School Board include regular education, special education, and other educational programs, support services, administration, maintenance, student transportation, and school food services. The School Board contains no other units of government (component units), nor is it contained as a component unit of any other level of local or state government.

Fund financial statements. A *fund* is a grouping of related accounts that are used to maintain control over the resources that have been segregated for specific activities or objectives. The School Board, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the School Board can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near term inflows and outflows of spendable resources*, as well as on *balances of spendable resources available* at the end of the fiscal year. Such information may be useful in evaluating a government's near term financial requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long term impact of the School Board's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The School Board maintains many individual governmental funds. Information is presented separately in the government fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and Debt Service Fund which are considered major funds. The remaining funds are combined into a single, aggregated presentation under the label of other governmental funds, which contains all non-major funds. Individual fund data for each of these non-major funds is provided in the form of combining statements elsewhere in this report.

ZACHARY COMMUNITY SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

The School Board adopts annual appropriated budgets for the General Fund and Special Revenue Funds. Budgets are not adopted for Capital Projects Funds and the Debt Service Fund.

Fiduciary funds. Fiduciary Funds are used to account for resources held for the benefit of outside parties such as students. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School Board's programs. The sole fiduciary fund of the School Board is the School Activity Fund, which contains monies belonging to the schools, their students, and clubs and other activities.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Position
June 30, 2017 and 2016

	2017	2016
Cash and cash equivalents	\$ 13,659,062	\$ 8,681,441
Investments	13,696,354	14,506,459
Receivables	2,643,654	2,355,298
Inventory	157,205	188,090
Prepaid and other assets	438,021	466,619
Capital assets, net	121,727,834	125,171,686
Total assets	152,322,130	151,369,593
 Total deferred outflows of resources	 13,740,291	 8,885,007
 Salaries, payroll deduction and expenses payable	 4,375,954	 3,961,860
Accrued interest payable	875,455	936,627
Bonds payable	86,852,379	92,105,038
Compensated absences payable	5,050,319	5,223,629
Other post-employment benefit obligation	19,198,935	16,699,520
Net pension liability	70,116,982	65,957,365
Total liabilities	186,470,024	184,884,039
 Total deferred inflows of resources	 5,482,114	 5,773,716
 Net position (deficit):		
Net investment in capital assets	34,875,455	33,066,648
Restricted for:		
Debt service	6,178,876	6,887,880
Other purposes	222,338	-
Unrestricted	(67,166,386)	(70,357,683)
Total net position (deficit)	\$ (25,889,717)	\$ (30,403,155)

ZACHARY COMMUNITY SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

FINANCIAL ANALYSIS OF THE ENTITY (continued)

Investments account for approximately 9% and 10% of the total assets of the School Board for the years ended June 30, 2017 and 2016, respectively.

Capital assets, which are reported net of accumulated depreciation, account for approximately 80% and 83% of the total assets of the School Board for the year ended June 30, 2017 and 2016, respectively.

Net position invested in capital assets (capital assets minus the debt issued to build the assets) increased approximately 5% resulting from the reduction in debt. Restricted net position decreased approximately 10% over prior year. Unrestricted net deficit is largely the result of the School Board's prior year adoption of Government Accounting Standards Board (GASB) Statement Number 68 - *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and Statement Number 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. The standard requires accrual based accounting for the School Board's pension liability, which resulted in a net pension liability of \$70,116,982 as of the year ended June 30, 2017. See Note 7.

Total assets decreased 0.6% over the prior year due to a decrease in capital assets caused by yearly depreciation expense.

ZACHARY COMMUNITY SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

FINANCIAL ANALYSIS OF THE ENTITY (continued)

Changes in Net Position
For the Years ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenues		
Program revenues		
Charges for services	\$ 1,064,704	\$ 1,144,968
Operating grants	4,172,702	4,424,228
General revenues		
Property taxes	19,226,019	19,064,885
Sales taxes	11,677,757	9,941,987
Earnings on investments	99,174	1,091,562
MFP	31,319,603	30,841,961
Other	1,199,320	1,183,387
	<u>68,759,279</u>	<u>67,692,978</u>
Expenses		
Regular education	24,815,836	22,553,686
Special education	5,331,039	5,174,812
Other education	4,496,627	4,285,945
Pupil support	2,571,934	2,529,925
Instructional staff	2,519,426	2,346,331
General administrative	1,275,362	1,007,375
School administrative	2,894,414	2,699,526
Business and central services	1,892,883	2,277,338
Plant operation and maintenance	8,515,777	7,835,666
Transportation	3,755,474	3,813,724
Food service	2,665,726	2,767,754
Facilities acquisition and construction	44,625	-
Appropriations - charter schools	333,392	262,790
Debt service:		
General administration	-	252,265
Interest, bank charges & debt financing	3,133,326	3,547,536
	<u>64,245,841</u>	<u>61,354,673</u>
Change in net position	<u>\$ 4,513,438</u>	<u>\$ 6,338,305</u>

Change in Net Position

- MFP totaling approximately \$31.3 million and \$30.8 million accounts for 46% of total revenues for both of the years ended June 30, 2017 and 2016. The increase in MFP funding is due to increased enrollment of approximately 250 students.
- Regular education expenditures increased by \$2,262,150 for the fiscal year ended June 30, 2017 due to an increase in enrollment of approximately 250 students.

ZACHARY COMMUNITY SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

FINANCIAL ANALYSIS OF THE ENTITY (continued)

Change in Net Position (continued)

- Property taxes totaling approximately \$19.2 million and \$19.0 million accounts for 28% of total revenues for both of the years ended June 30, 2017 and 2016. Property taxes remained consistent due to relatively consistent assessed valuations of property.
- Sales taxes totaling approximately \$11.7 million and \$9.9 million accounts for 17% and 15% of total revenues for the years ended June 30, 2017 and 2016. The increase in sales taxes for the fiscal year ended June 30, 2017 is due to increased economic activity caused by the Great Flood of 2016.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2017, the Zachary Community School Board had \$121,727,834 (net of accumulated depreciation of \$30,489,996) invested in a broad range of capital assets, including land, building, and equipment. (See Table below).

	2017	2016	
Land	\$ 5,098,227	\$ 5,098,227	
Buildings and improvements	114,282,016	117,200,365	
Equipment, fixtures, and vehicles	2,347,591	2,873,094	
Totals	\$ 121,727,834	\$ 125,171,686	

All ongoing construction in progress was completed during the year ended June 30, 2016. No projects were ongoing during the year ended June 30, 2017, and total additions of \$603,002 related mostly to equipment, fixtures and vehicles.

Long-term debt

During the fiscal year 2016, the School Board issued \$13,675,000 of General Obligation School Refunding Bonds, Series 2016 for the purpose of refunding coupons of the General Obligation School Refunding Bonds, Series 2006, 2007 and 2008. No new debt was issued during 2017.

The total bonds outstanding for the year ended 2017 were \$86,852,379 including unamortized premiums on issuance of \$2,062,379. During the fiscal year 2017, \$5,060,000 of principal payments and \$3,028,965 of interest payments were made.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Actual revenues were slightly higher than budgeted revenues due to increased sales tax collections caused by economic activity from the August 2016 flooding. Actual expenditures were below budgeted expenditures due to lower costs incurred for regular and special education programs and plant operation and maintenance.

ZACHARY COMMUNITY SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The Zachary Community School Board's elected and appointed officials considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- General Fund and other funds revenues and expenditures are expected to remain consistent with current years. Ad Valorem tax receipts should return to the normal level prior to the Great Flood of 2016.
- Special revenue funds revenues are expected to be consistent with those of the prior year.

The Zachary Community School Board expects next year's results to be consistent with the current year.

CONTACTING THE ZACHARY COMMUNITY SCHOOL BOARD'S MANAGEMENT

This financial report is designed to provide a general overview of the School Board's finances for those with an interest in the government's financial position and operations. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to John Musso, Business Manager, Zachary Community School Board, 3755 Church Street, Zachary, LA 70791.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2017

ASSETS

Cash and cash equivalents	\$ 13,659,062
Investments	13,696,354
Receivables	2,643,654
Inventory	157,205
Prepaid assets	395,627
Other assets	42,394
Land, building, and equipment, net	<u>121,727,834</u>
TOTAL ASSETS	<u>152,322,130</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflow amounts related to bond refunding	706,208
Deferred outflow amounts related to pension liability	<u>13,034,083</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>13,740,291</u>

LIABILITIES

Salaries, payroll deduction and expenses payable	4,375,954
Accrued interest payable	875,455
Long-term liabilities	
Due within one year	5,466,630
Due in more than one year	86,436,068
Net pension liability	70,116,982
Other post-employment benefit obligation	<u>19,198,935</u>
TOTAL LIABILITIES	<u>186,470,024</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflow amounts related to pension liability	5,482,114
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>5,482,114</u>

NET POSITION

Net investment in capital assets	34,875,455
Restricted for:	
Debt service	6,178,876
Other purposes	222,338
Unrestricted	<u>(67,166,386)</u>
TOTAL NET POSITION (DEFICIT)	<u>\$ (25,889,717)</u>

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

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position Governmental Unit
		Charges for Services	Operating Grants and Contributions	
<u>Functions/Programs</u>				
Instruction:				
Regular education programs	\$ 24,815,836	\$ -	\$ 573,376	\$ (24,242,460)
Special education programs	5,331,039	-	252,695	(5,078,344)
Other education programs	4,496,627	479,384	972,568	(3,044,675)
Support Services:				
Pupil support services	2,571,934	-	65,398	(2,506,536)
Instructional staff services	2,519,426	-	513,523	(2,005,903)
General administration services	1,275,362	-	-	(1,275,362)
School administration services	2,894,414	-	-	(2,894,414)
Business and central services	1,892,883	-	5,523	(1,887,360)
Plant operation and maintenance	8,515,777	-	-	(8,515,777)
Transportation	3,755,474	-	63,207	(3,692,267)
Non-Instructional Services:				
Food service	2,665,726	585,320	1,726,412	(353,994)
Appropriations - charter schools	333,392	-	-	(333,392)
Facilities acquisition and construction	44,625	-	-	(44,625)
Debt Service:				
Interest, bank fees and debt issuance costs	3,133,326	-	-	(3,133,326)
Total Governmental Activities	64,245,841	1,064,704	4,172,702	(59,008,435)
Local sources				
Taxes:				
Ad valorem				19,226,019
Sales and use				11,677,757
Earnings on investments				99,174
Other				940,800
State sources				
Unrestricted grants-in-aid				31,319,603
Other				258,520
		Total general revenues		63,521,873
Change in Net Position				4,513,438
Net Position - July 1, 2016				(30,403,155)
Net Position - June 30, 2017				(25,889,717)

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

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2017

	General	Debt Service	Other Non-Major Governmental	Total
<u>ASSETS</u>				
Cash and cash equivalents	\$ 11,348,671	\$ 1,815,426	\$ 494,965	\$ 13,659,062
Investments	8,297,347	5,399,007	-	13,696,354
Receivables	1,754,960	23,371	865,323	2,643,654
Due from other funds	1,268,479	-	-	1,268,479
Prepaid assets	395,627	-	-	395,627
Other assets	42,244	-	150	42,394
Inventory	85,092	-	72,113	157,205
	<u>\$ 23,192,420</u>	<u>\$ 7,237,804</u>	<u>\$ 1,432,551</u>	<u>\$ 31,862,775</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Salaries, payroll deductions and expenses payable	\$ 4,323,010	\$ -	\$ 52,944	\$ 4,375,954
Due to other funds	-	183,473	1,085,006	1,268,479
	<u>4,323,010</u>	<u>183,473</u>	<u>1,137,950</u>	<u>5,644,433</u>
Fund balances:				
Nonspendable	480,719	-	72,263	552,982
Restricted for:				
Debt service	-	7,054,331	-	7,054,331
Other purposes	-	-	222,338	222,338
Assigned	-	-	-	-
Unassigned	18,388,691	-	-	18,388,691
	<u>18,869,410</u>	<u>7,054,331</u>	<u>294,601</u>	<u>26,218,342</u>
TOTAL FUND BALANCES	<u>\$ 18,869,410</u>	<u>\$ 7,054,331</u>	<u>\$ 294,601</u>	<u>\$ 26,218,342</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 23,192,420</u>	<u>\$ 7,237,804</u>	<u>\$ 1,432,551</u>	<u>\$ 31,862,775</u>

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

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS - BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

Total Fund Balances at June 30, 2017 - Governmental Funds		\$	26,218,342
Cost of capital assets at June 30, 2017	\$	152,217,830	
Less: Accumulated depreciation as of June 30, 2017:			
Buildings		(22,442,891)	
Movable property		<u>(8,047,105)</u>	121,727,834
Accrued interest payable			(875,455)
Long-term liabilities at June 30, 2017:			
Bonds payable		(84,790,000)	
Bond premium		(2,062,379)	
Compensated absences payable		(5,050,319)	
Post-employment benefit obligation		<u>(19,198,935)</u>	<u>(111,101,633)</u>
Pension liabilities, deferred inflows and deferred outflows of resources			
Net pension liability		(70,116,982)	
Deferred pension contributions		7,200,531	
Deferred outflow of resources - related to net pension liability		5,833,552	
Deferred amounts related to pension liability		(5,482,114)	
Deferred amounts related to bond refunding		<u>706,208</u>	<u>(61,858,805)</u>
Total Net Position at June 30, 2017 - Governmental Activities		\$	<u><u>(25,889,717)</u></u>

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

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017

	General	Debt Service	Other Non-Major Governmental	Total
REVENUES				
Local sources:				
Taxes:				
Ad valorem	\$ 10,701,330	\$ 8,524,689	\$ -	\$ 19,226,019
Sales and use	11,677,757	-	-	11,677,757
Food sales	-	-	585,320	585,320
Earnings on investments	(72,592)	169,526	2,240	99,174
Extended day program tuition	479,384	-	-	479,384
Other	626,263	12,663	301,874	940,800
State sources:				
Unrestricted grants-in-aid	31,120,032	-	199,571	31,319,603
Restricted grants-in-aid	1,949	-	359,006	360,955
Other	258,520	-	-	258,520
Federal sources:				
Restricted grants-in-aid - direct	62,858	-	-	62,858
Restricted grants-in-aid - subgrants	60,010	-	3,547,145	3,607,155
Commodities - United States Department of Agriculture	-	-	141,734	141,734
TOTAL REVENUES	54,915,511	8,706,878	5,136,890	68,759,279
EXPENDITURES				
Current:				
Instruction:				
Regular education programs	22,186,662	-	614,980	22,801,642
Special education programs	5,158,701	-	271,031	5,429,732
Other education programs	3,590,805	-	1,043,138	4,633,943
Support services:				
Pupil support services	2,553,278	-	70,143	2,623,421
Instructional staff services	2,027,776	-	550,784	2,578,560
General administration services	1,040,127	241,003	-	1,281,130
School administration services	2,968,396	-	-	2,968,396
Business and central services	1,791,234	-	5,924	1,797,158
Plant operation and maintenance	5,624,286	-	-	5,624,286
Transportation	3,632,843	-	67,793	3,700,636
Non-Instructional services:				
Food service	109,984	-	2,550,655	2,660,639
Appropriations - charter schools	333,392	-	-	333,392
Facility acquisition and construction	44,625	-	-	44,625
Debt service:				
Principal retirement	-	5,060,000	-	5,060,000
Interest and bank charges	-	3,239,424	-	3,239,424
TOTAL EXPENDITURES	51,062,109	8,540,427	5,174,448	64,776,984
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,853,402	166,451	(37,558)	3,982,295

(continued)

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental</u>	<u>Total</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers in	\$ 34,393	\$ -	\$ 224,282	\$ 258,675
Operating transfers out	(224,522)	-	(34,153)	(258,675)
TOTAL OTHER FINANCING SOURCES (USES)	(190,129)	-	190,129	-
<u>NET CHANGES IN FUND BALANCE</u>	3,663,273	166,451	152,571	3,982,295
Fund balances, June 30, 2016	15,206,137	6,887,880	142,030	22,236,047
FUND BALANCES, JUNE 30, 2017	<u>\$ 18,869,410</u>	<u>\$ 7,054,331</u>	<u>\$ 294,601</u>	<u>\$ 26,218,342</u> (concluded)

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

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS -
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Total Net Changes in Fund Balance - Governmental Funds		\$ 3,982,295
Capital Assets:		
Loss on disposal of fixed assets	\$ (103,607)	
Capital outlay capitalized	603,002	
Depreciation expense for year ended June 30, 2017	<u>(3,943,247)</u>	(3,443,852)
Change in accrued interest payable		61,172
Amortization of deferred loss on refundings		(147,733)
Net change in pension liability and deferred inflows/outflows of resources		1,135,002
Long Term Debt:		
Principal portion of debt service payments	5,060,000	
Amortization of bond premium	192,659	
Excess of compensated absences used over amounts earned	173,310	
Change in post-employment benefit obligation	<u>(2,499,415)</u>	<u>2,926,554</u>
Change in Net Position - Governmental Activities		<u>\$ 4,513,438</u>

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

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2017

ASSETS

Cash and cash equivalents	<u>\$ 1,310,022</u>
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LIABILITIES

Deposits due to others	<u>\$ 1,310,022</u>
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The accompanying notes to the financial statements are an integral part of this statement.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

a. Reporting Entity

Effective July 1, 2003, the Zachary Community School Board (the School Board) seceded from the East Baton Rouge Parish School System (EBRPSS) and formed its own school district. The School Board was created in accordance with Louisiana Revised Statute (LSA-R.S.) 17:64 for the purpose of providing public education for the residents of the Zachary Community. The School Board is authorized by LSA-R.S. 17:81 to establish policies and regulations for its own government consistent with the laws of the State of Louisiana and the regulations of the Louisiana Board of Elementary and Secondary Education. The School Board is authorized to establish public schools as it deems necessary, to provide adequate school facilities for the children of the parish, to determine the number of teachers to be employed, and to determine local supplement to their salaries. The School Board is currently comprised of 9 members who are elected for a term of four years.

The School Board operates 8 schools within the community with a total enrollment of approximately 5,400 pupils. In conjunction with the regular educational programs, some of these schools offer special education and/or adult education programs. Additionally, the School Board provides transportation and school food services for the students.

The Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards* establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under the provisions, the School Board is considered a *primary government*, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Fiscally independent means that the School Board may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The School Board also has no *component units*, defined by GASB as other legally separate organizations for which the elected School Board members are financially accountable. There are no other primary governments with which the School Board has a significant relationship. Certain units of local government, over which the School Board exercises no oversight responsibility, such as the city police jury, other independently elected city officials, and municipalities within the city, are excluded from the financial statements. These units of government are considered separate reporting entities and issue financial statements separate from that of the School Board. The School Board is not a component unit of any other entity.

b. Fund Accounting

The financial transactions of the School Board are recorded in individual funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate.

Revenues are accounted for in these individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The funds presented in the financial statements are described as follows:

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. **Summary of Significant Accounting Policies** (continued)

b. **Fund Accounting** (continued)

Governmental Fund Types:

Governmental funds are those through which most governmental functions of the School Board are financed. The acquisition, use and balances of the School Board's expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position rather than upon net income determination. The following are the School Board's governmental fund types:

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

Special Revenue Funds - Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. These funds account for the revenues and expenditures related to federal and state grant and entitlement programs established for various educational objectives.

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

The School Board reports the following governmental funds as major funds: the General Fund and the Debt Service Fund.

Fiduciary Fund Type - Agency Funds:

Fiduciary funds are used to account for assets held by the School Board in a trustee or agency capacity. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results or operations.

c. **Basis of Accounting**

The School Board's basic financial statements consist of the government-wide statements on all of the non-fiduciary funds activities and fund financial statements (individual major fund and combined non-major fund). The statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units and promulgated by the GASB *Codification of Accounting and Financial Reporting Standards*.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. **Summary of Significant Accounting Policies** (continued)

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 Board, except for the Fiduciary Fund. The Fiduciary Fund is only reported in the Statement of Fiduciary Assets and Liabilities at the Fund Financial Statement level.

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 the 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 non-exchange transactions are recognized in accordance with the requirements of GASB No. 33, *Accounting and Reporting for Nonexchange Transactions*.

Program Revenues

Program revenues included in the Statement of Activities are derived directly from parties outside of the School Board's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the School Board's general revenues. Charges for services are primarily derived from cafeteria sales and miscellaneous student fees.

Expenses and Allocation of Indirect Expenses

The School Board reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable by 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 the buildings is assigned to the plant operation and maintenance function due to the fact that school buildings serve multiple purposes. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. **Summary of Significant Accounting Policies** (continued)

d. **Measurement Focus/Basis of Accounting** (continued)

Fund Financial Statements

Governmental Funds

The accounting and financial reporting treatments applied to a fund are determined by its measurement focus. All 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 these funds present increases (i.e., revenues and other financial sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Governmental Funds are accounted for on the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized in the accounting period in which they become susceptible to accrual - that is, when they become measurable and available to pay current period liabilities. Such revenue items are ad valorem taxes, sales taxes and state and federal entitlements. Sales and use taxes and ad valorem taxes are considered "available" when expected to be collected within the next two months. Revenue from state and federal grants is recorded when the reimbursable expenditures have been incurred.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Costs of accumulated unpaid vacation, sick leave, and other employee benefit amounts are reported in the period due and payable rather than the period earned by employees, and general long-term obligations principal and interest payments are recognized only when due.

e. **Budget and Budgetary Accounting**

The proposed budgets for fiscal year 2017 were completed and made available for public inspection at the School Board office. A public hearing was held for suggestions and comments from taxpayers. The proposed fiscal year 2017 budgets were formally adopted by the School Board after the public hearing. The budgets, which included proposed expenditures and the means of financing them, for the General and Special Revenue Funds were published in the official journal fourteen days prior to the public hearings.

The budgets for the General and Special Revenue Funds were prepared on the modified accrual basis of accounting. Formal budgetary integration is used during the year as a management control device. Any part of appropriations which is not expensed is reappropriated in the next year. Current year transactions which are directly related to prior year's budget are reappropriated in the current year.

The School Board is authorized to transfer amounts between line items within any fund. When actual revenues within a fund are failing to meet estimated annual budgeted revenues by five percent or more, and/or actual expenditures within a fund are exceeding estimated budgeted expenditures by five percent or more, a budget amendment to reflect such changes is adopted by the School Board in an open meeting. Budgeted amounts included in the basic financial statements include the original adopted budget and all subsequent amendments.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. **Summary of Significant Accounting Policies** (continued)

f. **Cash, Cash Equivalents, and Investments**

Under state law, the School Board may deposit funds with a fiscal agent organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The School Board may invest in United States bonds, notes, bills, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Cash and cash equivalents include cash on hand, cash on deposit, certificates of deposit and money market accounts. These deposits are stated at cost, which approximates fair value. Under state law, the resulting bank balances of these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The estimated fair value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent.

The Board has reported their investments, with a remaining maturity at time of purchase of one year or less, at amortized cost. Investments with maturity at time of purchase of greater than one year are presented at fair value at June 30, 2017. Fair value was determined by obtaining "quoted" year-end market prices.

g. **Federal Grants and Other Receivables**

Federal grants receivable consists of receivables for reimbursement of expenditures under various federal programs and grants. Other receivables relate to sales tax collections. All amounts are expected to be collected within the next twelve months.

h. **Inventory and Prepaid Assets**

Inventory of the School Lunch Special Revenue Fund consists of food purchased by the School Board and commodities granted by the United States Department of Agriculture through the Louisiana Department of Education. The commodities are recorded as revenues and expenses when consumed. All inventory items purchased are valued at the lower of cost (first-in, first-out) or market, and donated commodities are assigned values based on information provided by the United States Department of Agriculture. Prepaid assets include prepaid insurance and worker's compensation premiums.

i. **Capital Assets**

Capital assets are capitalized at historical cost, or estimated historical cost for assets where the actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair value at the date of the donation. The system for the accumulation of fixed asset cost data does not provide the means for determining the percentage of assets valued at actual cost and those valued at estimated cost.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. **Summary of Significant Accounting Policies** (continued)

i. **Capital Assets** (continued)

Capital assets are recorded in the GWFS, but are not recorded 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 Board, no salvage value is taken into consideration for depreciation purposes. Useful lives are approximately 40 years for buildings and improvements and 3 to 20 years for equipment, fixtures and vehicles.

The School Board does not possess any material amounts of infrastructure capital assets, such as sidewalks and parking lots.

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

j. **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School Board has three types of items that qualify for reporting in this category. It has deferred charges on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its requisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The \$706,208 balance of deferred outflows of resources related to bond refunding will be recognized as interest expense over the remaining life of the bonds. The School Board also has deferred outflows of resources related to the net pension liability of \$13,034,083. See Note 7 for additional information on deferred outflows of resources related to defined benefit pension plans.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The School Board has one item that qualifies for reporting in this category related to the net pension liability in the amount of \$5,482,114. See Note 7 for additional information on deferred inflows of resources related to defined benefit pension plans.

k. **Compensated Absences**

All 12-month employees earn from 10 to 20 days of vacation leave each year, depending on length of service with the School Board. Vacation leave may be accumulated up to 50 days. The School Board will pay up to 50 days of unused vacation upon separation. The remaining balance is forfeited.

All School Board employees earn 10 to 12 days of sick leave each year depending on the number of months employed within a year. Sick leave may be accumulated without limitation. Upon death or retirement, a maximum of 25 days of unused sick leave is paid to the employee or designated heir at the employee's current rate of pay. Under the Louisiana Teacher's Retirement System, the unused sick leave is used in the retirement benefit computation as earned service. Under the Louisiana School Employees Retirement System, all unpaid sick leave, which excludes the 25 days paid, is used in the retirement

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

benefit computation as earned service.

1. **Summary of Significant Accounting Policies** (continued)

k. **Compensated Absences** (continued)

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. Leave may be granted for rest and recuperation and professional and cultural improvement.

The cost of compensated absence privileges is recognized as a current year expenditure in the General Fund when leave is actually taken, or when employees or their heirs are paid for accrued leave upon retirement or death, while the cost of leave privileges not requiring current resources is recorded as compensated absences payable of \$5,050,319 in the Government-wide financial statements as a long term liability.

l. **Estimates**

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

m. **Sales, Use and Property Taxes**

The voters of the Zachary Community School District authorized the School Board to levy a two percent system wide sales and use tax. A one percent Zachary Community School Board Sales and Use Tax approved on April 7, 2001 is to be used for the purpose of acquiring, constructing, improving, maintaining and operating public elementary and secondary schools, including school related buildings, equipment and facilities with the geographic boundaries of the Zachary Community School Board, subject to funding into bonds in the manner provided by Sub-Part F, Part III, Chapter 4, Title 39 of the Louisiana Revised Statutes of 1950.

A one percent Zachary Community Educational Facilities Improvement District Sales and Use Tax approved on April 7, 2001 is to be used to pay the costs of acquiring, constructing, improving, maintaining, and operating the public elementary and secondary schools and school related buildings, equipment and facilities, within and for the Zachary Community School Board, and paying salaries and benefits of School Board personnel.

Ad valorem taxes are collected by the East Baton Rouge Parish Tax Collector's Office and remitted to the School Board on a monthly basis. Ad valorem taxes are assessed and levied on a calendar year basis by the East Baton Rouge Parish Assessor's Office, based on the assessed value on January 1 of the assessment year. However, before taxes can be levied, the tax rolls must be submitted to the State Tax Commission for approval. Taxes are due and payable by November 15. An enforceable lien attaches on the property as of November 15. As of December 31, taxes become delinquent and interest and penalty accrue. Taxes are generally collected in January, February and March of the fiscal year.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. **Summary of Significant Accounting Policies** (continued)

n. **Expenditures/Expenses**

In the government-wide financial statements, expenses are classified by function.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character:	Current (further classified by function)
	Capital Outlay
	Debt Service

In the fund financial statements, governmental funds report expenditures of current financial resources.

o. **Interfund Transactions**

During the course of normal operations, the School Board has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets and service debt. The accompanying fund financial statements generally reflect such transactions as operating transfers.

p. **Restricted Net Position**

For the government-wide statement of net position, net position is reported as restricted when constraints placed on assets use either:

Externally imposed by creditors (such as debt covenants), grants, contributors, laws, or regulations of other governments; or

Imposed by law through constitutional provisions or enabling legislation.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

q. **Fund Equity of Fund Financial Statements**

Accounting standards require governmental fund balances to be reported in as many as five classifications as listed below:

Nonspendable – represents amounts that are not expected to be converted to cash because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted – represents balances where constraints have been established by parties outside the School Board or imposed by law through constitutional provisions or enabling legislation.

Committed – represents balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the School Board's highest level of decision-making authority.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. **Summary of Significant Accounting Policies** (continued)

q. **Fund Equity of Fund Financial Statements** (continued)

Assigned – represents balances that are constrained by the School Board’s intent to be used for specific purposes, but are not restricted nor committed.

Unassigned – represents balances that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund.

When expenditures are incurred for the purposes for which both restricted and unrestricted amounts are available, the School Board reduces restricted amounts first, followed by unrestricted amounts. When expenditures are incurred for purposes for which committed, assigned, and unassigned amounts are available, the School Board reduces committed amounts first, followed by assigned amounts and then unassigned amounts. .

r. **Debt Refundings**

Debt refundings are accounted for in accordance with government accounting standards. This statement requires accounting for gains and losses that result from debt refundings to be deferred and amortized over the life of the new debt or the retired debt, whichever is the shorter period. The deferred refunding amounts are classified as either a deferred inflow or outflow in the financial statements. The \$706,208 balance of deferred outflow of resources related to bond refunding will be recognized as interest expense over the remaining life of the bonds.

s. **Pension Plans**

The School Board is a participating employer in three defined benefit pension plans (plans) as described in Note 7. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of each of the plans, and additions to/deductions from each plans’ fiduciary net position have been determined on the same basis as they are reported by each of 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 have been reported at fair value within each plan.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

2. Ad Valorem Taxes

The following is a summary of authorized and levied ad valorem taxes collected during the fiscal year ended June 30, 2017:

	Authorized Millage	Levied Millage
Constitutional	5.00	5.00
Special	38.20	38.20
Bond and Interest	36.00	36.00

Approximately 40% of property taxes are paid by one taxpayer.

3. Cash and Investments

Deposits:

Custodial credit risk is the risk that in the event of a financial institution failure, the School Board's deposits may not be returned to them. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. As of June 30, 2017, the bank balance of \$15,601,763 was not exposed to custodial credit risk.

Securities that may be pledged as collateral consist of obligations of the U.S. Government and its agencies, obligations of the State of Louisiana and its municipalities and school districts.

Investments:

As of June 30, 2017, the Board had the following investments and maturities:

<u>Investment Type</u>	<u>INVESTMENT MATURITIES (IN YEARS)</u>				
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>
General Fund					
U.S. Government Agencies	\$ 8,297,347	\$ -	\$ -	\$ 4,054,090	\$ 4,243,257
Sinking Fund					
U.S. Government Agencies	5,399,007	-	-	5,399,007	-
Total Investments	\$ 13,696,354	\$ -	\$ -	\$ 9,453,097	\$ 4,243,257

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

3. **Cash and Investments** (continued)

Investments: (continued)

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

The School Board has the following recurring fair value measurements as of June 30, 2017:

Level 2 inputs – U.S. government agency securities, and municipal securities totaling \$13,696,354 are valued using a market based approach comprised of a combination of directly observable quoted prices and a matrix pricing technique that relies on the securities' relationship to other benchmark quoted securities.

Interest Rate Risk- Interest rate risk is the risk applicable to debt instruments with fair values that are sensitive to changes in interest rates. One indicator of the measure of interest rate risk is the dispersion of maturity dates of debt instruments. The School Board's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk- Under Louisiana R.S. 33:2955, as amended, the School Board may invest in obligations of the U.S. Treasury, U.S. Agencies and instrumentalities, repurchase agreements, certificates of deposits, Louisiana Asset Management Pool (LAMP), and other investments as provided in the statute. The Board's investment policy does not further limit its investment choices. As of June 30, 2017, the Board's investment in U.S. Government Agencies was rated Aaa by Moody's Investors Service and AA+ by Standard & Poor's.

Concentration of Credit Risk- The School Board's investment policy does not limit the amount the School Board may invest in any one issuer. More than 5 percent of the Board's investments are in Federal Home Loan Bank, Federal Farm Credit Bank and US Treasury securities. These investments are 24%, 57%, and 19%, respectively.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. Due From/To Other Funds

Individual balances due from/to other funds, which represent short term borrowings to fund current advances, are as follows at June 30, 2017:

<u>Fund</u>	<u>Due from other funds</u>	<u>Due to other funds</u>
General Fund	\$ 1,268,479	\$ -
Debt Service Fund	-	183,473
Non-Major Funds	-	1,085,006
Total	<u>\$ 1,268,479</u>	<u>\$ 1,268,479</u>

5. Capital Assets

Capital assets and depreciation activity as of and for the year ended June 30, 2017 is as follows:

	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Equipment, Fixtures & Vehicles</u>	<u>Total</u>
<u>Cost:</u>				
at June 30, 2016	\$ 5,098,227	\$ 136,680,282	\$ 10,855,626	\$ 152,634,135
Additions	-	44,625	558,377	603,002
Deletions	-	-	(1,019,307)	(1,019,307)
at June 30, 2017	<u>5,098,227</u>	<u>136,724,907</u>	<u>10,394,696</u>	<u>152,217,830</u>
<u>Accumulated depreciation:</u>				
at June 30, 2016	\$ -	\$ 19,479,917	\$ 7,982,532	\$ 27,462,449
Additions	-	2,962,974	980,273	3,943,247
Deletions	-	-	(915,700)	(915,700)
at June 30, 2017	<u>-</u>	<u>22,442,891</u>	<u>8,047,105</u>	<u>30,489,996</u>
Total	<u>\$ 5,098,227</u>	<u>\$ 114,282,016</u>	<u>\$ 2,347,591</u>	<u>\$ 121,727,834</u>

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

5. **Capital Assets** (continued)

Depreciation expense of \$3,943,247 for the year ended June 30, 2017 was charged to the following governmental functions:

Regular Education	\$ 596,891
Special Education	54,495
Other Educational Programs	67,285
Pupil Support Services	6,694
Instructional Staff Services	1,986
General Administrative Services	5,231
School Administrative Services	1,830
Business and Central Services	127,322
Plant Operation and Maintenance	2,990,732
Transportation	54,864
Food Service	<u>35,917</u>
	<u>\$ 3,943,247</u>

6. **Long-term Debt**

The following is a summary of the changes in general long-term debt and compensated absences for the year ended June 30, 2017:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017	Amount Due Within One Year
General Obligation Bonds	\$ 84,130,000	\$ -	\$ 5,060,000	\$79,070,000	\$5,260,000
Premium on Bonds	2,255,038	-	192,659	2,062,379	192,659
QSCB	5,720,000	-	-	5,720,000	-
Compensated absences	<u>5,223,629</u>	<u>863,563</u>	<u>1,036,873</u>	<u>5,050,319</u>	<u>13,971</u>
Total	<u>\$97,328,667</u>	<u>\$ 863,563</u>	<u>\$ 6,289,532</u>	<u>\$91,902,698</u>	<u>\$5,466,630</u>

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

6. **Long-term Debt** (continued)

A schedule of the individual issues outstanding as of June 30, 2017 is as follows:

<u>Bond Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Final Payment Due</u>	<u>Interest to Maturity</u>	<u>Principal Outstanding</u>
Series 2008	January 1, 2008	4.00 - 7.00	March 1, 2018	28,200	705,000
Series 2009	March 1, 2009	3.25 - 7.00	March 1, 2029	4,408,254	10,435,000
Series 2010	September 1, 2010	2.00 - 4.00	March 1, 2030	2,916,037	9,885,000
Series 2011	August 23, 2011	4.00 - 7.00	March 1, 2031	3,927,982	11,785,000
Series 2012	April 17, 2012	2.00 - 4.00	March 1, 2032	3,402,502	11,500,000
Series 2013	March 26, 2013	2.25 - 4.00	March 1, 2033	2,708,358	9,445,000
Series 2013A	December 11, 2013	2.40	March 1, 2024	798,858	3,455,000
Series 2015	June 16, 2015	2.00 - 4.00	March 1, 2026	1,445,500	8,585,000
Series 2016	May 4, 2016	2.00 - 5.00	March 1, 2027	<u>2,579,000</u>	<u>13,275,000</u>
			Total General Obligation Bonds	<u>22,214,691</u>	<u>79,070,000</u>
QSCB:	December 15, 2009	3.00 - 3.00	September 15, 2024	<u>1,244,100</u>	<u>5,720,000</u>
				<u>\$23,458,791</u>	<u>\$ 84,790,000</u>

All principal and interest requirements are funded by an ad valorem tax levy on taxable property within the parish. The School Board accumulates the tax proceeds in the Debt Service Fund. At June 30, 2017, the School Board has accumulated \$7,054,331 in debt service fund for future debt service requirements.

As a result of bond refundings, the School Board recorded a deferred loss of \$1,007,370. As of June 30, 2017, \$301,162 of the deferred amount on this refunding was amortized, resulting in a net deferred amount on refunding of \$706,208. These losses are being amortized over 11 years.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

6. **Long-term Debt** (continued)

The principal and interest payments for the general obligation bonds and QSCB including the bond premiums are due as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u> <u>Payments</u>	<u>Interest</u> <u>Payments</u>	<u>Total</u>
2018	\$ 5,452,659	\$ 3,189,918	\$ 8,642,577
2019	5,637,659	2,996,417	8,634,076
2020	5,862,659	2,804,358	8,667,017
2021	6,092,659	2,563,595	8,656,254
2022	6,307,659	2,295,920	8,603,579
2023-2027	38,856,359	7,671,101	46,527,460
2028-2032	17,834,871	1,913,932	19,748,803
2033-2037	807,854	23,550	831,404
Total	<u>\$ 86,852,379</u>	<u>\$ 23,458,791</u>	<u>\$ 110,311,170</u>

In accordance with Louisiana Revised Statute 39:562, the School Board is legally restricted from incurring long-term bonded debt in excess of 50 percent of the total assessed value of taxable property. At June 30, 2017, the total assessed value of taxable property for the school district was \$284,296,892, which would result in a \$142,148,446 long-term bonded debt limit.

Defeasance of debt

The School Board defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the School Board's financial statements. At June 30, 2017, \$8,245,000 of bonds outstanding are considered defeased and are scheduled to be redeemed by 2018.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

7. Defined Benefit Pension Plans

The Zachary Community School Board is a participating employer in several cost-sharing defined benefit pension plans. These plans are administered by three public employee retirement systems, the Teachers' Retirement System of Louisiana (TRSL), the Louisiana School Employees' Retirement System (LSERS) and the Louisiana State Employees' Retirement System (LASERS). Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of these plans to the State Legislature. Each system is administered by a separate board of trustees and all Systems are component units of the State of Louisiana.

Each of the Systems issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. These reports may be obtained by writing, calling or downloading the reports as follows:

TRSL:
8401 United Plaza Blvd.
P. O. Box 94123
Baton Rouge, Louisiana 70804-9123
(225) 925-6446
www.trsl.org

LSERS:
8660 United Plaza Blvd.
Baton Rouge, LA 70804
(225) 925-6484
www.lasers.net

LASERS
8401 United Plaza Blvd.
P. O. Box 44213
Baton Rouge, Louisiana 70804-4213
(225) 925-0185
www.lasersonline.org

Plan Descriptions:

Teachers' Retirement System of Louisiana (TRSL) is the administrator of a cost-sharing defined benefit pension plan. The plan provides retirement, disability, and survivor benefits to employees who meet the legal definition of a "teacher" as provided for in LRS 11:701. Eligibility for retirement benefits and the calculation of retirement benefits are provided for in LRS 11:761.

Louisiana State Employees' Retirement System (LASERS) administers a cost-sharing defined benefit pension plan to provide retirement, disability, and survivor benefits to eligible state employees and their beneficiaries as defined in LRS 11:411-414. The age and years of creditable service required in order for a member to receive retirement benefits are established by LRS 11:441 and vary depending on the member's hire date, employer and job classification.

Louisiana School Employees' Retirement System (LSERS) is the administrator of a cost-sharing defined benefit pension plan. The plan provides retirement, disability, and survivor benefits to school employees as defined in LRS 11:1002. Eligibility for retirement benefits and the computation of retirement benefits are provided for in LRS 11:1141.

Cost of Living Adjustments

The pension plans in which the School Board participates have the authority to grant cost-of-living adjustments (COLAs) on an ad hoc basis. COLAs may be granted to these systems, (TRSL LSERS, and LASERS) if approved with a two-thirds vote of both houses of the Legislature, provided the plan meets certain statutory criteria related to funded status and interest earnings.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

7. Defined Benefit Pension Plans (continued)

Funding Policy

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee. TRSL also receives a percentage of ad valorem taxes collected by parishes. The parish is not a participating employers in the pension system and is considered to be a nonemployer contributing entity.

Contributions to the plans are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended June 30, 2017, for the School Board and covered employees were as follows:

	School Board	Employees
Teachers' Retirement System:		
Regular Plan	25.50%	8.00%
Plan A	30.70%	9.10%
School Employees' Retirement System	27.30%	7.50%- 8.00%
State Employees' Retirement System	35.80%	7.50% - 8.00%

The contributions made to the Systems for the past three fiscal years, which equaled the required contributions for each of these years, were as follows:

	2017	2016	2015
Teachers' Retirement System:			
Regular Plan	\$ 6,912,649	\$ 7,108,189	\$ 7,811,984
School Employees' Retirement System	265,392	273,963	296,706
State Employees' Retirement System	22,490	22,834	10,856

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

The following schedule lists the School Board's proportionate share of the Net Pension Liability allocated by each of the pension plans for based on the June 30, 2016 measurement date. The School Board uses this measurement to record its Net Pension Liability and associated amounts as of June 30, 2017 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2016 along with the change compared to the June 30, 2015 rate. The School Board's proportion of the Net Pension Liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

7. **Defined Benefit Pension Plans** (continued)

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

	Net Pension Liability at June 30, 2016	Rate at June 30, 2016	Increase (Decrease) to June 30, 2015 Rate
Teachers' Retirement System	\$ 67,460,679	0.5748%	(0.0330)%
School Employees' Retirement System	2,408,948	0.3193%	(0.0308)%
State Employees' Retirement System	247,355	0.0032%	(0.0001)%
	<u>\$ 70,116,982</u>		

The following schedule list each pension plan's recognized pension expense to the School Board for the year ended June 30, 2017:

	Total
Teachers' Retirement System	\$ 5,874,903
School Employees' Retirement System	21,684
State Employees' Retirement System	168,944
	<u>\$ 6,065,529</u>

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

7. Defined Benefit Pension Plans (continued)

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

At June 30, 2017, the School Board reported deferred outflows of resources and deferred inflows of resources related to each pension plan and total from the following sources:

Deferred Outflows:

	<u>TRSL</u>	<u>LSERS</u>	<u>LASERS</u>	<u>Total</u>
Differences between expected and actual experience	\$ -	\$ -	\$ 143	\$ 143
Changes of assumptions	-	57,068	-	57,068
Net difference between projected and actual earnings on pension plan investments	4,910,980	305,173	30,809	5,246,962
Changes in proportion	-	8,824	-	8,824
Differences between contributions and proportionate share of contributions	519,237	1,186	132	520,555
Employer contributions subsequent to the measurement date	6,912,649	265,392	22,490	7,200,531
Total	<u>\$ 12,342,866</u>	<u>\$ 637,643</u>	<u>\$ 53,574</u>	<u>\$ 13,034,083</u>

Deferred Inflows:

	<u>TRSL</u>	<u>LSERS</u>	<u>LASERS</u>	<u>Total</u>
Differences between expected and actual experience	\$ (1,331,862)	\$ (65,738)	\$ (2,294)	\$ (1,399,894)
Changes of assumptions	-	(63,671)	-	(63,671)
Net difference between projected and actual earnings on pension plan investments	-	-	-	-
Changes in proportion	-	(72,027)	(20,861)	(92,888)
Differences between contributions and proportionate share of contributions	(3,919,421)	(1,329)	(4,911)	(3,925,661)
Total	<u>\$ (5,251,283)</u>	<u>\$ (202,765)</u>	<u>\$ (28,066)</u>	<u>\$ (5,482,114)</u>

The School Board reported a total of \$7,200,531 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2016 which will be recognized as a reduction in Net Pension Liability in the year ended June 30, 2017.

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</u>	<u>TRSL</u>	<u>LSERS</u>	<u>LASERS</u>	<u>Total</u>
2018	\$ (871,933)	\$ (67,487)	\$ (12,170)	\$ (951,590)
2019	(871,934)	11,237	(4,134)	(864,831)
2020	1,112,030	137,915	11,973	1,261,918
2021	810,771	87,821	7,349	905,941
	<u>\$ 178,934</u>	<u>\$ 169,486</u>	<u>\$ 3,018</u>	<u>\$ 351,438</u>

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

7. Defined Benefit Pension Plans (continued)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability for each pension plan are as follows:

	TRSL	LSERS	LASERS																		
Valuation Date	June 30, 2016	June 30, 2016	June 30, 2016																		
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal																		
Actuarial Assumptions:																					
Expected Remaining																					
Service Lives	5 years	3 years	3 years																		
Investment Rate of Return	7.75% net of investment expenses	7.125% per annum	7.75% net of investment expenses																		
Inflation Rate	2.5% per annum	2.625% per annum	3.0% per annum																		
Mortality	Mortality rates were projected based on the RP-2000 Mortality Table with projection to 2025 using Scale AA.	Mortality rates based on the RP-2000 Sex Distinct Mortality Table.	Non-disabled members - Mortality rates based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015. Disabled members – Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.																		
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a five year (2008-2012) experience study of the System's members.		Termination, disability, and retirement assumptions were projected based on a five-year (2009-2013) experience study of the System's members.																		
Salary Increases	3.50% - 10.0% varies depending on duration of service	Salary increases were projected based on the 2008-2012 experience study of the Plan's members ranging from 3.075% to 5.375%	Salary increases were projected based on a 2009-2013 experience study of the System's members. The salary increase ranges for specific types of members are:																		
			<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Member Type</th> <th style="text-align: center;">Lower Range</th> <th style="text-align: center;">Upper Range</th> </tr> </thead> <tbody> <tr> <td>Regular</td> <td style="text-align: center;">4.00%</td> <td style="text-align: center;">13.00%</td> </tr> <tr> <td>Judges</td> <td style="text-align: center;">3.00%</td> <td style="text-align: center;">5.50%</td> </tr> <tr> <td>Corrections</td> <td style="text-align: center;">3.60%</td> <td style="text-align: center;">14.50%</td> </tr> <tr> <td>Hazardous Duty</td> <td style="text-align: center;">3.60%</td> <td style="text-align: center;">14.50%</td> </tr> <tr> <td>Wildlife</td> <td style="text-align: center;">3.60%</td> <td style="text-align: center;">14.50%</td> </tr> </tbody> </table>	Member Type	Lower Range	Upper Range	Regular	4.00%	13.00%	Judges	3.00%	5.50%	Corrections	3.60%	14.50%	Hazardous Duty	3.60%	14.50%	Wildlife	3.60%	14.50%
Member Type	Lower Range	Upper Range																			
Regular	4.00%	13.00%																			
Judges	3.00%	5.50%																			
Corrections	3.60%	14.50%																			
Hazardous Duty	3.60%	14.50%																			
Wildlife	3.60%	14.50%																			
Cost of Living Adjustments	The System allows for the payment of ad hoc permanent benefit increases that are funded through investment earnings when recommended by the board of trustees.	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.																		

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

7. Defined Benefit Pension Plans (continued)

Actuarial Assumptions (continued)

The following schedule list the methods used by each of the retirement systems in determining the long term rate of return on pension plan investments:

<u>TRSL</u>	<u>LSERS</u>	<u>LASERS</u>
The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5% and an adjustment for the effect of rebalancing/diversification. The resulting expected long term rate of return was 8.23% for 2016.	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.	The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing /diversification. The expected rate of inflation was 3.25%. The resulting expected long-term rates of return are 8.72% for 2016.

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in each of the Retirement Systems target asset allocations as of June 30, 2016:

<u>Asset Class</u>	<u>Target Allocation</u>			<u>Long-Term Expected Real Rate of Return</u>		
	<u>TRSL</u>	<u>LSERS</u>	<u>LASERS</u>	<u>TRSL</u>	<u>LSERS</u>	<u>LASERS</u>
Cash	-	-	-	-	-	0.24%
Domestic equity	31.0%	51.0%	25.0%	4.50%	3.10%	4.31%
International equity	19.0%	-	32.0%	5.31%	-	5.48%
Domestic fixed income	14.0%	30.0%	8.0%	2.45%	1.82%	1.63%
International fixed income	7.0%	-	6.0%	3.28%	-	2.47%
Alternatives	29.0%	13.0%	22.0%	11.62%	0.79%	7.42%
Global asset allocation	-	-	7.0%	-	-	2.92%
Real assets	-	6.0%	-	-	0.36%	-
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	n/a	6.07%	5.30%
Inflation					<u>2.00%</u>	
Expected Arithmetic Nominal Return					<u>8.07%</u>	

n/a - amount not provided by Retirement System

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

7. **Defined Benefit Pension Plans** (continued)

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for TRSL, LSERS and LASERS was 7.75%, 7.125% and 7.75%, respectively for the year ended June 30, 2016.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the School Board's proportionate share of the Net Pension Liability (NPL) using the discount rate of each Retirement System as well as what the School Board's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by each of the Retirement Systems:

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
TRSL			
Rates	6.75%	7.75%	8.75%
Share of NPL	\$ 84,144,115	\$ 67,460,679	\$ 53,264,203
LSERS			
Rates	6.125%	7.125%	8.125%
Share of NPL	\$ 3,162,277	\$ 2,408,948	\$ 1,763,539
LASERS			
Rates	6.75%	7.75%	8.75%
Share of NPL	\$ 303,899	\$ 247,355	\$ 199,311

Payables to the Pension Plan

The School Board recorded accrued liabilities to each of the Retirement Systems for the year ended June 30, 2017 mainly due to the accrual for payroll at the end of each of the fiscal years. The amounts due are included in liabilities under the amounts reported as accounts, salaries and other payables. The balance due to each for the retirement systems at June 30, 2017 is as follows:

TRSL	\$ 1,455,333
LSERS	27,705
LASERS	<u>5,313</u>
	<u>\$ 1,488,351</u>

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

8. Other Post-Employment Benefits (OPEB)

The School Board provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the School Board's employees become eligible for these benefits if they reach normal retirement age while working for the School Board. These benefits for retirees are provided through an insurance company whose monthly premiums are paid jointly by the retirees and by the School Board.

Plan Description – Zachary Community School Board's medical benefits are provided to employees upon actual retirement.

Most employees are covered by the Teachers' Retirement System of Louisiana (TRSL), whose retirement eligibility provisions are as follows: 30 years of service at any age; age 55 and 25 years of service; or, age 60 and 5 years of service. Employees who first become a member of the retirement system on and after January 1, 2011 must be at least age 60 to receive an unreduced retirement benefit.

Life insurance coverage in varying amounts are provided to retirees based on rates which are blended in broad age categories. The employer pays 100% of the cost of the retiree life insurance based on those rates. Since GASB 45 requires the use of "unblended" rates, we have used the 94GAR mortality table described below to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance. All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance.

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.

Funding Policy – Until 2008, Zachary Community School Board recognized the cost of providing post-employment medical and life insurance benefits (Zachary Community School Board's portion of the retiree medical and life insurance benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2017 and 2016, Zachary Community School Board's portion of health care and life insurance funding cost for retired employees totaled \$1,074,731 and \$999,095, respectively.

Effective July 1, 2008, Zachary Community School Board implemented Government Accounting Standards Board Codification Section P50, *Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions* (GASB Codification Section P50). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

8. Other Post-Employment Benefits (OPEB) (continued)

Annual Required Contribution – Zachary Community School Board’s Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB Codification Section P50. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB Codification Section P50) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

	<u>2017</u>	<u>2016</u>
Normal cost	\$ 1,696,818	\$ 1,693,847
30-year UAL amortization amount	2,175,082	1,937,683
Annual required contribution (ARC)	<u>\$ 3,871,900</u>	<u>\$ 3,631,530</u>

Net Post-employment Benefit Obligation (Asset) – The table below shows Zachary Community School Board’s Net Other Post-employment Benefit (OPEB) Obligation for fiscal years ending June 30:

	<u>2017</u>	<u>2016</u>
Beginning Net OPEB Obligation	\$ 16,699,520	\$ 14,322,456
Annual required contribution	3,871,900	3,631,530
Interest on Net OPEB Obligation	667,981	572,898
ARC Adjustment	<u>(965,735)</u>	<u>(828,269)</u>
OPEB Cost	3,574,146	3,376,159
Contribution to Irrevocable Trust		-
Current year retiree premium	<u>(1,074,731)</u>	<u>(999,095)</u>
Change in Net OPEB Obligation	2,499,415	2,377,064
Ending Net OPEB Obligation	<u>\$ 19,198,935</u>	<u>\$ 16,699,520</u>

The following table shows Zachary Community School Board’s annual other post employment benefits (OPEB) cost, percentage of the cost contributed, and the net other post employment benefits (OPEB) liability:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net OPEB Liability (Asset)</u>
June 30, 2017	\$ 3,574,146	30.07%	\$ 19,198,935
June 30, 2016	\$ 3,376,159	29.59%	\$ 16,699,520

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

8. Other Post-Employment Benefits (OPEB) (continued)

Funded Status and Funding Progress – In 2017 and 2016, Zachary Community School Board made no contributions to its post employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the July 1, 2016 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year June 30, 2017 was \$39,116,061 which is defined as that portion, as determined by a particular actuarial cost method (Zachary Community School Board uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost.

	2017	2016
Actuarial Accrued Liability (AAL)	\$ 39,116,061	\$ 34,846,633
Actuarial Value of Plan Assets (AVP)	-	-
Unfunded Act. Accrued Liability (UAAL)	\$ 39,116,061	\$ 34,846,633
Funded Ratio (AVP/AAL)	0.00%	0.00%
Covered Payroll (active plan members)	\$ 28,850,191	\$ 28,963,599
UAAL as a percentage of covered payroll	135.58%	120.31%

Actuarial Methods and Assumptions – Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by Zachary Community School Board and its employee plan members) at the time of the valuation and on the pattern of sharing costs between Zachary Community School Board and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between Zachary Community School Board and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Cost Method – The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality and turnover.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

8. **Other Post-Employment Benefits (OPEB)** (continued)

Actuarial Value of Plan Assets – There are not any plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Codification Section P50.

Turnover Rate – An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 10%. It has also been assumed that 5% of retirees decline retiree medical coverage.

Post employment Benefit Plan Eligibility Requirements – It is assumed that entitlement to benefits will commence six years after earliest eligibility to retire as described above under the heading "Plan Description". Medical benefits are provided to employees upon actual retirement.

Investment Return Assumption (Discount Rate) – GASB Codification Section P50 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

Health Care Cost Trend Rate – The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5.0% for ten years out and later.

Mortality Rate - The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates, is used. This is a recently published mortality table which has been used in determining the value of accrued benefits in defined benefit pension plans. Projected future mortality improvement has not been used since it is our opinion that this table contains sufficiently conservative margin for the population involved in this valuation.

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 provided are "blended" rates for active and retired. Since GASB 45 requires the use of "unblended" rates, we have used estimated "unblended" rates as follows. The pre-Medicare employer provided rates were determined by adding 30% to the currently prevailing blended rates. The post-Medicare employer provided rates were determined by subtracting 20% from the currently prevailing blended rates.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

8. Other Post-Employment Benefits (OPEB) (continued)

Inflation Rate - Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

Projected Salary Increases - This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

Post-retirement Benefit Increases - The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

Below is a summary of OPEB cost and contributions for the last three fiscal calendar years:

	<u>OPEB Costs and Contributions</u>		
	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
OPEB Cost	\$ 3,278,446	\$ 3,376,159	\$ 3,574,146
Contribution	-	-	-
Retiree premium	<u>925,088</u>	<u>999,095</u>	<u>1,074,731</u>
Total contribution and premium	<u>925,088</u>	<u>999,095</u>	<u>1,074,731</u>
Change in net OPEB obligation	\$ <u>2,353,358</u>	\$ <u>2,377,064</u>	\$ <u>2,499,415</u>
% of contribution to cost	0.00%	0.00%	0.00%
% of contribution plus premium to cost	28.22%	29.59%	30.07%

9. Changes in Agency Deposits Due Others

A summary of changes in agency fund deposits due others for the year ended June 30, 2017, are as follows:

	<u>Balance beginning of year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance end of year</u>
School Activity Agency Fund	\$ <u>1,365,844</u>	\$ <u>4,153,508</u>	\$ <u>(4,209,330)</u>	\$ <u>1,310,022</u>

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

10. Litigation and Claims

Litigation: The School Board is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the School Board's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the School Board.

Grant Disallowances: The School Board participates in a number of state and federally assisted grant programs. The programs are subject to audits under the single audit approach as well as audits conducted by the Louisiana and U.S. Department of Education. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under the terms of the grants.

11. Receivables

Receivables as of June 30, 2017 for the School Board are as follows:

<u>Receivables</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Property taxes	\$ 26,480	\$ 22,067	\$ -	\$ 48,547
Sales taxes	1,712,374	-	-	1,712,374
Due from other governments	7,692	1,304	865,323	874,319
Due from athletics	8,414	-	-	8,414
Gross receivables	<u>\$ 1,754,960</u>	<u>\$ 23,371</u>	<u>\$ 865,323</u>	<u>\$ 2,643,654</u>

At June 30, 2017, all accounts were considered collectible; therefore, no allowance for uncollectible accounts has been established.

12. Disaggregation of Accounts Payable and Accrued Liabilities

Accounts, salaries and other payables as of June 30, 2017, were as follows:

Vendors	\$ 453,887
Salaries and benefits	3,869,153
Unearned revenues – School Food Service	<u>52,914</u>
Total governmental fund encumbrances	<u>\$ 4,375,954</u>

13. Future Accounting Pronouncements

The Governmental Accounting Standards Board recently issued GASB Statement No. 75 *Accounting for Postemployment Benefits*, which supersedes accounting standards that currently exist regarding retiree benefits. Under the new standard, governments recognize a liability for the full amount of actuarially determined accrued benefits less amounts funded into a trust rather than recognizing a liability based upon the difference between funding recommendations and actual contributions, as is currently required. Additionally, the liability will be measured according to more prescriptive requirements. The standard is effective for annual reporting periods beginning after June 15, 2017. The School Board expects that the new standard will have a material negative effect on its net position for the year ended June 30, 2018. However, the amount of the effect is unknown at this time.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

14. Tax Abatement

The Louisiana Industrial Ad Valorem Tax Exemption program (Louisiana Administrative Code, Title 13, Chapter 5) is a state incentive program which abates, up to ten years, local ad valorem taxes on a manufacturer's new investment and annual capitalized additions related to the manufacturing site. Applications to exempt qualified property for five years are approved by the Board of Commerce and Industry. The exemption may be renewed for an additional five years. For the fiscal year ending June 30, 2017, \$6,675,000 in Zachary Community School Board ad valorem tax revenues were abated by the state of Louisiana through the Louisiana Industrial Ad Valorem Tax Exemption program.

15. Appropriations to Charter Schools

Appropriations to Type 2 Charter Schools during the year ended June 30, 2017 were as follows:

	<u>General Fund</u>
Type 2 Charter Schools	
Madison Prep	\$ 13,400
Louisiana Key Academy	32,160
Impact Charter	32,160
Advantage Charter Academy	85,760
Laurel Oaks	5,360
Apex Collegiate Academy	5,360
Louisiana Virtual Charter Academy	41,004
University View Academy	<u>118,188</u>
Total Type 2 Charter School Appropriations	<u>\$ 333,392</u>

16. Subsequent Events

On July 6, 2017, the School Board issued \$8,815,000 of General Obligation School Refunding Bonds, Series 2017 for the purpose of the current refunding of the School Board's \$9.14 million General Obligation School Bonds, Series 2009. Interest rates on the Series 2017 bond ranges from 2.0% - 4.0%, whereas interest rates on the Series 2009 bond ranged from 4.0% - 4.70%. The bond payments are due on March 1 beginning in 2020 through 2029.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

SCHEDULE OF SCHOOL BOARD'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY FOR THE RETIREMENT SYSTEMS
FOR THE YEAR ENDED JUNE 30, 2017 (*)

<u>Pension Plan</u>	<u>Year</u>	<u>Employer's Proportion of the Net Pension Liability (Asset)</u>	<u>Employer's Share of the Net Pension Liability (Asset)</u>	<u>Employer's Covered- Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
Teachers Retirement System of Louisiana						
	2017	0.5748%	\$ 67,460,679	\$ 26,154,838	257.9281%	59.90%
	2016	0.5925%	63,704,340	27,615,971	230.6793%	62.50%
	2015	0.6255%	63,931,493	26,038,407	245.5277%	63.70%
Louisiana School Employees Retirement System						
	2017	0.3193%	2,408,948	915,161	263.2267%	70.09%
	2016	0.3174%	2,012,592	976,608	206.0798%	74.49%
	2015	0.3481%	2,018,127	1,044,536	193.2080%	76.18%
Louisiana State Employees Retirement System						
	2017	0.0032%	247,355	61,382	402.9764%	57.70%
	2016	0.0035%	240,433	67,652	355.3967%	62.70%
	2015	0.0037%	229,606	58,876	389.9823%	65.00%

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

(*) The amounts presented have a measurement date of the previous fiscal year end.

The three Retirement Systems reported in this schedule are as follows:

TRSL = Teachers' Retirement System of Louisiana

LSERS = Louisiana School Employees' Retirement System

LASERS = Louisiana State Employees' Retirement System

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO THE RETIREMENT SYSTEMS
FOR THE YEAR ENDED JUNE 30, 2017

<u>Pension Plan:</u>	<u>Year</u>	<u>Contractually Required Contribution¹</u>	<u>Contributions in Relation to Contractually Required Contribution²</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll³</u>	<u>Contributions as a % of Covered Employee Payroll</u>
Teachers Retirement System of Louisiana						
	2017	\$ 6,912,649	\$ 6,912,649	\$ -	\$ 26,250,883	26.3330%
	2016	7,108,189	7,108,189	-	26,154,838	27.1773%
	2015	7,811,984	7,811,984	-	27,615,971	28.2879%
Louisiana School Employees Retirement System						
	2017	265,392	265,392	-	989,185	26.8294%
	2016	273,963	273,963	-	915,161	29.9360%
	2015	296,706	296,706	-	976,608	30.3813%
Louisiana State Employees Retirement System						
	2017	22,490	22,490	-	70,057	32.1024%
	2016	22,834	22,834	-	61,382	37.1998%
	2015	10,956	10,956	-	67,652	16.1946%

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

For reference only:

¹ Employer contribution rate multiplied by employer's covered employee payroll

² Actual employer contributions remitted to Retirement Systems

³ Employer's covered employee payroll amount for each of the fiscal year ended June 30

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017

Changes of Benefit Terms include:

Teachers Retirement System of Louisiana

There were no changes of benefit terms for the year ended June 30, 2017 and 2016.

Louisiana School Employees Retirement System

There were no changes of benefit terms for the year ended June 30, 2017 and 2016.

Louisiana State Employees' Retirement System

There were no changes of benefit terms for the year ended June 30, 2017 and 2016.

Changes of Assumptions

Teachers Retirement System of Louisiana

There were no changes of benefit assumptions for the years ended June 30, 2017 and 2016.

Louisiana School Employees Retirement System

The following changes in actuarial assumptions for each year are as follows:

Discount Rate:

<u>Year(*)</u>	<u>Rate</u>	<u>Change</u>
2017	7.125%	0.125%
2016	7.000%	-0.250%
2015	7.250%	

Inflation Rate:

<u>Year(*)</u>	<u>Rate</u>	<u>Change</u>
2017	2.625%	-0.125%
2016	2.750%	

Salary Increases:

<u>Year(*)</u>	<u>Range</u>
2017	3.075% to 5.375%
2016	3.200% to 5.500%

(*) The amounts presented have a measurement date of the previous fiscal year end.

Louisiana State Employees' Retirement System

There were no changes of benefit assumptions for the years ended June 30, 2017 and 2016.

ZACHARY COMMUNITY SCHOOL BOARD

ZACHARY, LOUISIANA

SCHEDULE OF FUNDING PROGRESS FOR OTHER POST-EMPLOYMENT BENEFIT PLAN

JUNE 30, 2017

<u>Actuarial Valuation Date</u>	<u>(a) Actuarial Value of Assets</u>	<u>(b) Actuarial Accrued Liability (AAL)</u>	<u>(b-a) Unfunded AAL (UAAL)</u>	<u>(a/b) Funded Ratio</u>	<u>(c) Covered Payroll</u>	<u>((b-a/c) UAAL as a Percentage of Covered Payroll</u>
7/1/2008	\$ -	\$ 12,923,826	\$ 12,923,826	0%	\$ 25,529,448	51%
7/1/2009	\$ -	\$ 13,978,410	\$ 13,978,410	0%	\$ 28,096,741	50%
7/1/2010	\$ -	\$ 18,874,005	\$ 18,874,005	0%	\$ 28,884,893	65%
7/1/2011	\$ -	\$ 19,600,885	\$ 19,600,885	0%	\$ 25,525,822	77%
7/1/2012	\$ -	\$ 29,415,654	\$ 29,415,654	0%	\$ 28,918,322	102%
7/1/2013	\$ -	\$ 30,592,280	\$ 30,592,280	0%	\$ 29,120,943	105%
7/1/2014	\$ -	\$ 33,506,378	\$ 33,506,378	0%	\$ 29,918,186	112%
7/1/2015	\$ -	\$ 34,846,633	\$ 34,846,633	0%	\$ 28,963,599	120%
7/1/2016	\$ -	\$ 39,116,061	\$ 39,116,061	0%	\$ 28,850,191	136%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Fiscal Year Ending</u>	<u>Annual Required Contribution</u>	<u>Amount Contributed</u>	<u>Percentage of Annual OPEB Costs Contributed</u>
6/30/2009	\$ 1,781,767	\$ 84,082	4.72%
6/30/2010	1,853,038	141,942	7.66%
6/30/2011	2,119,652	308,147	14.54%
6/30/2012	2,204,438	332,799	15.10%
6/30/2013	3,153,505	546,708	17.34%
6/30/2014	3,279,645	590,445	18.00%
6/30/2015	3,491,856	925,088	26.49%
6/30/2016	3,631,530	999,095	27.51%
6/30/2017	3,871,900	1,074,731	27.76%

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

MAJOR FUND DESCRIPTION

GENERAL FUND

The General Fund is used to account for resources traditionally associated with the School Board which are not required legally or by sound financial management to be accounted for in another fund.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2017

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Local sources:				
Taxes:				
Ad valorem taxes	\$ 10,769,589	\$ 10,824,112	\$ 10,701,330	\$ (122,782)
Sales and use tax	9,690,000	11,000,000	11,677,757	677,757
Earnings on investments	250,000	250,000	(72,592)	(322,592)
Extended Day Program tuition	325,000	325,000	479,384	154,384
Other	660,341	540,341	626,263	85,922
State sources:				
Unrestricted grants-in-aid, MFP	30,487,456	31,189,820	31,120,032	(69,788)
Restricted grants-in-aid	15,930	116,884	1,949	(114,935)
Other	82,144	247,056	258,520	11,464
Federal sources:				
Restricted grants-in-aid - direct	60,493	60,493	62,858	2,365
Restricted grants-in-aid- subgrants	-	60,000	60,010	10
TOTAL REVENUES	<u>52,340,953</u>	<u>54,613,706</u>	<u>54,915,511</u>	<u>301,805</u>
EXPENDITURES				
Current:				
Instruction:				
Regular education programs	22,444,581	22,973,617	22,186,662	786,955
Special education programs	5,640,484	5,644,166	5,158,701	485,465
Other education programs	3,516,922	3,562,567	3,590,805	(28,238)
Support services:				
Pupil support services	2,676,167	2,676,167	2,553,278	122,889
Instructional staff services	1,973,728	2,023,573	2,027,776	(4,203)
General administration services	1,073,037	1,097,732	1,040,127	57,605
School administration services	3,056,714	3,056,714	2,968,396	88,318
Business and central services	1,978,672	1,985,145	1,791,234	193,911
Plant operation and maintenance	5,758,839	6,150,164	5,624,286	525,878
Transportation	3,890,655	3,934,755	3,632,843	301,912
Non-Instructional services:				
Food service	100,302	109,652	109,984	(332)
Appropriations - charter schools	264,802	340,500	333,392	7,108
Facility acquisition and construction	-	44,625	44,625	-
Debt service:				
General administration	26,050	26,050	-	26,050
TOTAL EXPENDITURES	<u>52,400,953</u>	<u>53,625,427</u>	<u>51,062,109</u>	<u>2,563,318</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(60,000)</u>	<u>988,279</u>	<u>3,853,402</u>	<u>2,865,123</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	60,000	135,000	34,393	(100,607)
Operating transfers out	-	(400,000)	(224,522)	175,478
TOTAL OTHER FINANCING SOURCES (USES)	<u>60,000</u>	<u>(265,000)</u>	<u>(190,129)</u>	<u>74,871</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>-</u>	<u>723,279</u>	<u>3,663,273</u>	<u>2,939,994</u>
Fund balance, June 30, 2016	12,930,007	15,206,137	15,206,137	-
FUND BALANCE, JUNE 30, 2017	<u>\$ 12,930,007</u>	<u>\$ 15,929,416</u>	<u>\$ 18,869,410</u>	<u>\$ 2,939,994</u>

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NON-MAJOR FUND DESCRIPTIONS

Special Revenue Funds:

Title I

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 materials, equipment and parental involvement.

Special Education

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

Preschool Grant is a federally-funded program designed to provide special education and related services and to develop a statewide comprehensive delivery system for children with disabilities from birth to five years of age.

Believe and Include is a federally funded program designed to assist states in developing innovative programs that help students with disabilities achieve proficiency of the more rigorous Common Core Standards.

Education for Economic Security Act - Title II

Education for Economic Security Act - Title II 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.

Vocational Education (Carl Perkins)

Vocational Education is a federally-funded program restricted to expenditures for salaries, supplies, and equipment to be used in vocational education programs.

State Grants

The State Grants Fund is used to account for special grants received from various departments of the State of Louisiana.

Exxon

Grants received from EXXON Mobil Corporation to be used for purchase of materials, supplies, and professional services in support of education of students.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NON-MAJOR FUND DESCRIPTIONS

TANF

Starting Points/Early Childhood Development provides full day, before and after school preschool instruction and care for at-risk four-year old students.

School Food Service Fund

The School Food Service Fund includes lunch and breakfast and is used to account for the operations of the school food service programs in the parish school system during the regular school term. The basic goals of the school food service programs are to serve nutritionally adequate, attractive and moderately priced meals, to help children grow socially and emotionally, to extend educational influences to the homes of school children, and to provide learning experiences that will improve children's eating habits with the ultimate goal of physically fit adults.

Donations

The Donations fund is used to account for funds donated to the Zachary Community School Board by individuals or businesses to be used as deemed necessary to assist students and schools.

Extended Day Tuition

The Extended Day Fund is used to record revenue from parents for before and after care for elementary students and to record the associated expenditures.

Math Science Partnership Projects (MSP)

The purpose of the Math Science Partnership Projects established under Title II, Part B of NCLB Act of 2001 is to assist districts as they create opportunities for enhanced and ongoing professional development for mathematics and science teachers.

Mentor Network Fund

Mentor networks help all high school students learn more about the adult world of work, and can be used by teachers of all disciplines to help enrich their students' learning experiences.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
FOR THE YEAR ENDED JUNE 30, 2017

	Special Revenue Fund				
	Title I	Special Education	Title II	Voc Ed	State Grants
<u>Assets</u>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables	264,672	269,020	92,383	25,410	43,310
Prepays	-	-	-	-	-
Inventory	-	-	-	-	-
Total assets	\$ 264,672	\$ 269,020	\$ 92,383	\$ 25,410	\$ 43,310
<u>Liabilities and Fund Balance</u>					
Liabilities:					
Salaries, payroll deductions, and expenses payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	264,672	269,020	92,383	25,410	18,371
Total liabilities	264,672	269,020	92,383	25,410	18,371
Fund balance:					
Nonspendable	-	-	-	-	-
Restricted for other purposes	-	-	-	-	24,939
Total fund balance	-	-	-	-	24,939
Total liabilities and fund balance	\$ 264,672	\$ 269,020	\$ 92,383	\$ 25,410	\$ 43,310

(continued)

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
FOR THE YEAR ENDED JUNE 30, 2017

<u>Assets</u>	Special Revenue Fund			
	Exxon	TANF	School Food Service	Donations
Cash and cash equivalents	\$ 548	\$ -	\$ 487,109	\$ 7,308
Receivables	-	149,736	-	-
Prepays	-	-	-	150
Inventory	-	-	72,113	-
Total assets	\$ 548	\$ 149,736	\$ 559,222	\$ 7,458
 <u>Liabilities and Fund Balance</u>				
Liabilities:				
Salaries, payroll deductions, and expenses payable	\$ -	\$ -	\$ 52,944	\$ -
Due to other funds	-	149,736	244,670	-
Total liabilities	-	149,736	297,614	-
 Fund balance:				
Nonspendable	-	-	72,113	150
Restricted for other purposes	548	-	189,495	7,308
Total fund balance	548	-	261,608	7,458
Total liabilities and fund balance	\$ 548	\$ 149,736	\$ 559,222	\$ 7,458

(continued)

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
FOR THE YEAR ENDED JUNE 30, 2017

<u>Assets</u>	Special Revenue Fund			
	Extended Day			Mentor
	Tuition	MSP Project	Network	Total
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 494,965
Receivables	-	20,792	-	865,323
Prepays	-	-	-	150
Inventory	-	-	-	72,113
Total assets	\$ -	\$ 20,792	\$ -	\$ 1,432,551
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Salaries, payroll deductions, and expenses payable	\$ -	\$ -	\$ -	\$ 52,944
Due to other funds	-	20,744	-	1,085,006
Total liabilities	-	20,744	-	1,137,950
Fund balance:				
Nonspendable	-	-	-	72,263
Restricted for other purposes	-	48	-	222,338
Total fund balance	-	48	-	294,601
Total liabilities and fund balance	\$ -	\$ 20,792	\$ -	\$ 1,432,551
				(concluded)

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017

	Special Revenue Fund				
	Title I	Special Education	Title II	Voc Ed	State Grants
Revenues					
Local sources:					
Food sales	\$ -	\$ -	\$ -	\$ -	\$ -
Earnings on investments	-	-	-	-	-
Other	-	-	-	-	-
State sources:					
Unrestricted grants-in-aid	-	-	-	-	42,572
Restricted grants-in-aid	-	-	-	-	151,071
Federal sources:					
Restricted grants-in-aid - subgrants	552,612	750,290	248,759	39,553	-
Commodities - United States					
Department of Agriculture	-	-	-	-	-
Total revenues	<u>552,612</u>	<u>750,290</u>	<u>248,759</u>	<u>39,553</u>	<u>193,643</u>
Expenditures					
Instruction:					
Regular education programs	360,302	-	217,241	-	31,338
Special education programs	-	271,031	-	-	-
Other education programs	119,583	32	-	39,553	133,194
Support services:					
Pupil support services	5,335	64,808	-	-	-
Instructional staff services	48,130	357,344	22,920	-	-
Business and central services	-	5,924	-	-	-
Transportation	-	47,293	-	-	20,500
Non-Instructional Services:					
School food service	-	-	-	-	-
Total expenditures	<u>533,350</u>	<u>746,432</u>	<u>240,161</u>	<u>39,553</u>	<u>185,032</u>
Excess (deficiency) of revenues over expenditures	<u>19,262</u>	<u>3,858</u>	<u>8,598</u>	<u>-</u>	<u>8,611</u>
Other financing uses					
Operating transfers out	(19,262)	(3,858)	(8,598)	-	-
Operating transfers in	-	-	-	-	-
Total other sources (uses)	<u>(19,262)</u>	<u>(3,858)</u>	<u>(8,598)</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,611</u>
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,328</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,939</u>

(continued)

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017

	Special Revenue Fund			
	Exxon	TANF	School Food Service	Donations
Revenues				
Local sources:				
Food sales	\$ -	\$ -	\$ 585,320	\$ -
Earnings on investments	-	-	2,240	-
Other	-	-	-	-
State sources:				
Unrestricted grants-in-aid	-	-	156,999	-
Restricted grants-in-aid	-	207,935	-	-
Federal sources:				
Restricted grants-in-aid - subgrants	-	240,960	1,584,678	-
Commodities - United States				
Department of Agriculture	-	-	141,734	-
Total revenues	-	448,895	2,470,971	-
Expenditures				
Instruction:				
Regular education programs	50	-	-	-
Special education programs	-	-	-	-
Other education programs	-	448,895	-	-
Support services:				
Pupil support services	-	-	-	-
Instructional staff services	-	-	-	-
Business and central services	-	-	-	-
Transportation	-	-	-	-
Non-Instructional Services:				
School food service	-	-	2,550,655	-
Total expenditures	50	448,895	2,550,655	-
Excess (deficiency) of revenues over expenditures	(50)	-	(79,684)	-
Other financing uses				
Operating transfers out	-	-	-	-
Operating transfers in	-	-	223,646	-
Total other sources (uses)	-	-	223,646	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	(50)	-	143,962	-
Fund balance at beginning of year	598	-	117,646	7,458
Fund balance at end of year	\$ 548	\$ -	\$ 261,608	\$ 7,458

(continued)

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017

	Special Revenue Fund			Total
	Extended Day Tuition	MSP Project	Mentor Network	
Revenues				
Local sources:				
Food sales	\$ -	\$ -	\$ -	\$ 585,320
Earnings on investments	-	-	-	2,240
Other	301,874	-	-	301,874
State sources:				
Unrestricted grants-in-aid	-	-	-	199,571
Restricted grants-in-aid	-	-	-	359,006
Federal sources:				
Restricted grants-in-aid - subgrants	-	130,293	-	3,547,145
Commodities - United States				
Department of Agriculture	-	-	-	141,734
Total revenues	301,874	130,293	-	5,136,890
Expenditures				
Instruction:				
Regular education programs	-	5,420	629	614,980
Special education programs	-	-	-	271,031
Other education programs	301,874	-	7	1,043,138
Support services:				
Pupil support services	-	-	-	70,143
Instructional staff services	-	122,390	-	550,784
Business and central services	-	-	-	5,924
Transportation	-	-	-	67,793
Non-Instructional Services:				
School food service	-	-	-	2,550,655
Total expenditures	301,874	127,810	636	5,174,448
Excess (deficiency) of revenues over expenditures	-	2,483	(636)	(37,558)
Other financing uses				
Operating transfers out	-	(2,435)	-	(34,153)
Operating transfers in	-	-	636	224,282
Total other sources (uses)	-	(2,435)	636	190,129
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	48	-	152,571
Fund balance at beginning of year	-	-	-	142,030
Fund balance at end of year	\$ -	\$ 48	\$ -	\$ 294,601

(concluded)

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

SCHEDULE OF BOARD MEMBERS' COMPENSATION

FOR THE YEAR ENDED JUNE 30, 2017

David Dayton	\$ 6,000
Gwen Fuselier	1,250
Brandy Westmoreland	4,500
Donna Grice	6,000
Marty Hughes	6,000
Elizabeth ' Beth" Kimmell	6,000
Hubert Owen	6,000
Heidi Vessel	6,000
Donna Ann Watkins	6,000
Gaynell Young	6,000
Total	\$ <u>53,750</u>

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO THE SUPERINTENDENT

Superintendent: Vernon Scott Devillier

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 157,997
Benefits:	
Group Insurance	8,932
Retirement – Employer Portion	42,890
Medicare – Employer Portion	2,535
Disability/Life Insurance Policy	466
Car Allowance	10,400
Incentive Pay	10,200
	<u>\$ 233,420</u>



Postlethwaite & Netterville

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

Zachary Community School Board
Zachary, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Zachary Community School Board (the School Board) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements, and have issued our report thereon dated December 29, 2017.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency. See finding 2017-001.



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Compliance and Other Matters

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

The School Board's Response to the Finding

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 29, 2017



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

Board Members
Zachary Community School Board
Zachary, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Zachary Community School Board's (the School Board) compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the School Board's major federal programs for the year ended June 30, 2017. The School Board's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the School Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

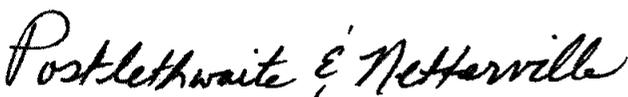
Management of the School Board is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Board's internal control over compliance with the types of requirements that could have a direct and material effect on 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 Board's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-002 that we consider to be a significant deficiency.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Baton Rouge, Louisiana
December 29, 2017

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

<u>Federal Grantor/ Pass-Through Grantor/ Program Name</u>	<u>Grantor Project Number</u>	<u>CFDA Number</u>	<u>Expenditures 2017</u>
<u>UNITED STATES DEPARTMENT OF AGRICULTURE</u>			
Passed through Louisiana Department of Agriculture and Forestry - Food Distribution	LDE/103-63	10.555 ¹	\$ 141,734
Passed through Louisiana Department of Education:			
National School Lunch Program	LDE/103-63	10.555 ¹	1,235,387
National School Breakfast Program	LDE/103-63	10.553 ¹	349,291
Subtotal			<u>1,726,412</u>
<u>UNITED STATES DEPARTMENT OF EDUCATION</u>			
Passed through Louisiana Department of Education:			
Title I - Grants to Local Educational Agencies	28-15-T1-67	84.010A	552,612
Special Education, IDEA	28-15-B1-67	84.027A ²	740,636
IDEA - Preschool	28-15-P1-67	84.173A ²	9,654
Vocational Education (Carl Perkins)	28-15-02-67	84.048A	39,553
Title II - Part A, Teacher & Principal Training & Recruiting	28-15-50-67	84.367A	248,759
Math and Science Partership	28-14-MP-67	84.366A	130,293
Subtotal			<u>1,721,507</u>
<u>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN RESOURCES</u>			
Temporary Assistance for Needy Families	28-15-36-67	93.558 ³	240,960
			<u>240,960</u>
<u>UNITED STATES DEPARTMENT OF HOMELAND SECURITY</u>			
Passed through Louisiana Governor's Office of Homeland Security and Emergency Preparedness:			
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	FEMA-DR-4277	97.036	60,010
			<u>60,010</u>
<u>UNITED STATES DEPARTMENT OF DEFENSE</u>			
ROTC - Navy Junior Reserve Officers Training Program - (Direct Funding)	n/a	12.U01	62,858
			<u>62,858</u>
 Total Expenditures			 \$ <u>3,811,747</u>

¹ Child nutrition cluster = \$1,726,412

² Special education cluster (IDEA) = \$750,290

³ TANF cluster = \$240,960

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Zachary Community School Board and is presented on the modified 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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

NOTE B – NONMONETARY ASSISTANCE

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. The School Board received \$141,734 of commodities during the year ended June 30, 2017. At June 30, 2017, the School Board had food commodities totaling \$72,113 in inventory.

NOTE C – RECONCILIATION TO FINANCIAL STATEMENTS

Total Federal Award Expenditures per schedule	\$ <u>3,811,747</u>
---	---------------------

Total federal revenue per the Statement of Revenues, Expenditures and Changes in Fund Balance for the year ended June 30, 2017 are reported in the revenue accounts as follows:

General Fund – Restricted grants-in-aid-direct	\$ 62,858
General Fund – Restricted grants-in-aid-sub grants	60,010
Other Governmental Funds:	
Restricted grants-in-aid-sub grants	3,547,145
Commodities	<u>141,734</u>
	\$ <u>3,811,747</u>

NOTE D – DE MINIMUS COST RATE

During the year ended June 30, 2017, the School Board did not elect to use the 10% de minimus cost rate as covered in §200.414 of the Uniform Guidance.

NOTE E – AMOUNTS PASSED THROUGH TO SUBRECIPIENTS

During the year ended June 30, 2017, the School Board did not pass through any federal funding to subrecipients.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

A. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

- Material weakness(es) identified? _____ yes x no
- Significant deficiencies identified that are not considered to be material weaknesses? x yes _____ none reported

Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes x no
- Significant deficiencies identified that are not considered to be material weaknesses? x yes _____ 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 2 CFR §200.516(a)? _____ yes x no

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

84.027A

Special Education Cluster (IDEA):

Special Education, IDEA

84.173A

IDEA - Preschool

93.558

TANF Cluster:

Temporary Assistance for Needy Families

The threshold for distinguishing types A & B programs was program expenditures exceeding \$750,000.

- Zachary Community School Board was determined to be a low-risk auditee.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2017-001) Internal Control over Bank Reconciliation Preparation

Criteria: Internal control over financial reporting should include policies and procedures that ensure controls over cash accounts provide for these records to be reconciled on a regular basis to ensure accuracy. Reconciliations should be prepared using the bank balance and the balance per the general ledger, and all reconciling items should be researched promptly so that corrective action may be taken, where necessary, to dispose of them.

Condition: In performing audit procedures over bank reconciliations, we noted that the General Fund bank reconciliation did not properly reconcile from October 2016 through June 2017. Through further investigation by management, it was noted that certain deposits were posted to the incorrect month in October 2016, which created reconciling differences that delayed the timeliness of the completion of the reconciliations for all months subsequent to October 2016 until just after fiscal year end.

Cause: The transition at the accountant position caused certain deposits to be dated incorrectly in the general ledger, which delayed the bank account reconciliations.

Effect: The School Board has a significant deficiency in their internal control over bank reconciliation preparation. Incorrect deposit posting and failure to timely prepare bank reconciliations could affect the accuracy of internal financial reports, which could impact management's ability to manage and monitor the financial position of the School Board.

Recommendation: All bank accounts should be reconciled and any differences between book and bank balances should be investigated on a timely basis by appropriate accounting personnel so that errors and adjustments can be quickly identified and corrected.

View of Responsible Official:

The School District Accountant will perform the bank reconciliation on a regular monthly basis. The bank reconciliations are being reviewed by the Business Manager each month for accuracy and any discrepancies are investigated and reconciled.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

2017 – 002) Reporting – Internal Controls

93.558 Temporary Assistance for Needy Families Cluster #28-15-36-67

84.027A/84.173A Special Education Cluster #28-15-B1-67 and #28-15-P1-67

Questioned Costs: None.

Criteria: In accordance with grant terms, funds passed through from the Louisiana Department of Education (LDOE) are received on a reimbursement-basis. All expenses must be incurred prior to the request for funding, and the School Board is required to maintain documentary evidence that supports the reimbursement requests.

In accordance with reporting compliance requirements described at 2 CFR section 200.305, the School Board is required to submit reimbursement requests to the LDOE on a periodic basis, which is typically monthly. The Uniform Guidance requires that a system of internal controls must be in place to ensure the School Board's compliance with this reporting requirement.

Universe/
Population Size: Not applicable.

Sample Size: Not applicable.

Condition(s): During our audit procedures, we noted that a detailed review and approval of requests for reimbursement prior to its submission to the LDOE was not performed. The accountant prepares reimbursement requests from general ledger detail; however, no separate detail review is performed after the request is completed. While the Superintendent signs off on the reimbursement request upon submission, this is not a detailed review that the information is correctly stated in the proper categories.

Management has underlying controls that they believed to be sufficient to ensure accuracy of reimbursement requests; however, these controls could not detect human error in preparation. All disbursements are reviewed/approved for allowable costs, and reimbursement requests are prepared directly from general ledger activity. However, a review of what is included on the submitted reimbursement request is not performed in reliance on these underlying controls.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT
(continued)

2017 – 002) Internal Controls over Reporting (continued)

93.558 Temporary Assistance for Needy Families Cluster #28-15-36-67

84.027A/84.173A Special Education Cluster #28-15-B1-67 and #28-15-P1-67

Cause: Management does not have a documented process for a detailed review and approval of reimbursement requests prior to submission.

Effect: The School Board lacks internal controls over cash management reporting that would allow them to detect and correct material errors that would cause them to be non-compliant with Federal award terms.

Recommendation: The School Board should develop and implement policies and procedures over all reporting requirements, specifically reimbursement requests, to ensure that all reports required by the grant terms are reviewed and approved prior to submission.

Repeat Finding: No.

View of Responsible Official:

The School District has documented the procedure for all requests for reimbursement being reviewed by the Business Manager prior to submission to LDOE for payment.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2016-001) Internal Control over Financial Statement Preparation

Criteria: A system of internal controls over financial reporting should be established to ensure that policies and procedures exist over the School Board's ability to initiate, record, process, and report financial data consistent with the assertions embodied in the annual financial statements, which for the School Board, is that the financial statements are prepared in accordance with generally accepted accounting principles (GAAP); as well as, reconciliations of key balance sheet accounts in the general ledger to supporting information and schedules.

Condition: We assisted management in drafting the year-end financial statements, related note disclosures, and the schedule of federal awards required for the year-end financial reporting and the recording of the transactions to reconcile certain asset and liability accounts at year-end. A working trial balance and general ledger support were provided to assist in this preparation. However, during our audit we noted that several balance sheet accounts required adjustment in order for them to properly reflect end of year balances. This included the following accounts: accounts receivable, retainage payable and unearned revenues. We also assisted management with certain reclassification entries for investments and long-term debt. The fact that our role is a key part of the preparation of the financial statements in accordance with generally accepted accounting principles (GAAP) is an indication that the internal control over year-end GAAP financial statements by the School Board's personnel is not sufficient.

Cause: The transition at the business manager position and other changes within the accounting department as well as the August 2016 flooding caused delays in the year-end closeout of the financial statements.

Effect: The School Board has a significant deficiency in their internal control over financial reporting.

Recommendation: The School Board should take a more in-depth role in the understanding of the information necessary in the drafting of financial statements and related notes to the financial statements, as well as adjustments.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS

B. FINDINGS – FINANCIAL STATEMENT AUDIT (continued)

2016-001) Internal Control over Financial Statement Preparation (continued)

View of Responsible Official:

The School District has re-staffed its accounting department with qualified staff after the Great Flood of 2016. Key personnel are in place to ensure timely reporting of the financial statements in preparation for the fiscal year end 2016-17 audit.

Current Status: Resolved

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

**Independent Accountants' Report
On Applying Agreed-Upon Procedures**

To the Members of the
Zachary Community School Board
and the Louisiana Legislative Auditor

Page 1 of 5

We have performed the procedures enumerated below, which were agreed to by the management of Zachary Community School Board, and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of the Zachary Community School Board for the fiscal year ended June 30, 2017; 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) Bulletin, in compliance with Louisiana Revised Statute 24:514.1. Management of the Zachary Community School Board is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings relate to the accompanying schedules of performance and statistical data and are as follows:

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

Procedure #1:

We selected a sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:

- Total General Fund Instructional Expenditures,
- Total General Fund Equipment Expenditures,
- Total Local Taxation Revenue,
- Total Local Earnings on Investment in Real Property,
- Total State Revenue in Lieu of Taxes,
- Nonpublic Textbook Revenue, and
- Nonpublic Transportation Revenue.



Results of procedure #1:

In performing the testing on the sample of expenditures/revenues, we noted no transactions that were inappropriately classified or were recorded at an inappropriate amount.

Education Levels of Public School Staff (Schedule 2)

Procedure #2

We reconciled the total number of full-time classroom teachers per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (Schedule 4) to the combined total number of full-time classroom teachers per this schedule and to school board supporting payroll records as of October 1st.

Results of Procedure #2:

No differences were noted between the number of full-time classroom teachers per schedule 4 and schedule 2, nor between the schedules and the October 1st payroll records.

Procedure #3

We reconciled the combined total of principals and assistant principals per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (Schedule 4) to the combined total of principals and assistant principals per this schedule and to school board supporting payroll records as of October 1st.

Results of Procedure #3

No differences were noted between the number of principals and assistant principals per schedule 4 and schedule 2, nor between the schedules and the October 1st payroll records.

Procedure #4

We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1st and as reported on the schedule. We traced a sample of 25 teachers to the individual's personnel file and determined if the individual's education level was properly classified on the schedule.

Results of Procedure #4:

In our sample of 25 employees, no discrepancies existed between the aforementioned listing and the schedule.

Number and Type of Public Schools (Schedule 3)

Procedure #5

We obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the Title 1 Grants to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555) application.



Results of Procedure #5:

We noted no discrepancies between the schools as listed in the National School Lunch Program application and the list supporting the schools represented in the schedule.

Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers

(Schedule 4)

Procedure #6

We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1st and as reported on the schedule and traced the same sample used in procedure #4 to the individual's personnel file and determined if the individual's experience was properly classified on the schedule.

Results of Procedure #6:

In our sample of 25 employees, the experience levels of the principals and assistant principals on the aforementioned listing agreed to the schedule.

Public School Staff Data: Average Salaries (Schedule 5)

Procedure #7

We obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalent as reported on the schedule and traced a random sample of 25 teachers to the individual's personnel file and determined if the individual's salary, extra compensation, and full-time equivalents were properly included on the schedule.

Results of Procedure #7:

In our sample of 25, we determined that all compensation was properly included in the schedule.

Procedure #8

We recalculated the average salaries and full-time equivalents reported in the schedule.

Results of Procedure #8:

We noted no differences in the averages reported on the schedule and our calculations.

Class Size Characteristics (Schedule 6)

Procedure #9

We obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to schedule 3 data, as obtained in procedure #5. We then traced a random sample of 10 classes to the October 1st roll books for those classes and determined if the class was properly classified on the schedule.

Results of Procedure #9

Of the 10 classes selected, we noted the following differences in 2 classes between the roll book counts and the number reported in Schedule 6:

Number of Students Reported	Roll Book Counts	Difference
24	23	1
29	26	3

Louisiana Educational Assessment Program (LEAP) (Schedule 7)

Procedure #10

We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the Zachary Community School Board.

Results of Procedure #10:

No differences were noted.

The Graduation Exit Exam (Schedule 8)

The Graduation Exit Examination (GEE) is no longer administered. This schedule is no longer applicable.

The iLeap Tests (Schedule 9)

Procedure #11

We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the Zachary Community School Board.

Results of Procedure #11

No differences were 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.

This report is intended solely for the use of management of Zachary Community School Board and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Postlethwaite & Netterville
December 29, 2017

ZACHARY COMMUNITY SCHOOL BOARD

ZACHARY, LOUISIANA

DESCRIPTION OF SCHEDULES

Schedules Required by State Law (R.S. 24:514 - Performance and Statistical Data)

As of and for the Year Ended June 30, 2017

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

This schedule includes general fund instructional and equipment expenditures. It also contains local taxation revenue, earnings on investments, revenue in lieu of taxes, and nonpublic textbook and transportation revenue. This data is used either in the Minimum Foundation Program (MFP) formula or is presented annually in the MFP 70% Expenditure Requirement Report.

Schedule 2 - Education Levels of Public School Staff

This schedule includes the certificated and uncertificated number and percentage of full-time classroom teachers and the number and percentage of principals and assistant principals with less than a Bachelor's; Master's; Master's +30; Specialist in Education; and Ph. D or Ed. D. degrees. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 3 - Number and Type of Public Schools

This schedule includes the number of elementary, middle/junior high, secondary and combination schools in operation during the fiscal year. This data is currently reported to the Legislature in the Annual Financial Statistical Report (AFSR).

Schedule 4 - Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers

This schedule includes the number of years of experience in teaching for assistant principals, principals, and full-time classroom teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 5 - Public School Staff Data: Average Salaries

This schedule includes average classroom teachers' salary using full-time equivalents, including and excluding ROTC and rehired retiree teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 6 - Class Size Characteristics

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1-20, 21-26, 27-33, and 34+ students. This data is currently reported to the legislature in the Annual School Report (ASR).

Schedule 7 - Louisiana Educational Assessment Program (LEAP)

This schedule represents student performance testing data and includes summary scores by district for grades 3, 4, 5, 6, 7 and 8 in each category tested. Scores are reported as Advanced, Mastery, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

Schedule 8 - The Graduation Exit Exam

The Graduation Exit Examination (GEE) is no longer administered. This schedule is no longer applicable.

Schedule 9 - The iLEAP Tests

This schedule represents student performance testing data and includes a summary score for grades 3, 4, 5, 6, 7 and 8 for each district. The summary score reported is the National Percentile Rank showing relative position or rank as compared to a large, representative sample of students in the same grade from the entire nation. This schedule includes three years of data.

ZACHARY COMMUNITY SCHOOL BOARD

PERFORMANCE AND STATISTICAL DATA

ZACHARY COMMUNITY SCHOOL BOARD
Zachary, Louisiana

**General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2017**

	<u>Column A</u>	<u>Column B</u>
<u>General Fund Instructional and Equipment Expenditures</u>		
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$ 18,562,562	
Other Instructional Staff Activities	1,586,211	
Instructional Staff Employee Benefits	9,090,353	
Purchased Professional and Technical Services	78,137	
Instructional Materials and Supplies	572,563	
Instructional Equipment	465,093	
Total Teacher and Student Interaction Activities		<u>\$ 30,354,919</u>
Other Instructional Activities		<u>581,249</u>
Pupil Support Activities	2,553,278	
Less: Equipment for Pupil Support Activities	-	
Net Pupil Support Activities		<u>2,553,278</u>
Instructional Staff Services	2,027,776	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		<u>2,027,776</u>
School Administration	2,968,396	
Less: Equipment for School Administration	(3,515)	
Net School Administration		<u>2,964,881</u>
Total General Fund Instructional Expenditures (Total of Column B)		<u>38,482,103</u>
Total General Fund Equipment Expenditures		<u>3,515</u>
<u>Certain Local Revenue Sources</u>		
Local Taxation Revenue:		
Ad Valorem Taxes		
Constitutional Ad Valorem Taxes		1,184,020
Renewable Ad Valorem Tax		9,045,679
Debt Service Ad Valorem Tax		8,524,689
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes		454,805
Sales and Use Taxes - Gross		11,665,403
Total Local Taxation Revenue		<u>30,874,596</u>
Local Earnings on Investment in Real Property:		
Earnings from 16th Section Property		-
Earnings from Other Real Property		-
Total Local Earnings on Investment in Real Property		<u>-</u>
State Revenue in Lieu of Taxes:		
Revenue Sharing - Constitutional Tax		93,608
Revenue Sharing - Other Taxes		-
Revenue Sharing - Excess Portion		-
Other Revenue in Lieu of Taxes		-
Total State Revenue in Lieu of Taxes		<u>93,608</u>
Nonpublic Textbook Revenue		<u>-</u>
Nonpublic Transportation Revenue		<u>-</u>

ZACHARY COMMUNITY SCHOOL BOARD

Zachary, Louisiana

Education Levels of Public School Staff

As of October 1, 2016

Category	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	2	0.51%	0	0.0%	0	0.00%	0	0.0%
Bachelor's Degree	251	64.52%	1	50.0%	0	0.00%	0	0.0%
Master's Degree	120	30.85%	1	50.0%	12	70.59%	0	0.0%
Master's Degree + 30	12	3.08%	0	0.0%	3	17.65%	0	0.0%
Specialist in Education	2	0.51%	0	0.0%	2	11.76%	0	0.0%
Ph. D. or Ed. D.	2	0.51%	0	0.0%	0	0.00%	0	0.0%
Total	389	100.00%	2	100.0%	17	100.00%	0	0.0%

ZACHARY COMMUNITY SCHOOL BOARD

Zachary, Louisiana

Number and Type of Public Schools**For the Year Ended June 30, 2017**

Type	Number
Elementary	5
Middle/Jr. High	1
Secondary	1
Combination	0
Total	7

Note: Schools opened or closed during the fiscal year are included in this schedule.

ZACHARY COMMUNITY SCHOOL BOARD

Zachary, Louisiana

Experience of Public Principals, Assistant Principals and Full-time Classroom Teachers

As of October 1, 2016

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	0	0	1	1	2	3	3	10
Principals	0	0	0	0	2	2	3	7
Classroom Teachers	27	30	119	62	57	39	57	391
Total	27	30	120	63	61	44	63	408

ZACHARY COMMUNITY SCHOOL BOARD

Zachary, Louisiana

**Public School Staff Data: Average Salaries
For the Year Ended June 30, 2017**

	All Classroom Teachers	Classroom Teachers Excluding ROTC, Rehired Retirees, and Flagged Salary Reductions
Average Classroom Teachers' Salary Including Extra Compensation	\$49,486	\$49,038
Average Classroom Teachers' Salary Excluding Extra Compensation	\$48,094	\$47,610
Number of Teacher Full-time Equivalent (FTEs) used in Computation of Average Salaries	391	386

Note: Figures reported include all sources of funding (i.e., federal, state, and local) but exclude stipends and employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers; some teachers may have been flagged as receiving reduced salaries (e.g., extended medical leave); and ROTC teachers usually receive more compensation because of a federal supplement. For these reasons, these teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes, temporary employees, and any teachers on sabbatical leave during any part of the school year.

ZACHARY COMMUNITY SCHOOL BOARD
Zachary, Louisiana
Class Size Characteristics
As of October 1, 2016

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	34.7%	369	64.1%	681	1.0%	11	0.1%	1
Elementary Activity Classes	38.9%	58	60.4%	90	0.7%	1	0.0%	0
Middle/Jr. High	42.1%	120	41.4%	118	16.5%	47	0.0%	0
Middle/Jr. High Activity Classes	39.0%	16	29.3%	12	29.3%	12	2.4%	1
High	50.4%	285	26.0%	147	23.4%	132	0.2%	1
High Activity Classes	89.3%	108	4.1%	5	3.3%	4	3.3%	4
Combination	0.0%	0	0.0%	0	0.0%	0	0.0%	0
Combination Activity Classes	0.0%	0	0.0%	0	0.0%	0	0.0%	0

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

ZACHARY COMMUNITY SCHOOL BOARD

Zachary, Louisiana

Louisiana Educational Assessment Program (LEAP)

For the Year Ended June 30, 2017

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 3 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	10%	5%	5%	10%	18%	12%
Mastery	56%	54%	58%	47%	43%	43%
Basic	19%	24%	23%	24%	27%	33%
Approaching Basic	10%	12%	10%	14%	10%	10%
Unsatisfactory	5%	5%	4%	5%	2%	2%
Total	100%	100%	100%	100%	100%	100%

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 4 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	18%	13%	12%	12%	12%	7%
Mastery	46%	48%	54%	49%	53%	59%
Basic	24%	25%	26%	25%	26%	25%
Approaching Basic	11%	12%	6%	12%	8%	8%
Unsatisfactory	2%	2%	2%	2%	1%	1%
Total	101%	100%	100%	100%	100%	100%

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 5 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	4%	6%	3%	8%	17%	9%
Mastery	52%	50%	51%	38%	41%	40%
Basic	27%	29%	27%	36%	30%	31%
Approaching Basic	14%	12%	16%	16%	10%	17%
Unsatisfactory	3%	3%	3%	2%	2%	3%
Total	100%	100%	100%	100%	100%	100%

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 6 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	10%	8%	5%	13%	12%	10%
Mastery	39%	49%	61%	39%	36%	53%
Basic	33%	30%	26%	33%	35%	27%
Approaching Basic	15%	10%	7%	12%	14%	9%
Unsatisfactory	3%	3%	1%	3%	3%	1%
Total	100%	100%	100%	100%	100%	100%

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 7 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	30%	27%	11%	7%	6%	9%
Mastery	42%	41%	46%	49%	49%	37%
Basic	19%	20%	27%	32%	34%	38%
Approaching Basic	5%	8%	12%	9%	9%	11%
Unsatisfactory	4%	4%	4%	3%	2%	5%
Total	100%	100%	100%	100%	100%	100%

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 8 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	10%	14%	11%	27%	4%	13%
Mastery	36%	53%	56%	44%	42%	43%
Basic	41%	27%	21%	19%	28%	21%
Approaching Basic	10%	5%	9%	7%	19%	16%
Unsatisfactory	3%	1%	3%	3%	7%	7%
Total	100%	100%	100%	100%	100%	100%

ZACHARY COMMUNITY SCHOOL BOARD

Zachary, Louisiana

The Graduation Exit Exam

Schedule 8 is The Graduation Exit Examination and is no longer administered. This schedule is no longer applicable.

ZACHARY COMMUNITY SCHOOL BOARD
Zachary, Louisiana

The iLeap Tests
For the Year Ended June 30, 2017

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 3 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	7%	13%	11%	13%	N/A	5%
Mastery	27%	27%	30%	28%	N/A	29%
Basic	45%	43%	47%	31%	N/A	55%
Approaching Basic	17%	13%	10%	20%	N/A	9%
Unsatisfactory	4%	4%	2%	8%	N/A	2%
Total	100%	100%	100%	100%	N/A	100%

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 4 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	10%	9%	13%	12%	N/A	6%
Mastery	25%	25%	26%	31%	N/A	33%
Basic	47%	50%	48%	28%	N/A	51%
Approaching Basic	16%	14%	12%	19%	N/A	7%
Unsatisfactory	2%	2%	1%	10%	N/A	3%
Total	100%	100%	100%	100%	N/A	100%

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 5 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	14%	12%	9%	9%	N/A	14%
Mastery	32%	27%	24%	33%	N/A	25%
Basic	43%	45%	46%	29%	N/A	47%
Approaching Basic	8%	14%	15%	18%	N/A	9%
Unsatisfactory	3%	2%	6%	11%	N/A	5%
Total	100%	100%	100%	100%	N/A	100%

ZACHARY COMMUNITY SCHOOL BOARD
Zachary, Louisiana

iLeap Tests
For the Year Ended June 30, 2017

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 6 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	16%	14%	14%	21%	N/A	32%
Mastery	31%	31%	35%	28%	N/A	30%
Basic	43%	39%	41%	35%	N/A	33%
Approaching Basic	9%	12%	8%	12%	N/A	4%
Unsatisfactory	1%	4%	2%	4%	N/A	1%
Total	100%	100%	100%	100%	N/A	100%

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 7 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	26%	21%	19%	32%	N/A	26%
Mastery	37%	39%	31%	36%	N/A	32%
Basic	26%	30%	35%	19%	N/A	35%
Approaching Basic	8%	6%	10%	7%	N/A	5%
Unsatisfactory	3%	4%	5%	6%	N/A	2%
Total	100%	100%	100%	100%	N/A	100%

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 8 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	10%	10%	6%	27%	N/A	5%
Mastery	36%	33%	32%	44%	N/A	35%
Basic	41%	38%	38%	19%	N/A	45%
Approaching Basic	10%	17%	18%	7%	N/A	12%
Unsatisfactory	3%	2%	6%	3%	N/A	3%
Total	100%	100%	100%	100%	N/A	100%



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December 26, 2017

Postlewaite and Netterville

B. Findings – Financial Statement Audit

2017-001 Internal Control over Bank Reconciliation Preparation

View of Responsible Official:

The School District Accountant will perform the bank reconciliation on a regular monthly basis. The bank reconciliations are being reviewed by the Business Manager each month for accuracy and any discrepancies are investigated and reconciled.

Corrective action plan:

Bank reconciliations will be performed on a monthly basis and any discrepancies will be investigated and adjustments will be made in the appropriate month.

C. Findings and Questioned Costs – Major Federal Award Programs Audit

2017-002 Reporting - Internal Controls

View of Responsible Official:

The School District has documented the procedure for all requests for reimbursement being reviewed by the Business Manager prior to submission to LDOE for payment.

Corrective Action:

The Business Manager will review all requests for reimbursement prior to the Superintendent submission to LDOE for payment.

John P Musso
Business Manager

ZACHARY COMMUNITY SCHOOL BOARD
REPORT ON STATEWIDE AGREED-UPON PROCEDURES
AND ASSOCIATED RESULTS
FOR THE YEAR ENDED JUNE 30, 2017



Postlethwaite & Netterville

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INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Management and Members of
Zachary Community School Board and the
Louisiana Legislative Auditor:

We have performed the procedures enumerated in Schedule A, which were agreed to by Zachary Community School Board (the Board) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The Board's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures we performed and the associated findings are summarized in the attached Schedule A, which is an integral part of this report.

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.

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 29, 2017

**ZACHARY COMMUNITY SCHOOL BOARD
AGREED-UPON PROCEDURES AND ASSOCIATED RESULTS
JUNE 30, 2017**

Schedule A

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read "no exception noted". If not, then a description of the exception ensues.

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

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

No exceptions noted.

- 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 noted.

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

No exceptions noted.

- d) ***Receipts***, including receiving, recording, and preparing deposits.

No exceptions noted.

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

No exceptions noted.

- 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.

The School Board policies do not specify criteria (2) standard terms and conditions, criteria (3) legal review, or criteria (5) the monitoring process.

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

The School Board does not have a written policy for its credit cards and fuel cards that specify criteria (2) allowable business uses and criteria (3) documentation requirements.

**ZACHARY COMMUNITY SCHOOL BOARD
AGREED-UPON PROCEDURES AND ASSOCIATED RESULTS
JUNE 30, 2017**

Schedule A

- 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 noted.

- 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.

The policy does not specifically address a system to monitor possible ethic violations.

- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

The policy does not specifically address debt reserve requirements.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:
- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

No exceptions noted.

- b) Report whether the minutes referenced are including monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis). If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

Budget to actual comparisons for all major funds were not included in monthly board meetings from July 2016 to April 2017. The School Board began including the budget to actual comparisons for all major funds in all board meetings beginning in May 2017.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

No exceptions noted.

**ZACHARY COMMUNITY SCHOOL BOARD
AGREED-UPON PROCEDURES AND ASSOCIATED RESULTS
JUNE 30, 2017**

Schedule A

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

No exceptions noted.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

From the listing provided, we selected 4 accounts and obtained the bank reconciliations for each of the twelve months ending June 30, 2017, resulting in 48 bank reconciliations obtained and subjected to the below procedures.

- a) Bank reconciliations have been prepared;

Of the 48 bank reconciliations obtained, one reconciliation was prepared but unable to be reconciled to the general ledger until after the fiscal year end.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

No exceptions noted.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Of the 4 bank accounts selected, all 4 accounts with a total of 48 bank reconciliations had outstanding checks on the bank reconciliation listing for more than 6 months. There was no documentation evidencing that these outstanding checks were researched for proper disposition.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

No exceptions noted.

**ZACHARY COMMUNITY SCHOOL BOARD
 AGREED-UPON PROCEDURES AND ASSOCIATED RESULTS
 JUNE 30, 2017**

Schedule A

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). **For each cash collection location selected:**

6 locations were selected and the following procedures performed:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

For the collection locations selected, we noted the individuals responsible for collecting cash and compliance with the criteria listed in procedure 6a) are as follows:

Criteria Meet (see legend)

	Cash Collection Location	Position	6 a)1	6 a)2.1	6 a)2.2	6 a)2.3	6a)3
1	Zachary Elementary School- Cafeteria	Cafeteria Manager	Y	N	N	Y	Y
2	Northwest Elementary School- Cafeteria	Cafeteria Manager	Y	N	N	Y	Y
3	Northwestern Middle School- Office	Clerk	Y	N	N	N	N/A
4	Zachary Elementary School- Office	Clerk	Y	N	N	N	N/A
5	Northwestern Elementary School- Office	Clerk	Y	N	N	N	N/A
6	Northwestern Middle School Cafeteria	Cafeteria Manager	Y	N	N	Y	Y

Abbreviated criteria labels used for presentation purposes are as follows:

Label	Description
6a)1	Person responsible for collecting cash is bonded.
6a)2.1	Person responsible for collecting cash is not responsible for depositing cash in the bank.
6a)2.2	Person responsible for collecting cash is not responsible for recording the related transaction.
6a)2.3	Person responsible for collecting cash is not responsible for reconciling the related bank account.
6a)3	Person responsible for collecting cash is not required to share the same cash register or drawer with another employee.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

No exceptions noted.

ZACHARY COMMUNITY SCHOOL BOARD
AGREED-UPON PROCEDURES AND ASSOCIATED RESULTS
JUNE 30, 2017

Schedule A

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

Using the collection data, we determined the highest collection week during the year ending June 30, 2017 for each respective collection location and performed the procedures noted below.

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

No exceptions noted.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

No exceptions noted.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation of receipt number sequences, etc.) by a person who is not responsible for collections.

No exceptions noted.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

No exceptions noted.

**ZACHARY COMMUNITY SCHOOL BOARD
AGREED-UPON PROCEDURES AND ASSOCIATED RESULTS
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9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

No exceptions noted.

b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

No exceptions noted.

c) Payments for purchases were not processed without an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

No exceptions noted.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

The School Board has 10 checking accounts. For 3 of these accounts, the person responsible for processing payments was not prohibited from adding vendors.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

No exceptions noted.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

No exceptions noted.

**ZACHARY COMMUNITY SCHOOL BOARD
AGREED-UPON PROCEDURES AND ASSOCIATED RESULTS
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13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

No exceptions noted.

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

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

No exceptions noted.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and perform the procedures below.

2 cards were selected (1 credit card and 1 fuel card) and the following procedures performed:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

For the fuel card tested, statements are presented weekly. However, only two of the four weeks tested had evidence of approval in writing on the face of the statement but checks were signed by the same individual who reviews and approves payment.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

No exceptions noted.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 3 cards selected (i.e. each of the 3 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

No exceptions noted.

**ZACHARY COMMUNITY SCHOOL BOARD
AGREED-UPON PROCEDURES AND ASSOCIATED RESULTS
JUNE 30, 2017**

Schedule A

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

For the 2 cards tested for the largest month of activity, there were 74 transactions which took place during those months and were tested. 9 of those transactions related to credit card purchases did not have documentation of a business/public purpose.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

No exceptions noted.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

No exceptions noted.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

For the 2 cards tested for the largest month of activity, there were 74 transactions which took place during those months and were tested. 9 of those transactions related to credit card purchases did not have documentation related to the expense to allow knowledge on the nature of the purchase and its business/public purposes for comparison to the requirements of Article 7, Section 14 of the Louisiana Constitution.

Travel and Expense Reimbursement

- 17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

No exceptions noted.

- 18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

No exceptions noted.

**ZACHARY COMMUNITY SCHOOL BOARD
AGREED-UPON PROCEDURES AND ASSOCIATED RESULTS
JUNE 30, 2017**

Schedule A

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

No exceptions noted.

- b) Report whether each expense is supported by:
- An original itemized receipt that identifies precisely what was purchased.
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

No exceptions noted.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions noted.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

No exceptions noted.

**ZACHARY COMMUNITY SCHOOL BOARD
AGREED-UPON PROCEDURES AND ASSOCIATED RESULTS
JUNE 30, 2017**

Schedule A

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

No exceptions noted.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code (bid law) and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

No exceptions noted.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

Of the 5 contracts selected for testing, none were subject to bid law. Solicited quotes were not obtained, as these contracts all related to service agreements.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

No exceptions noted.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

No exceptions noted.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

No exceptions noted.

**ZACHARY COMMUNITY SCHOOL BOARD
AGREED-UPON PROCEDURES AND ASSOCIATED RESULTS
JUNE 30, 2017**

Schedule A

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

A sample of five employees was selected and subjected the procedures below.

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

No exceptions noted.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

No exceptions noted.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

No exceptions noted.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

No exceptions noted.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

No exceptions noted.

**ZACHARY COMMUNITY SCHOOL BOARD
AGREED-UPON PROCEDURES AND ASSOCIATED RESULTS
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Schedule A

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

No exceptions noted.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

No exceptions noted.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

No exceptions noted.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

No exceptions noted.

Debt Service

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

Not applicable.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

No exceptions noted.

**ZACHARY COMMUNITY SCHOOL BOARD
AGREED-UPON PROCEDURES AND ASSOCIATED RESULTS
JUNE 30, 2017**

Schedule A

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

No exceptions noted.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

The School Board had one allegation during the reporting period. The School Board reported these allegations to the Legislative Auditor, the East Baton Rouge Parish Sheriff's Office, and the District Attorney's office. No exceptions noted.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions noted.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

No exceptions noted.



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December 29, 2017

Responses to Statewide Agreed Upon Procedures 2016-17:

Schedule A

1. Written Policies and Procedures

The School District has well established policies and procedures, the staff will make efforts to convey those practices in written format for the following functions:

- f) Contracting – Process for legal review including standard terms and conditions, legal review, and monitoring process.*
- g) Credit Cards/P cards/Fuel Cards – While all cards follow our current purchasing policies and procedures, the School District will separate out its Credit Card procedures to address how cards are used for allowable business uses and documentation requirements.*
- i) Ethics - While each employee complies with the required annual Louisiana Ethics Training and receives a monitored certificate of completion, the School District will convey a process in writing.*
- j) Debt Service – The current debt service policy will more specifically address the debt service reserve requirements.*

2. Board /Finance Committee

b) The Board reviews the budget three times a year which shows a zero based balance budget. The actual result of the budget was a surplus for the fiscal year.

4. Bank Reconciliations

c) The School District management will review bank account reconciliations monthly to investigate any checks that are over 6 months and determine whether the checks should be voided and reissued or turned over to the State of Louisiana – Unclaimed Property Division.

6. Cash Collections

While the staff at each school in charge of the School Activity Funds are not able to segregate the duties of cash collections there are mitigating controls in place to review the cash collections by the Principal at each school, the Accountant and the Business Manager for the School District.

10. Disbursements

The accounts payable coordinator will present a list of new vendors added each month to be review and approved by the Business Manager.

15-16. Credit Cards/Debit Cards/Fuel Cards/P-Cards

15 a. The School District will provide an authorized personnel to sign off on the monthly credit card statement for approval.

16 a,b,c. The School District will continue to remind staff of the importance of retaining documentation and attaching all source documents associated with payments. The business purpose of expenditures will continue to be documented by the general nature of the purchases for educational related functions.

John Musso

Business Manager

ZACHARY COMMUNITY SCHOOL BOARD
REPORT TO MANAGEMENT

JUNE 30, 2017



Postlethwaite & Netterville

A Professional Accounting Corporation

www.pncpa.com

December 29, 2017

Zachary Community School Board
Zachary, Louisiana

In planning and performing our audit of the financial statements of the Zachary Community School Board (School Board) for the year ended June 30, 2017, we considered the Board's internal controls over financial reporting and compliance with laws and regulations having a material effect on financial reporting in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements. Our consideration does not provide assurance on the internal control structure or on compliance.

However, during our audit, we became aware of the following matters that represent opportunities for improving financial reporting, refining policies and procedures, including those that help ensure compliance with laws and regulations. The following paragraphs summarize our comments and suggestions regarding those matters. This letter does not affect our report dated December 29, 2017 on the financial statements of the School Board.

2017-1 Enhancement of policies and procedures

Condition: In performing the Statewide Agreed-Upon Procedures in connection with our audit, as required and enumerated by the Louisiana Legislative Auditor, we compared management's policies and procedures to certain pre-established criteria. In doing so, we noted that enhancements could be made to the policies and procedures manual in order to formalize certain processes that that may currently be only informally in place, to assign or re-assign responsibilities thereby enhancing segregation of duties, and to otherwise strengthen internal controls.

Recommendation: We recommend that formalized accounting policies and/or procedures be amended for the following operational areas:

- Contracting (when legal review is required and a more formal monitoring process)
- Credit Cards/P-cards/Debit Cards/Fuel Cards (to include documentation and review requirements)
- Ethics violations (when and how to report)
- Debt Service – (EMMA requirements, debt service requirements, debt service reserve requirements)

Management's Response and Corrective Action:

The School District has well established policies and procedures, the staff will make efforts to convey those practices in written format for the following functions:

- 1.) Contracting – Process for legal review of contracts and formal monitoring*
- 2.) Credit Cards/Fuel Cards – While all cards follow our current purchasing policies and procedures, the School District will separate out its Credit Card procedures from the current purchasing policies and procedures.*
- 3.) Ethics – While each employee complies with the required annual Louisiana Ethics Training and receives a monitored certificate of completion, the School District will convey, in writing, the when and how to report a violation.*
- 4.) Debt Service – The current debt service policy will more specifically address the EMMA reportings, debt service requirements, and the debt service reserve requirements.*

2017-2 Outstanding checks greater than 6 months

Condition: During the Statewide Agreed-Upon Procedures as enumerated by the Louisiana Legislative Auditor, we reviewed a sample of 48 bank reconciliations across various operating and school activity accounts. From this review, we noted that all 48 of the bank account reconciliations included outstanding checks that were greater than six months old. There was no explanation or documented research as to why these checks remained outstanding. Checks that remain outstanding for an extended period of time hinder the accounting personnel's ability to reflect an accurate cash balance in the financial statements and adds an unnecessary step to the process of the bank account reconciliation. The Louisiana Revised Statute on escheatment governs the proper handling of unclaimed funds in Louisiana.

Recommendation: We recommend that management review all bank account reconciliations for outstanding items greater than six months and research them. Management should determine if these checks should be voided and reissued to the appropriate payee. As a general practice, we also recommend that accounting personnel investigate all outstanding checks on a regular basis. Items that have been outstanding for greater than six months should be further investigated and consideration given as to whether they should be voided and reissued to the payee or remitted to the state government in accordance with unclaimed property laws. If these items are not voided, management should implement a policy and procedure to document the research and conclusion of management to allow the check to remain outstanding.

Management's Response and Corrective Action:

The School District management will review bank account reconciliations monthly to investigate any checks that are over 6 months and determine whether the checks should be voided and reissued or turned over to the State of Louisiana – Unclaimed Property Division.

2017-3 **Theft of Public Assets**

Condition: Louisiana Revised Statute 14:67 defines theft as the misappropriation or taking anything of economic value which belongs to another, either without the consent of the other to the misappropriation or taking, or by means of fraudulent conduct, practices, or representations. One instance of misappropriation were identified by the Zachary Community School Board and reported to the Legislative Auditor as required by Louisiana Revised Statute 24:523, and determined to be a reportable matter. This instance is presented in Attachment A to this letter.

Recommendation: Employees are to be reminded of the proper procedures and their ethical responsibilities as public servants to safeguard assets, which includes preventing citizens from gaining unauthorized access to assets of the School System. We commend the School System for having internal controls in place that allowed for self-detection of these instances of misappropriation and encourage continued application of such control activities. However, measures should be taken to prevent such acts from occurring in the future.

Management's Response and Corrective Action:

The School District has taken necessary measures to safeguard the assets from potential theft in the future.

Prior Year

2016-1 **Student and Adult Meal Income**

Condition: Revenue from student and adult meal income (extra sales) is recorded monthly based on the number of individuals who paid directly for their meals through a manual calculation made by accounting personnel. We noted during our audit procedures that the May 2016 entry to record Food Sales from Local Sources was not calculated correctly and was overstated by approximately \$40,000. The School Board does not currently have a review process in place to ensure that the revenue recorded reconciles to the revenue received. Our audit procedures determined that the correct number of paid student lunches on Form SFS-8A, which is submitted to the Louisiana Department of Education for reimbursement of free and reduced meal costs, was correct and the School Board did not receive any excess federal funds.

Recommendation: The School Board should develop a plan to review and reconcile the internal calculations to the amount reported and received from the Louisiana Department of Education to ensure that the revenue is recorded correctly.

Management's Response and Corrective Action:

The Child Nutrition Department will hold regular monthly meetings with the Accounting Staff to review the financial details that are reported to the accounting department for financial statement preparation. The financial areas to be reviewed will include revenue and expenses incurred by the Child Nutrition Program each month.

Current Status: Resolved. The Child Nutrition Department held regular monthly meetings with the Accounting Staff to review the financial details that are reported to the accounting department for financial statement preparation. The financial areas reviewed included revenues and expenses incurred by the Child Nutrition Program each month.

We have already discussed these comments and suggestions with management, and we will be pleased to discuss them in further detail at your convenience. We would also welcome any opportunity to perform any additional study of these matters or to assist you in implementing the recommendations. We would also like to thank the School Board staff for their cooperation with us during the performance of the audit.

This report is intended solely for the information and use of the School Board and its management and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Postlethwaite & Netterville

Attachment A to Management Letter

The following 18 elements of the instances of misappropriation are presented below:

Element of Finding	Misappropriation
1 A general statement describing the fraud or misappropriation that occurred.	A break in occurred at our Zachary Career and Technical Center on 12/30/2016. The Assailant pried open a door to gain access to the automotive classroom of the building.
2 A description of the funds or assets that were the subject of the fraud or misappropriation (ex., utility receipts, petty cash, computer equipment).	Three automotive tool carts and several loose tools were stolen from the classroom.
3 The amount of funds or approximate value of assets involved.	Approximately \$55,000
4 The department or office in which the fraud or misappropriation occurred.	Zachary Career and Technical Center
5 The period of time over which the fraud or misappropriation occurred.	December 2016
6 The title/agency affiliation of the person who committed or is believed to have committed the act of fraud or misappropriation.	Unknown
7 The name of the person who committed or is believed to have committed the act of fraud or misappropriation, if formal charges have been brought against the person and/or the matter has been adjudicated.	See above
8 Is the person who committed or is believed to have committed the act of fraud still employed by the agency?	No, the fraud was not committed by an employee of the Zachary Community School Board
9 If the person who committed or is believed to have committed the act of fraud is still employed by the agency, do they have access to assets that may be subject to fraud or misappropriation?	N/A
10 Has the agency notified the appropriate law enforcement body about the fraud or misappropriation?	Yes. Unavailable.
11 What is the status of the investigation at the date of the auditor's/accountant's report?	One person has been charged with the robbery of the tools, some items have been returned that were part of one of the automotive carts.

Attachment A to Management Letter

The following 18 elements of the instances of misappropriation are presented below:

Element of Finding	Misappropriation	
12	If the investigation is complete and the person believed to have committed the act of fraud or misappropriation has been identified, has the agency filed charges against that person?	Yes, robbery charges were filed against the assailant.
13	What is the status of any related adjudication at the date of the auditor's/accountant's report?	No changes since the arrest of the assailant
14	Has restitution been made or has an insurance claim been filed?	Some items were recovered and returned to the School District. There was no insurance claim filed.
15	Has the agency notified the Louisiana Legislative Auditor and the District Attorney in writing, as required by Louisiana Revised Statute 24:523 (Applicable to local governments only)	Yes
16	Did the agency's internal controls allow the detection of the fraud or misappropriation in a timely manner?	Yes, the Sheriff's Office was notified immediately upon discovery of the missing tools.
17	If the answer to the last question is "no," describe the control deficiency/significant deficiency/material weakness that allowed the fraud or misappropriation to occur and not be detected in a timely manner.	N/A
18	Management's plan to ensure that the fraud or misappropriation does not occur in the future	Management has installed antitheft pry bar covers on all exterior doors of the building. The Security System has been installed and monitored 24 hours a day. Video camera's were already in place on campus, which helped identify the assailant.