
ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2018

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

ANNUAL FINANCIAL REPORT

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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, 2018, 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, 2018, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As described in Note 1t to the financial statements, in 2018, the School Board adopted Governmental Accounting Standards Board (GASB) Statement Number 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions for the year ended June 30, 2018. This new standard requires the School Board to recognize and report its total other post-employment benefit liability, measured according to actuarial methods and approaches prescribed within the standard along with certain disclosures. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in total other post-employment liability and related ratios, 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, the budgetary comparison information and related notes as listed in the table of contents 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 Supplemental 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, the schedule of board members' compensation, and the schedule of compensation benefits, and other payments to the superintendent as listed in the table of contents 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 as listed in the table of contents is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (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 75 through 80 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 21, 2018 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 21, 2018

ZACHARY COMMUNITY SCHOOL BOARD
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2018

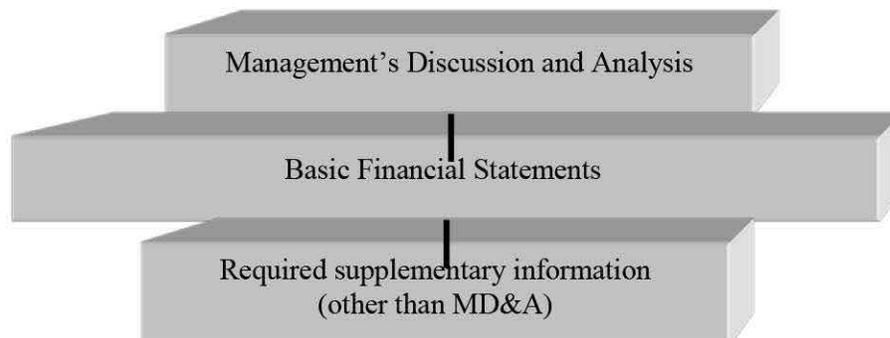
The Management’s Discussion and Analysis of the Zachary Community School Board’s financial performance presents a narrative overview and analysis of Zachary Community School Board’s financial activities for the year ended June 30, 2018. This document focuses on the current year’s activities, resulting 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 \$42,246,007, at the close of fiscal year 2018. 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 2017 by \$47,748,942.
- ★ For the fiscal year 2018, revenues exceed expenses by \$5,502,935. For the fiscal year 2017, expenses exceeded revenues by \$4,513,438.
- ★ State MFP revenues were approximately \$32.4 million for the fiscal year 2018 and \$31.3 million for the fiscal year 2017 due to a slight increase in the number of students.
- ★ The School Board issued \$8,815,000 of long-term debt in fiscal year 2018. See Note 6. The proceeds of the debt issued were used to refund or for defeasance of existing debt. A deferred loss of \$607,222 was recognized related to the refunding and will be amortized over 12 years. No new debt was issued by the School Board in fiscal year 2017. During the year ended 2018 and 2017, \$14,410,000 and \$5,060,000, respectively, of the total principal debt outstanding was retired.
- ★ The School Board adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This statement required the School Board to recognize and report its total other post-employment benefit liability, measured according to actuarial methods and approaches prescribed within the standard along with certain disclosures. The effects of the implementation were applied directly to net position as of June 30, 2017, and thus the School Board restated its net position as of June 30, 2017. See Note 8, to the financial statements.

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, 2018

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, 2018

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, 2018 and 2017

	2018	2017
Cash and cash equivalents	\$ 12,485,272	\$ 13,659,062
Investments	18,652,119	13,696,354
Receivables	2,690,227	2,643,654
Inventory	152,160	157,205
Prepaid and other assets	458,603	438,021
Capital assets, net	118,639,389	121,727,834
Total assets	153,077,770	152,322,130
Total deferred outflows of resources	12,027,704	13,740,291
Salaries, payroll deduction and expenses payable	4,837,888	4,375,954
Accrued interest payable	755,107	875,455
Bonds payable	82,027,442	86,852,379
Compensated absences payable	4,877,166	5,050,319
Other post-employment benefit obligation	38,834,067	41,058,160
Net pension liability	64,189,816	70,116,982
Total liabilities	195,521,486	208,329,249
Total deferred inflows of resources	11,829,995	5,482,114
Net position (deficit):		
Net investment in capital assets	36,611,947	34,875,455
Restricted for:		
Debt service	7,758,979	6,178,876
Capital construction	2,000,000	-
School food service	198,027	-
Other purposes	76,387	222,338
Unrestricted	(88,891,347)	(89,025,611)
Total net position (deficit)	\$ (42,246,007)	\$ (47,748,942)

ZACHARY COMMUNITY SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

FINANCIAL ANALYSIS OF THE ENTITY (continued)

Investments account for approximately 12% and 9% of the total assets of the School Board for the years ended June 30, 2018 and 2017, respectively.

Capital assets, which are reported net of accumulated depreciation, account for approximately 80% of the total assets of the School Board for both years ended June 30, 2018 and 2017.

Net position invested in capital assets (capital assets minus the debt issued to build the assets) increased approximately 5% resulting from the issuance of debt. Restricted net position increased approximately 57% over prior year due to the reserve in the capital projects fund. Unrestricted net deficit is largely the result of the School Board's adoption of Government Accounting Standards Board (GASB) Statement Number 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which resulted in a liability of \$38,834,067 as of the year ended June 30, 2018. See Note 8. The unrestricted net deficit is also largely due to the net pension liability of \$64,189,816 as of the year ended June 30, 2018.

Total assets increased 0.5% over the prior year due to an increase in investments due to the School Board purchasing additional securities.

ZACHARY COMMUNITY SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

FINANCIAL ANALYSIS OF THE ENTITY (continued)

Changes in Net Position
For the Years ended June 30, 2018 and 2017

	2018	2017
Revenues		
Program revenues		
Charges for services	\$ 1,248,816	\$ 1,064,704
Operating grants	4,159,008	4,172,702
General revenues		
Property taxes	20,637,788	19,226,019
Sales taxes	11,418,953	11,677,757
Earnings on investments	(24,899)	99,174
MFP	32,369,418	31,319,603
Other	1,247,979	1,199,320
	71,057,063	68,759,279
Expenses		
Regular education	25,526,858	24,815,836
Special education	5,337,663	5,331,039
Other education	4,525,894	4,496,627
Pupil support	2,604,309	2,571,934
Instructional staff	2,477,343	2,519,426
General administrative	1,298,591	1,275,362
School administrative	2,914,067	2,894,414
Business and central services	2,189,540	1,892,883
Plant operation and maintenance	8,847,698	8,515,777
Transportation	3,865,744	3,755,474
Food service	2,608,839	2,665,726
Facilities acquisition and construction	84,619	44,625
Appropriations - charter schools	423,678	333,392
Debt service:		
Interest, bank charges & debt financing	2,849,285	3,133,326
	65,554,128	64,245,841
Changes in net position	\$ 5,502,935	\$ 4,513,438

The revenues and expenses for 2017 do not include the effects of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, as that information was not readily available.

Changes in Net Position

- MFP totaling approximately \$32.4 million and \$31.3 million accounts for 46% of total revenues for both of the years ended June 30, 2018 and 2017. The increase in MFP funding is due to increased student enrollment.
- Regular education expenditures increased by \$711,022 for the fiscal year ended June 30, 2018 due to an increase in student enrollment.

ZACHARY COMMUNITY SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

FINANCIAL ANALYSIS OF THE ENTITY (continued)

Changes in Net Position (continued)

- Property taxes totaling approximately \$20.6 million and \$19.2 million accounts for 29% and 28% of total revenues for the years ended June 30, 2018 and 2017, respectively. Property taxes remained fairly consistent due to relatively consistent assessed valuations of property.
- Sales taxes totaling approximately \$11.4 million and \$11.7 million accounts for 16% and 17% of total revenues for the years ended June 30, 2018 and 2017, respectively. Sales taxes remained fairly consistent due to relatively consistent economic activity from year to year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2018, the Zachary Community School Board had \$118,639,389 (net of accumulated depreciation of \$33,774,892) invested in a broad range of capital assets, including land, building, and equipment. (See Table below).

	2018	2017	
Land	\$ 5,098,227	\$ 5,098,227	
Buildings and improvements	111,331,827	114,282,016	
Equipment, fixtures, and vehicles	2,209,335	2,347,591	
Totals	\$ 118,639,389	\$ 121,727,834	

There were no ongoing construction projects as of the year ended June 30, 2018, and total additions of \$776,039 related to equipment, fixtures and vehicles.

Long-term debt

During the fiscal year 2018, the School Board issued \$8,815,000 of General Obligation School Refunding Bonds, Series 2017 for the purpose of refunding coupons of the General Obligation School Refunding Bonds, Series 2009 totaling \$9,140,000. No new debt was issued during 2017.

The total bonds outstanding for the year ended 2018 were \$82,027,442 including unamortized premiums on issuance of \$2,832,442. During the fiscal year 2018, \$5,270,000 of principal payments and \$3,196,829 of interest payments were made.

ZACHARY COMMUNITY SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Actual revenues were slightly higher than budgeted revenues due to increased sales tax collections caused by an increase in economic activity during the year. Actual expenditures were below budgeted expenditures due to lower costs incurred for regular and special education programs and plant operation and maintenance.

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 remain consistent with the current years.
- 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, 2018

ASSETS

Cash and cash equivalents	\$ 12,485,272
Investments	18,652,119
Receivables	2,690,227
Inventory	152,160
Prepaid assets	416,359
Other assets	42,244
Land, building, and equipment, net	118,639,389
TOTAL ASSETS	<u>153,077,770</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflow amounts related to bond refunding	1,173,481
Deferred outflow amounts related to pension liability	10,854,223
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>12,027,704</u>

LIABILITIES

Salaries, payroll deduction and expenses payable	4,837,888
Accrued interest payable	755,107
Long-term liabilities	
Due within one year (bond payable and compensated absences)	5,755,702
Due in more than one year (bond payable and compensated absences)	81,148,906
Net pension liability	64,189,816
Other post-employment benefit obligation	38,834,067
TOTAL LIABILITIES	<u>195,521,486</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflow amounts related to pension liability	6,566,073
Deferred inflow amounts related to OPEB liability	5,263,922
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>11,829,995</u>

NET POSITION

Net investment in capital assets	36,611,947
Restricted for:	
Debt service	7,758,979
Capital construction	2,000,000
School food service	198,027
Other purposes	76,387
Unrestricted	(88,891,347)
TOTAL NET POSITION (DEFICIT)	<u>\$ (42,246,007)</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, 2018

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Unit
<u>Functions/Programs</u>				
Instruction:				
Regular education programs	\$ 25,526,858	\$ -	\$ 509,823	\$ (25,017,035)
Special education programs	5,337,663	-	356,945	(4,980,718)
Other education programs	4,525,894	454,827	1,085,992	(2,985,075)
Support Services:				
Pupil support services	2,604,309	-	63,031	(2,541,278)
Instructional staff services	2,477,343	-	463,125	(2,014,218)
General administration services	1,298,591	-	-	(1,298,591)
School administration services	2,914,067	-	-	(2,914,067)
Business and central services	2,189,540	-	3,915	(2,185,625)
Plant operation and maintenance	8,847,698	-	-	(8,847,698)
Transportation	3,865,744	-	59,839	(3,805,905)
Non-Instructional Services:				
Food service	2,608,839	793,989	1,616,338	(198,512)
Appropriations - charter schools	423,678	-	-	(423,678)
Facilities acquisition and construction	84,619	-	-	(84,619)
Debt Service:				
General administration	-	-	-	-
Interest, bank fees and debt issuance costs	2,849,285	-	-	(2,849,285)
Total Governmental Activities	65,554,128	1,248,816	4,159,008	(60,146,304)
Local sources				
Taxes:				
Ad valorem				20,637,788
Sales and use				11,418,953
Earnings on investments				(24,899)
Other				1,114,468
State sources				
Unrestricted grants-in-aid				32,369,418
Other				133,511
			Total general revenues	65,649,239
Change in Net Position				5,502,935
Net Position - July 1, 2017 (restated)				(47,748,942)
Net Position - June 30, 2018				(42,246,007)

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, 2018

	General	Debt Service	Other Non-Major Governmental	Total
<u>ASSETS</u>				
Cash and cash equivalents	\$ 7,295,835	\$ 2,452,063	\$ 2,737,374	\$ 12,485,272
Investments	12,937,351	5,714,768	-	18,652,119
Receivables	1,679,825	5,475	1,004,927	2,690,227
Due from other funds	1,827,233	-	24,021	1,851,254
Prepaid assets	416,209	-	150	416,359
Other assets	42,244	-	-	42,244
Inventory	80,934	-	71,226	152,160
	<u>\$ 24,279,631</u>	<u>\$ 8,172,306</u>	<u>\$ 3,837,698</u>	<u>\$ 36,289,635</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Salaries, payroll deductions and expenses payable	\$ 4,783,907	\$ -	\$ 53,981	\$ 4,837,888
Due to other funds	-	413,327	1,437,927	1,851,254
	<u>4,783,907</u>	<u>413,327</u>	<u>1,491,908</u>	<u>6,689,142</u>
Fund balances:				
Nonspendable	497,143	-	71,376	568,519
Restricted for:				
Debt service	-	7,758,979	-	7,758,979
Capital construction	-	-	2,000,000	2,000,000
School food service	-	-	198,027	198,027
Other purposes	-	-	76,387	76,387
Unassigned	18,998,581	-	-	18,998,581
	<u>19,495,724</u>	<u>7,758,979</u>	<u>2,345,790</u>	<u>29,600,493</u>
	<u>\$ 24,279,631</u>	<u>\$ 8,172,306</u>	<u>\$ 3,837,698</u>	<u>\$ 36,289,635</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, 2018

Total Fund Balances at June 30, 2018 - Governmental Funds		\$	29,600,493
Cost of capital assets at June 30, 2018	\$	152,414,281	
Less: Accumulated depreciation as of June 30, 2018:			
Buildings		(25,393,080)	
Movable property		<u>(8,381,812)</u>	118,639,389
Accrued interest payable			(755,107)
Long-term liabilities at June 30, 2018:			
Bonds payable		(79,195,000)	
Bond premium		(2,832,442)	
Compensated absences payable		<u>(4,877,166)</u>	(86,904,608)
Deferred amounts related to bond refunding			1,173,481
Other post-employment benefit liabilities, deferred inflows and deferred outflows of resources			
Other post-employment benefit liability		(38,834,067)	
Deferred inflows of resources related to OPEB liability		<u>(5,263,922)</u>	(44,097,989)
Pension liabilities, deferred inflows and deferred outflows of resources			
Net pension liability		(64,189,816)	
Deferred pension contributions		7,218,318	
Deferred outflow of resources - related to net pension liability		3,635,905	
Deferred amounts related to pension liability		<u>(6,566,073)</u>	<u>(59,901,666)</u>
 Total Net Position at June 30, 2018 - Governmental Activities		 \$	 <u><u>(42,246,007)</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, 2018

	<u>General</u>	<u>Debt Service</u>	<u>Other Non-Major Governmental</u>	<u>Total</u>
<u>REVENUES</u>				
Local sources:				
Taxes:				
Ad valorem	\$ 11,497,226	\$ 9,140,562	\$ -	\$ 20,637,788
Sales and use	11,418,953	-	-	11,418,953
Food sales	-	-	793,989	793,989
Earnings on investments	(97,003)	63,159	8,945	(24,899)
Extended day program tuition	454,827	-	-	454,827
Other	765,908	17,563	330,997	1,114,468
State sources:				
Unrestricted grants-in-aid	32,211,578	-	157,840	32,369,418
Restricted grants-in-aid	7,509	-	386,140	393,649
Other	133,511	-	-	133,511
Federal sources:				
Restricted grants-in-aid - direct	64,772	-	-	64,772
Restricted grants-in-aid - subgrants	-	-	3,522,008	3,522,008
Commodities - United States Department of Agriculture	-	-	178,579	178,579
TOTAL REVENUES	<u>56,457,281</u>	<u>9,221,284</u>	<u>5,378,498</u>	<u>71,057,063</u>
<u>EXPENDITURES</u>				
Current:				
Instruction:				
Regular education programs	23,206,748	-	552,015	23,758,763
Special education programs	5,255,968	-	386,485	5,642,453
Other education programs	3,672,116	-	1,175,863	4,847,979
Support services:				
Pupil support services	2,686,654	-	68,247	2,754,901
Instructional staff services	2,123,740	-	501,452	2,625,192
General administration services	1,065,256	254,794	-	1,320,050
School administration services	3,095,925	-	-	3,095,925
Business and central services	2,363,721	-	4,239	2,367,960
Plant operation and maintenance	5,986,143	-	-	5,986,143
Transportation	3,797,464	-	64,791	3,862,255
Non-Instructional services:				
Food service	109,765	-	2,533,387	2,643,152
Appropriations - charter schools	423,678	-	-	423,678
Facility acquisition and construction	84,619	-	-	84,619
Debt service:				
Principal retirement	-	5,270,000	-	5,270,000
Interest and bank charges	-	3,621,906	-	3,621,906
TOTAL EXPENDITURES	<u>53,871,797</u>	<u>9,146,700</u>	<u>5,286,479</u>	<u>68,304,976</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,585,484</u>	<u>74,584</u>	<u>92,019</u>	<u>2,752,087</u>

(continued)

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental</u>	<u>Total</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers in	\$ 40,830	\$ -	\$ 2,000,000	\$ 2,040,830
Operating transfers out	(2,000,000)	-	(40,830)	(2,040,830)
Payment to refunded bond escrow agent	-	(9,140,000)	-	(9,140,000)
Proceeds of refunding bonds	-	8,815,000	-	8,815,000
Premium from issuance of bonds	-	955,064	-	955,064
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,959,170)</u>	<u>630,064</u>	<u>1,959,170</u>	<u>630,064</u>
<u>NET CHANGES IN FUND BALANCE</u>	626,314	704,648	2,051,189	3,382,151
Fund balances, June 30, 2017	<u>18,869,410</u>	<u>7,054,331</u>	<u>294,601</u>	<u>26,218,342</u>
FUND BALANCES, JUNE 30, 2018	<u>\$ 19,495,724</u>	<u>\$ 7,758,979</u>	<u>\$ 2,345,790</u>	<u>\$ 29,600,493</u> (concluded)

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 -
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Total Net Changes in Fund Balance - Governmental Funds		\$ 3,382,151
Capital Assets:		
Loss on disposal of fixed assets	\$ (16,625)	
Capital outlay capitalized	776,039	
Depreciation expense for year ended June 30, 2018	<u>(3,847,859)</u>	(3,088,445)
Change in accrued interest payable		120,347
Amortization of deferred loss on refundings		(139,949)
Net change in pension liability and deferred inflows/outflows of resources		2,663,347
Long Term Debt:		
Principal portion of debt service payments	5,270,000	
Payment to refunded bond escrow agent	9,747,222	
Amortization of bond premium	185,001	
Premium on debt issuance	(955,064)	
Proceeds from bonds issued during the year	(8,815,000)	
Excess of compensated absences used over amounts earned	173,153	
Change in post-employment benefit obligation	<u>(3,039,828)</u>	<u>2,565,484</u>
Change in Net Position - Governmental Activities		<u>\$ 5,502,935</u>

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

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2018

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 1,580,275
	<u><u>1,580,275</u></u>
<u>LIABILITIES</u>	
Deposits due to others	\$ 1,580,275
	<u><u>1,580,275</u></u>

The accompanying notes to the basic 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 2018 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 2018 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 expended 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, 2018. 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. These amounts are expected to be collected within the next twelve months. Other receivables relate to sales tax collections which are anticipated to be collected within 60 days of the fiscal year end.

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.

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.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

i. Capital Assets (continued)

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 \$1,173,481 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 \$10,854,223. 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 two items that qualify for reporting in this category related to the net pension liability in the amount of \$6,566,073 and the other post-employment benefit liability in the amount of \$5,298,334. See Note 7 and Note 8, respectively, for additional information on deferred inflows of resources related to defined benefit pension plans and other post-employment benefits.

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 benefit computation as earned service.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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 \$4,877,166 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.

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

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

t. **Current Year Adoption of New Accounting Standard and Restatement of Net Position**

The School System adopted Government Accounting Standards Board (GASB) Statement Number 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The net effect to the School System's Statement of Net Position for the prior year that resulted from the adoption of GASB 75 is as follows:

	Governmental Activities
Total Net Position, June 30, 2017 as previously reported	\$ (25,889,717)
Reverse post-employment benefit obligation June 30, 2017	19,198,936
Record total post-employment benefit liability June 30, 2017	(41,058,161)
Net effect	(21,859,225)
Total Net Position, June 30, 2017, Restated	\$ (47,748,942)

2. **Ad Valorem Taxes**

The following is a summary of authorized and levied ad valorem taxes collected during the fiscal year ended June 30, 2018:

	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, 2018, the bank balance of \$15,436,724 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.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Investments:

As of June 30, 2018, the Board had the following investments and maturities:

<u>Investment Type</u>	INVESTMENT MATURITIES (IN YEARS)				
	<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	\$ 12,937,351	\$ -	\$ 483,690	\$ 9,972,055	\$ 2,481,606
Sinking Fund					
U.S. Government Agencies	5,714,768	-	1,301,544	4,413,224	-
Total Investments	<u>\$ 18,652,119</u>	<u>\$ -</u>	<u>\$ 1,785,234</u>	<u>\$ 14,385,279</u>	<u>\$ 2,481,606</u>

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, 2018:

Level 2 inputs – U.S. government agency securities, and municipal securities totaling \$18,652,119 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, 2018, 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 22%, 62%, and 16%, 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, 2018:

<u>Fund</u>	<u>Due from other Funds</u>	<u>Due to other Funds</u>
General Fund	\$ 1,827,233	\$ -
Debt Service Fund	-	413,327
Non-Major Funds	<u>24,021</u>	<u>1,437,927</u>
Total	<u>\$ 1,851,254</u>	<u>\$ 1,851,254</u>

5. **Capital Assets**

Capital assets and depreciation activity as of and for the year ended June 30, 2018 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, 2017	\$ 5,098,227	\$ 136,724,907	\$ 10,394,696	\$ 152,217,830
Additions	-	-	776,039	776,039
Deletions	-	-	(579,588)	(579,588)
at June 30, 2018	<u>5,098,227</u>	<u>136,724,907</u>	<u>10,591,147</u>	<u>152,414,281</u>
<u>Accumulated depreciation:</u>				
at June 30, 2017	\$ -	\$ 22,442,891	\$ 8,047,105	\$ 30,489,996
Additions	-	2,950,189	897,670	3,847,859
Deletions	-	-	(562,963)	(562,963)
at June 30, 2018	<u>-</u>	<u>25,393,080</u>	<u>8,381,812</u>	<u>33,774,892</u>
Total	<u>\$ 5,098,227</u>	<u>\$ 111,331,827</u>	<u>\$ 2,209,335</u>	<u>\$ 118,639,389</u>

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

5. **Capital Assets** (continued)

Depreciation expense of \$3,847,859 for the year ended June 30, 2018 was charged to the following governmental functions:

Regular Education	\$	603,194
Special Education		44,156
Other Educational Programs		65,403
Pupil Support Services		5,759
Instructional Staff Services		457
General Administrative Services		3,159
School Administrative Services		655
Business and Central Services		110,075
Plant Operation and Maintenance		2,978,072
Transportation		3,748
Food Service		<u>33,181</u>
		<u>\$ 3,847,859</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, 2018:

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Amount</u> <u>Due Within</u> <u>One Year</u>
General Obligation Bonds	\$ 79,070,000	\$ 8,815,000	\$ 14,410,000	\$73,475,000	\$5,460,000
Premium on Bonds	2,062,379	955,064	185,001	2,832,442	272,248
QSCB	5,720,000	-	-	5,720,000	-
Compensated absences	<u>5,050,319</u>	<u>951,761</u>	<u>1,124,914</u>	<u>4,877,166</u>	<u>23,454</u>
Total	<u>\$91,902,698</u>	<u>\$ 10,721,825</u>	<u>\$ 15,719,915</u>	<u>\$86,904,608</u>	<u>\$5,755,702</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, 2018 is as follows:

Bond Issue	Original Issue	Interest Rate	Final Payment Due	Interest to Maturity	Principal Outstanding
Series 2009	March 1, 2009	3.25 - 7.00	March 1, 2029	\$ 52,106	\$ 665,000
Series 2010	September 1, 2010	2.00 - 4.00	March 1, 2030	2,549,449	9,305,000
Series 2011	August 23, 2011	4.00 - 7.00	March 1, 2031	3,437,914	11,160,000
Series 2012	April 17, 2012	2.00 - 4.00	March 1, 2032	3,036,252	11,000,000
Series 2013	March 26, 2013	2.25 - 4.00	March 1, 2033	2,398,232	9,015,000
Series 2013A	December 11, 2013	2.40	March 1, 2024	610,010	3,005,000
Series 2015	June 16, 2015	2.00 - 4.00	March 1, 2026	1,180,600	7,695,000
Series 2016	May 4, 2016	2.00 - 5.00	March 1, 2027	2,165,950	12,825,000
Series 2017	July 6, 2017	1.50 - 4.00	March 1, 2029	<u>2,227,678</u>	<u>8,805,000</u>
Total General Obligation Bonds				<u>17,658,191</u>	<u>73,475,000</u>
QSCB:	December 15, 2009	3.00 - 3.00	September 15, 2024	<u>1,072,500</u>	<u>5,720,000</u>
				<u>\$18,730,691</u>	<u>\$ 79,195,000</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, 2018, the School Board has accumulated \$7,758,979 in debt service fund for future debt service requirements.

On May 5, 2015, the School Board issued \$9,090,000 of General Obligation School Refunding Bonds, Series 2015 for the purpose of the current refunding of \$5,355,000 of the series 2005 bonds and the advance refunding of \$4,135,000 of the Series 2006 bonds. Interest rates on the Series 2015 ranges from 2.0-3.5% whereas interest rates on the Series 2005 bonds ranged from 4.2-4.5% and interest rates on the Series 2006 bonds ranged from 4.1-4.3%. This decrease in interest rates resulted in an economic gain on the current refunding of \$327,632 (the difference between the present value of the Series 2005 and Series 2006 cash flows and the Series 2015 cash flows). The School Board recognized a deferred loss on refunding of \$241,725 related to these bonds.

On May 4, 2016, the School Board issued \$13,675,000 of General Obligation School Refunding Bonds, Series 2016 for the purpose of the current refunding of \$355,000 of the Series 2006 bonds and the advance refunding of \$5,180,000 of the Series 2007 bonds and \$8,245,000 of the Series 2008 bonds. Interest rates on the Series 2016 ranges from 2.0-5.0% whereas interest rates on the Series 2006 bond was 4.0%, interest rates on the Series 2007 bonds ranged from 3.8-4.05% and interest rates on the Series 2008 bonds ranged from 4.0-4.50%. As a result of the refunding, the cash flow difference between the old debt service and new debt service amounted to \$332,109. The present value difference between the old debt service cash flows and new debt service cash flows amounted to an economic gain of \$210,932 (the difference between the present value of the Series 2006 and Series 2007 and the Series 2016 cash flows. The School Board recognized a deferred loss on refunding of \$765,645 related to these bonds.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

On July 6, 2017, the School Board issued \$8,815,000 of General Obligation School Refunding Bonds, Series 2017 for the purpose of the advance refunding of \$9,140,000 of the Series 2009 bonds. Interest rates on the Series 2017 ranges from 1.5-4.0% whereas interest rates on the Series 2009 bond was 3.25-7.0%. As a result of the refunding, the cash flow difference between the old debt service and new debt service amounted to \$653,954. The present value difference between the old debt service cash flows and new debt service cash flows amounted to an economic gain of \$562,829 (the difference between the present value of the Series 2009 and the Series 2017 cash flows. The School Board recognized a deferred loss on refunding of \$607,222 related to these bonds.

As of June 30, 2018, \$139,949 of the deferred amount on refunding was amortized, resulting in a deferred amount on refunding of \$1,173,481 on the statement of net position as of June 30, 2018.

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>
2019	\$ 5,460,000	\$ 2,780,499	\$ 8,240,499
2020	5,685,000	2,598,246	8,283,246
2021	5,900,000	2,360,259	8,260,259
2022	6,100,000	2,121,282	8,221,282
2023	6,325,000	1,939,483	8,264,483
2024-2028	35,950,000	5,810,396	41,760,396
2029-2033	13,775,000	1,120,526	14,895,526
Total	<u>\$ 79,195,000</u>	<u>\$ 18,730,691</u>	<u>\$ 97,925,691</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, 2018, the total assessed value of taxable property for the school district was \$254,465,982, which would result in a \$127,232,991 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, 2018, \$9,140,000 of the Series 2009 bonds are considered defeased and are scheduled to be redeemed by 2019. During the year ended June 30, 2018, the \$8,245,000 Series 2016 defeased bonds were redeemed in accordance with the refunding.

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.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

A brief summary of eligibility and benefits of the plans are provided in the following table:

	TRSL	LSERS	LASERS
Final average salary	Highest 36 or 60 months ¹	Highest 36 or 60 months ¹	Highest 36 or 60 months ¹
Years of service required and/or age eligible for benefits	30 years any age ⁵ 25 years age 55 20 years any age ² 5 years age 60 5 years age 62 ⁷	30 years any age 25 years age 55 20 years any age ² 5-10 years age 60 ⁶ 5 years age 62 ⁷	30 years any age 25 years age 55 20 years any age ² 5-10 years age 60 ⁶ 5 years age 62 ⁷
Benefit percent per years of service	2% to 3.0% ⁴	2.5% to 3.33% ⁴	2.5% to 3.5% ³

¹ Employees hired after a certain date use the revised benefit calculation based on the highest 60 months of service

² With actuarial reduced benefits

³ Members in regular plan 2.5%, hazardous duty plan 3.33%, and judges 3.5%

⁴ Benefit percent varies depending on when hired

⁵ For school food service workers, hired on or before 6-30-15, 30 years at age 55

⁶ Five to ten years of creditable service at age 60 depending upon the plan or when hired

⁷ Hired on or after 7/1/15, age eligibility is 5 years at age 62

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.

Contributions

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. In accordance with state statute, TRSL receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are considered special funding situations.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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, 2018, for the School Board and covered employees were as follows:

	<u>School Board</u>	<u>Employees</u>
Teachers' Retirement System:		
Regular Plan	26.60%	8.00%
Plan A	26.60%	9.10%
School Employees' Retirement System	27.60%	7.50% - 8.00%
State Employees' Retirement System	37.90%	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:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Teachers' Retirement System:			
Regular Plan	\$ 6,920,140	\$ 6,912,649	\$ 7,108,198
School Employees' Retirement System	274,823	265,392	273,963
State Employees' Retirement System	23,355	22,490	22,834

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

The following schedule lists the School System's proportionate share of the Net Pension Liability allocated by each of the pension plans based on the June 30, 2017 measurement date. The School System uses this measurement to record its Net Pension Liability and associated amounts as of June 30, 2018 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2017 along with the change compared to the June 30, 2016 rate. The School System'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.

	<u>Net Pension Liability at June 30, 2017</u>	<u>Rate at June 30, 2017</u>	<u>Increase (Decrease) to June 30, 2016 Rate</u>
Teachers' Retirement System	\$ 61,796,162	0.6028%	(0.0330)%
School Employees' Retirement System	2,170,101	0.3391%	(0.0308)%
State Employees' Retirement System	223,553	0.0032%	(0.0001)%
	<u>\$ 64,189,816</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)

The following schedule list each pension plan's recognized pension expense to the School Board for the year ended June 30, 2018:

	Total
Teachers' Retirement System	\$ 4,373,788
School Employees' Retirement System	4,492
State Employees' Retirement System	176,691
	\$ 4,554,971

At June 30, 2018, 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:

	TRSL	LSERS	LASERS	Total
Changes of assumptions	\$ 651,642	\$ 45,503	\$ 883	\$ 698,028
Net difference between projected and actual earnings on pension plan investments	-	-	7,270	7,270
Changes in proportion	2,490,400	94,242	1,204	2,585,846
Differences between contributions and proportionate share of contributions	344,006	-	755	344,761
Employer contributions subsequent to the measurement date	6,920,140	274,823	23,355	7,218,318
Total	\$ 10,406,188	\$ 414,568	\$ 33,467	\$ 10,854,223

Deferred Inflows:

	TRSL	LSERS	LASERS	Total
Differences between expected and actual experience	\$ (2,031,339)	\$ (50,605)	\$ (4,102)	\$ (2,086,046)
Changes of assumptions	-	(33,807)	-	(33,807)
Net difference between projected and actual earnings on pension plan investments	(1,596,083)	(33,933)	-	(1,630,016)
Changes in proportion	(2,736,661)	-	(8,796)	(2,745,457)
Differences between contributions and proportionate share of contributions	(68,687)	(2,060)	-	(70,747)
Total	\$ (6,432,770)	\$ (120,405)	\$ (12,898)	\$ (6,566,073)

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)

The School Board reported a total of \$7,218,318 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2018 which will be recognized as a reduction in Net Pension Liability in the year ended June 30, 2019. The following schedule lists the pension contributions made subsequent to the measurement period for each pension plan:

	Subsequent Contributions
Teachers' Retirement System	\$ 6,920,140
School Employees' Retirement System (LSERS)	274,823
State Employees' Retirement System (LASERS)	23,355
	\$ 7,218,318

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	TRSL	LSERS	LASERS	Total
2019	\$ (1,906,667)	\$ (25,383)	\$ (8,681)	\$ (1,940,731)
2020	175,467	109,376	7,486	292,329
2021	(174,172)	14,304	2,909	(156,959)
2022	(1,041,350)	(78,957)	(4,500)	(1,124,807)
	\$ (2,946,722)	\$ 19,340	\$ (2,786)	\$ (2,930,168)

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, 2017	June 30, 2017	June 30, 2017																		
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	7.70% net of investment expenses	7.125% per annum	7.70% net of investment expenses (decreased from 7.75% in 2016)																		
Inflation Rate	2.5% per annum	2.625% per annum	2.75% per annum (decreased from 3.0% per annum in 2016)																		
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. RP-2000 Disabled Lives 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;">3.80%</td> <td style="text-align: center;">12.80%</td> </tr> <tr> <td>Judges</td> <td style="text-align: center;">2.80%</td> <td style="text-align: center;">5.30%</td> </tr> <tr> <td>Corrections</td> <td style="text-align: center;">3.40%</td> <td style="text-align: center;">14.30%</td> </tr> <tr> <td>Hazardous Duty</td> <td style="text-align: center;">3.40%</td> <td style="text-align: center;">14.30%</td> </tr> <tr> <td>Wildlife</td> <td style="text-align: center;">3.40%</td> <td style="text-align: center;">14.30%</td> </tr> </tbody> </table>	Member Type	Lower Range	Upper Range	Regular	3.80%	12.80%	Judges	2.80%	5.30%	Corrections	3.40%	14.30%	Hazardous Duty	3.40%	14.30%	Wildlife	3.40%	14.30%
Member Type	Lower Range	Upper Range																			
Regular	3.80%	12.80%																			
Judges	2.80%	5.30%																			
Corrections	3.40%	14.30%																			
Hazardous Duty	3.40%	14.30%																			
Wildlife	3.40%	14.30%																			
Cost of Living Adjustments	None.	Not substantively automatic. 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>
<p>The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return was 8.33% for 2017.</p>	<p>The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up), and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward-looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/ diversification. The resulting long-term arithmetic nominal expected return is 8.10%.</p>	<p>The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 3.25% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 8.69% for 2017.</p>

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, 2017:

Asset Class	Target Allocation			Long-Term Expected Real Rate of Return		
	TRSL	LSERS	LASERS	TRSL	LSERS	LASERS
Cash	-	-	-	-	-	-0.24%
Domestic equity	27.00%	-	25.00%	4.28%	-	4.31%
International equity	19.00%	-	32.00%	4.96%	-	5.35%
US equity	-	20.00%	-	-	6.44%	-
Developed equity	-	18.00%	-	-	7.40%	-
Emerging markets equity	-	10.00%	-	-	9.42%	-
Global REITs	-	3.00%	-	-	5.77%	-
Domestic fixed income	13.00%	-	8.00%	1.98%	-	1.73%
International fixed income	5.50%	-	6.00%	2.75%	-	2.49%
Core fixed income	-	8.00%	-	-	2.02%	-
High yield fixed income	-	5.00%	-	-	4.43%	-
Emerging markets debt fixed income	-	7.00%	-	-	4.71%	-
Global fixed income	-	10.00%	-	-	1.38%	-
Alternatives	-	-	22.00%	-	-	7.41%
Alternative - private equity	-	5.00%	-	-	10.47%	-
Alternative - hedge fund or funds	-	3.00%	-	-	3.75%	-
Alternative - real estate	-	5.00%	-	-	5.00%	-
Private equity	25.50%	-	-	8.47%	-	-
Other private equity	10.00%	-	-	3.51%	-	-
Global asset allocation	-	-	7.00%	-	-	2.84%
Real assets - timber	-	2.00%	-	-	5.67%	-
Real assets - oil and gas	-	2.00%	-	-	10.57%	-
Real assets - infrastructure	-	2.00%	-	-	6.25%	-
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>			

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 positions 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 7.70%, 7.125% and 7.70%, respectively for the year ended June 30, 2017. The discount rates for TRSL and LASERS decreased by 0.05% since the prior measurement date, and the discount rate of LSERS remained unchanged since the prior measurement date.

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	6.70%	7.70%	8.70%
Share of NPL	\$ 46,628,950	\$ 61,796,162	\$ 79,625,766
LSERS			
Rates	6.125%	7.125%	8.125%
Share of NPL	\$ 1,478,922	\$ 2,170,101	\$ 2,974,954
LASERS			
Rates	6.70%	7.70%	8.70%
Share of NPL	\$ 175,011	\$ 223,553	\$ 280,646

Payables to the Pension Plan

The School Board recorded accrued liabilities to each of the Retirement Systems for the year ended June 30, 2018 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, 2018 is as follows:

TRSL	\$ 1,530,038
LSERS	31,158
LASERS	10,052
	<u>\$ 1,571,248</u>

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

8. Postemployment Health Care and Life Insurance Benefits

General Information about the OPEB Plan

Plan description – The Zachary Community School Board (the School Board) provides certain continuing health care and life insurance benefits for its retired employees. The Zachary Community School Board’s OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the School Board. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the School Board. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 *Postemployment Benefits Other Than Pensions—Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit*.

Benefits Provided – 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 hired on or after January 1, 2011 must have attained at least age 60 at retirement (or D.R.O.P. entry) to avoid actuarial reduction in the 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.

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

Inactive employees or beneficiaries currently receiving benefit payments	116
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>568</u>
	<u>684</u>

Participation – Employees who receive active benefits are assumed to also receive retiree benefits. It is also assumed that the same percentage of employees with spouse coverage would also have spouse coverage as retirees. It is also assumed that 10% of future retirees will decline coverage.

Total OPEB Liability

The School Board’s total OPEB liability of \$38,834,067 was measured as of June 30, 2018 and was determined by an actuarial valuation as of July 1, 2017.

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

Inflation	2.5%
Salary increases	3.0%, including inflation
Prior Discount rate	3.58% annually
Discount rate	3.87% annually
Healthcare cost trend rates	Flat 5.5% annually

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

8. **Postemployment Health Care and Life Insurance Benefits** (continued)

Total OPEB Liability (continued)

The discount rate was based on the Bond Buyers' 20 Year General Obligation municipal bond index at the end of the applicable measurement period.

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

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

Changes in the Total OPEB Liability

Balance at June 30, 2017		\$ 41,058,161
Changes for the year:		
Service cost		2,926,982
Interest		1,574,668
Differences between expected and actual experience		(3,415,822)
Changes in assumptions		(2,224,094)
Benefit payments and net transfers		(1,085,828)
Net changes		(2,224,094)
Balance at June 30, 2018		\$ 38,834,067

The amount of total OPEB liability estimated to be due and payable within one year is \$2,700,000.

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the School Board, as well as what the School Board's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current discount rate:

	1.0% Decrease (2.87%)	Current Discount Rate (3.87%)	1.0% Increase (4.87%)
Total OPEB liability	\$ 47,269,897	\$ 38,834,067	\$ 32,303,305

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

	1.0% Decrease (4.5%)	Current Trend (5.5%)	1.0% Increase (6.5%)
Total OPEB liability	\$ 32,237,717	\$ 38,834,067	\$ 47,418,962

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

8. **Postemployment Health Care and Life Insurance Benefits** (continued)

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

For the year ended June 30, 2018, the School Board recognized OPEB expense of \$4,125,656. At June 30, 2018, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (3,188,101)
Changes in assumptions	-	(2,075,821)
Total	\$ -	\$ (5,263,922)

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

Years ending June 30:	
2019	(\$375,994)
2020	(375,994)
2021	(375,994)
2022	(375,994)
2023	(375,994)
Thereafter	(3,383,952)
Total	(\$5,263,922)

9. **Changes in Agency Deposits Due Others**

A summary of changes in agency fund deposits due others for the year ended June 30, 2018, are as follows:

	Balance beginning of year	Additions	Deletions	Balance end of year
School Activity Agency Fund	\$ 1,310,022	\$ 3,980,073	\$ (3,709,820)	\$ 1,580,275

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.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

11. Receivables

Receivables as of June 30, 2018 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>
Sales taxes	\$ 1,658,919	\$ 5,208	\$ -	\$ 1,664,127
Due from other governments	2,155	267	1,004,927	1,007,349
Other	18,751	-	-	18,751
Gross receivables	<u>\$ 1,679,825</u>	<u>\$ 5,475</u>	<u>\$ 1,004,927</u>	<u>\$ 2,690,227</u>

At June 30, 2018, 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, 2018, were as follows:

Vendors	\$ 713,920
Salaries and benefits	4,070,959
Unearned revenues – School Food Service	<u>53,009</u>
Total governmental fund encumbrances	<u>\$ 4,837,888</u>

13. 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, 2018, \$6,124,161 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.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

14. **Appropriations to Charter Schools**

Appropriations to Type 2 Charter Schools during the year ended June 30, 2018 were as follows:

	<u>General Fund</u>
Type 2 Charter Schools	
Office of Junvenile Justice	\$ 3,296
Madison Prep	19,485
Louisiana Key Academy	38,969
Baton Rouge Charter Academy	5,567
Impact Charter	58,454
Advantage Charter Academy	128,947
GEO Academies EBR	2,784
Apex Collegiate Academy	5,567
Collegiate	2,784
Louisiana Virtual Charter Academy	27,557
University View Academy	<u>130,268</u>
Total Type 2 Charter School Appropriations	<u>\$ 423,678</u>

ZACHARY COMMUNITY SCHOOL BOARD

ZACHARY, LOUISIANA

SCHEDULE OF CHANGES IN TOTAL OTHER POST-EMPLOYMENT LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2018

Total OPEB Liability	
Service cost	\$ 2,926,982
Interest	1,574,668
Changes of benefit terms	-
Differences between expected and actual experience	(3,415,822)
Changes of assumptions	(2,224,094)
Benefit payments	<u>(1,085,828)</u>
Net change in total OPEB liability	<u>(2,224,094)</u>
Total OPEB liability - beginning	<u>41,058,161</u>
Total OPEB liability - ending	<u><u>\$ 38,834,067</u></u>
Covered payroll	\$ 29,965,618
Net OPEB liability as a percentage of covered payroll	129.60%

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

See the accompanying notes to the required supplementary information.

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, 2018(*)

Pension Plan	Year	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
TRSL						
	2018	0.6028%	\$ 61,796,162	\$ 26,250,883	232.5185%	65.60%
	2017	0.5748%	67,460,679	26,154,838	256.9844%	59.90%
	2016	0.5925%	63,704,340	27,615,971	243.5662%	62.50%
	2015	0.6255%	63,931,493	26,038,407	231.5019%	63.70%
LSERS						
	2018	0.3391%	2,170,101	989,185	221.0131%	75.03%
	2017	0.3193%	2,408,948	915,161	243.5286%	70.09%
	2016	0.3174%	2,012,592	976,608	219.9167%	74.49%
	2015	0.3481%	2,018,127	1,044,536	206.6466%	76.18%
LASERS						
	2018	0.0032%	223,553	70,057	337.3265%	62.50%
	2017	0.0320%	247,355	61,382	353.0768%	57.70%
	2016	0.0035%	240,433	67,652	391.6995%	62.70%
	2015	0.0037%	229,606	58,876	339.3928%	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

See the accompanying notes to the required supplementary information.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA
SCHEDULE OF EMPLOYER CONTRIBUTIONS TO THE RETIREMENT SYSTEMS
FOR THE YEAR ENDED JUNE 30, 2018

Pension Plan	Year	Contractually Required Contribution ¹	Contributions in Relation to Contractually Required Contributions ²	Contribution Deficiency (Excess)	Employer's Covered Payroll ³	Contributions as a % of Covered Payroll
TRSL						
	2018	\$ 6,920,140	\$ 6,920,140	\$ -	\$ 26,576,879	26.0382%
	2017	6,912,649	6,912,649	-	26,520,883	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%
LSERS						
	2018	274,823	274,823	-	981,888	27.9892%
	2017	265,024	265,024	-	989,185	26.8294%
	2016	273,963	273,963	-	915,151	29.9360%
	2015	296,706	296,706	-	976,608	30.3813%
LASERS						
	2018	23,355	23,355	-	66,272	35.2411%
	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 LASERS

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

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

See the accompanying notes to the required supplementary information.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018

1. **Changes in Benefit Terms and Assumptions Related to Defined Pension Plans**

Changes of Benefit Terms include:

Following is a listing of changes in benefit terms, as applicable, for the three pension plans for the years presented.

Teachers Retirement System of Louisiana and Louisiana State Employees' Retirement System

2016 - Act 93 of the 2016 provides for a 1.5% permanent benefit increase on the first \$60,000 of a recipient's benefit for eligible members effective 7/1/16 for those retired on or before 6/30/15 who are at least the age of 60.

Louisiana School Employees Retirement System

2016 - Act 93 of the 2016 provides for an up to 2.0% COLA on the first \$60,000 of a recipient's benefit for eligible members effective 7/1/16.

Louisiana State Employees' Retirement System

2016 - The Harbor Police Retirement System transferred into LASERS in 2016 that resulted in a change in benefit terms.

Changes of Assumptions

The following discount rate changes were made to the pension plan as identified in the following table:

Discount Rate:		
<u>Year(*)</u>	<u>Rate</u>	<u>Change</u>
TRSL		
2017	7.700%	-0.050%
2016	7.750%	-
2015	7.750%	
<u>Year(*)</u>	<u>Rate</u>	<u>Change</u>
LSERS		
2017	7.125%	-
2016	7.125%	0.125%
2015	7.000%	
<u>Year(*)</u>	<u>Rate</u>	<u>Change</u>
LASERS		
2017	7.700%	-0.050%
2016	7.750%	-
2015	7.750%	

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

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018

1. **Changes in Benefit Terms and Assumptions Related to Defined Pension Plans** (continued)

Changes of Assumptions (continued)

The following inflation rate changes were made to the pension plans identified in the following table:

Inflation Rate:		
<u>Year (*)</u>	<u>Rate</u>	<u>Change</u>
LSERS		
2016	2.625%	-0.125%
2015	2.750%	
LASERS		
2017	2.750%	-0.250%
2016	3.000%	

The following changes to projected salary increases were made to the pension plans identified in the following table:

Salary Increases:	
<u>Year (*)</u>	<u>Range</u>
LASERS	
2017	2.80% to 14.30% for various member types
2016	3.00% to 14.50% for various member types
LSERS	
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.

2. **Changes in Benefit Terms and Assumptions Related to the Other Post Employment Liability**

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

Changes in assumptions: There were no changes in assumptions for the year ended June 30, 2018.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2018

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES</u>				
Local sources:				
Taxes:				
Ad valorem taxes	\$ 11,116,187	\$ 11,359,312	\$ 11,497,226	\$ 137,914
Sales and use tax	9,930,000	11,000,000	11,418,953	418,953
Earnings on investments	250,000	250,000	(97,003)	(347,003)
Extended Day Program tuition	325,000	450,000	454,827	4,827
Other	810,000	898,674	765,908	(132,766)
State sources:				
Unrestricted grants-in-aid, MFP	31,776,465	32,309,239	32,211,578	(97,661)
Restricted grants-in-aid	12,880	8,500	7,509	(991)
Other	85,194	85,194	133,511	48,317
Federal sources:				
Restricted grants-in-aid - direct	60,493	60,493	64,772	4,279
TOTAL REVENUES	<u>54,366,219</u>	<u>56,421,412</u>	<u>56,457,281</u>	<u>35,869</u>
<u>EXPENDITURES</u>				
Current:				
Instruction:				
Regular education programs	23,176,280	23,895,143	23,206,748	688,395
Special education programs	5,630,736	5,469,618	5,255,968	213,650
Other education programs	3,432,537	3,686,701	3,672,116	14,585
Support services:				
Pupil support services	2,785,719	2,795,089	2,686,654	108,435
Instructional staff services	2,338,602	2,205,454	2,123,740	81,714
General administration services	1,087,732	1,108,988	1,065,256	43,732
School administration services	3,034,706	3,209,807	3,095,925	113,882
Business and central services	2,345,658	2,496,512	2,363,721	132,791
Plant operation and maintenance	5,661,589	6,538,900	5,986,143	552,757
Transportation	4,045,958	4,042,048	3,797,464	244,584
Non-Instructional services:				
Food service	110,652	112,102	109,765	2,337
Appropriations - charter schools	350,000	395,000	423,678	(28,678)
Facility acquisition and construction	-	100,000	84,619	15,381
Debt service:				
General administration	26,050	26,050	-	26,050
TOTAL EXPENDITURES	<u>54,026,219</u>	<u>56,081,412</u>	<u>53,871,797</u>	<u>2,209,615</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>340,000</u>	<u>340,000</u>	<u>2,585,484</u>	<u>2,245,484</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers in	60,000	60,000	40,830	(19,170)
Operating transfers out	(400,000)	(400,000)	(2,000,000)	(1,600,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(340,000)</u>	<u>(340,000)</u>	<u>(1,959,170)</u>	<u>(1,619,170)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	-	-	626,314	626,314
Fund balance, June 30, 2017	12,930,007	15,929,416	18,869,410	2,939,994
FUND BALANCE, JUNE 30, 2018	<u>\$ 12,930,007</u>	<u>\$ 15,929,416</u>	<u>\$ 19,495,724</u>	<u>\$ 3,566,308</u>

The accompanying notes to the budgetary comparison schedule are an integral part of this statement.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO BUDGETARY COMPARISON SCHEDULES

BUDGETS

General Budget Practices. The School Board follows these procedures in establishing the budgetary data reflected in the financial statements:

State statute requires budgets to be adopted for the general fund and all special revenue funds.

Each year prior to September, the Superintendent submits to the Board proposed annual budgets for the general fund and special revenue funds. Public hearings are conducted, prior to the Board's approval, to obtain taxpayer comments. The operating budgets include proposed expenditures and the means of financing them.

Appropriations (unexpended budget balances) lapse at year-end.

Formal Budget integration (within the accounting records) is employed as a management control device. All budgets are controlled at the function level. Budget amounts included in the accompanying financial statements consist of those presented in the original budget adopted by the Board and as amended by the Board.

Encumbrances. Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed.

Budget Basis of Accounting. All governmental funds' budgets are prepared on the modified accrual basis of accounting, a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Budgeted amounts are originally adopted or amended by the Board. Legally, the Board must adopt a balanced budget; that is, total budgeted revenues and other financing sources including fund balance must equal or exceed total budgeted expenditures and other financing uses. State statutes require the Board to amend its budget when revenues plus projected revenues within a fund are expected to be less than budgeted revenues by five percent or more and/or expenditures within a fund are expected to exceed budgeted expenditures by five percent or more. The School Board approves budgets at the function level and management can transfer amounts between line items within a function.

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.

Title IV

The Every Student Succeeds Act (ESSA) was signed into law in December 2015. It reauthorized the Elementary and Secondary Education Act of 1965 (ESEA). Newly authorized under subpart 1 of Title IV, Part A of the ESEA is the Student Support and Academic Enrichment (SSAE) program. The SSAE program is intended to improve students' academic achievement by increasing the capacity of State educational agencies (SEAs), local educational agencies (LEAs), and local communities to provide all students with access to a well-rounded education; improve school conditions for student learning; and improve the use of technology to improve the academic achievement and digital literacy of all students.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
FOR THE YEAR ENDED JUNE 30, 2018

	Special Revenue Fund				
	Title I	Special Education	Title II	Voc Ed	State Grants
<u>Assets</u>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables	296,265	341,819	88,209	46,985	44,713
Prepays	-	-	-	-	-
Inventory	-	-	-	-	-
Due from other funds	-	-	-	-	24,021
Total assets	\$ 296,265	\$ 341,819	\$ 88,209	\$ 46,985	\$ 68,734
<u>Liabilities and Fund Balance</u>					
Liabilities:					
Salaries, payroll deductions, and expenses payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	296,265	341,819	88,209	46,985	-
Total liabilities	296,265	341,819	88,209	46,985	-
Fund balance:					
Nonspendable	-	-	-	-	-
Restricted for:					
Capital Construction	-	-	-	-	-
School Food Service	-	-	-	-	-
Other purposes	-	-	-	-	68,734
Unassigned	-	-	-	-	-
Total fund balance	-	-	-	-	68,734
Total liabilities and fund balance	\$ 296,265	\$ 341,819	\$ 88,209	\$ 46,985	\$ 68,734

(continued)

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
FOR THE YEAR ENDED JUNE 30, 2018

<u>Assets</u>	Special Revenue Fund			
	Exxon	TANF	School Food Service	Donations
Cash and cash equivalents	\$ 246	\$ -	\$ 729,820	\$ 7,308
Receivables	-	169,891	-	-
Prepays	-	-	-	150
Inventory	-	-	71,226	-
Due from other funds	-	-	-	-
Total assets	\$ 246	\$ 169,891	\$ 801,046	\$ 7,458
 <u>Liabilities and Fund Balance</u>				
Liabilities:				
Salaries, payroll deductions, and expenses payable	\$ -	\$ -	\$ 53,981	\$ -
Due to other funds	-	169,891	477,812	-
Total liabilities	-	169,891	531,793	-
Fund balance:				
Nonspendable	-	-	71,226	150
Restricted for:				
Capital Construction	-	-	-	-
School Food Service	-	-	198,027	-
Other purposes	246	-	-	7,308
Unassigned	-	-	-	-
Total fund balance	246	-	269,253	7,458
Total liabilities and fund balance	\$ 246	\$ 169,891	\$ 801,046	\$ 7,458

(continued)

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
FOR THE YEAR ENDED JUNE 30, 2018

<u>Assets</u>	<u>Special Revenue Fund</u>			Capital Projects	Total
	Extended Day Tuition	MSP Project	Title IV		
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 2,000,000	\$ 2,737,374
Receivables	-	1,506	15,539	-	1,004,927
Prepays	-	-	-	-	150
Inventory	-	-	-	-	71,226
Due from other funds	-	-	-	-	24,021
Total assets	\$ -	\$ 1,506	\$ 15,539	\$ 2,000,000	\$ 3,837,698
 <u>Liabilities and Fund Balance</u>					
Liabilities:					
Salaries, payroll deductions, and expenses payable	\$ -	\$ -	\$ -	\$ -	\$ 53,981
Due to other funds	-	1,407	15,539	-	1,437,927
Total liabilities	-	1,407	15,539	-	1,491,908
Fund balance:					
Nonspendable	-	-	-	-	71,376
Restricted for:					
Capital Construction	-	-	-	2,000,000	2,000,000
School Food Service	-	-	-	-	198,027
Other purposes	-	99	-	-	76,387
Unassigned	-	-	-	-	-
Total fund balance	-	99	-	2,000,000	2,345,790
Total liabilities and fund balance	\$ -	\$ 1,506	\$ 15,539	\$ 2,000,000	\$ 3,837,698

(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, 2018

	Special Revenue Fund				
	Title I	Special Education	Title II	Voc Ed	State Grants
<u>Revenues</u>					
Local sources:					
Food sales	\$ -	\$ -	\$ -	\$ -	\$ -
Earnings on investments	-	-	-	-	-
Other	-	-	-	-	-
State sources:					
Unrestricted grants-in-aid	-	-	-	-	36,081
Restricted grants-in-aid	-	-	-	-	177,772
Federal sources:					
Restricted grants-in-aid - subgrants	625,316	889,947	245,457	47,105	-
Commodities - United States					
Department of Agriculture	-	-	-	-	-
Total revenues	<u>625,316</u>	<u>889,947</u>	<u>245,457</u>	<u>47,105</u>	<u>213,853</u>
<u>Expenditures</u>					
Instruction:					
Regular education programs	357,398	-	190,391	-	2,017
Special education programs	-	386,485	-	-	-
Other education programs	202,016	-	-	45,210	128,604
Support services:					
Pupil support services	8,762	59,485	-	-	-
Instructional staff services	36,238	389,486	46,548	1,895	16,412
Business and central services	-	4,239	-	-	-
Transportation	-	42,269	-	-	22,522
Non-Instructional Services:					
School food service	-	-	-	-	-
Total expenditures	<u>604,414</u>	<u>881,964</u>	<u>236,939</u>	<u>47,105</u>	<u>169,555</u>
Excess (deficiency) of revenues over expenditures	<u>20,902</u>	<u>7,983</u>	<u>8,518</u>	<u>-</u>	<u>44,298</u>
Other financing uses					
Operating transfers out	(20,902)	(7,983)	(8,518)	-	(503)
Operating transfers in	-	-	-	-	-
Total other sources (uses)	<u>(20,902)</u>	<u>(7,983)</u>	<u>(8,518)</u>	<u>-</u>	<u>(503)</u>
Net changes in fund balances	-	-	-	-	43,795
Fund balance at beginning of year	-	-	-	-	24,939
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,734</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, 2018

	Special Revenue Fund			
	Exxon	TANF	School Food Service	Donations
<u>Revenues</u>				
Local sources:				
Food sales	\$ -	\$ -	\$ 793,989	\$ -
Earnings on investments	-	-	8,945	-
Other	500	-	-	-
State sources:				
Unrestricted grants-in-aid	-	-	121,759	-
Restricted grants-in-aid	-	208,368	-	-
Federal sources:				
Restricted grants-in-aid - subgrants	-	249,632	1,437,760	-
Commodities - United States				
Department of Agriculture	-	-	178,579	-
Total revenues	<u>500</u>	<u>458,000</u>	<u>2,541,032</u>	<u>-</u>
<u>Expenditures</u>				
Instruction:				
Regular education programs	802	-	-	-
Special education programs	-	-	-	-
Other education programs	-	458,000	-	-
Support services:				
Pupil support services	-	-	-	-
Instructional staff services	-	-	-	-
Business and central services	-	-	-	-
Transportation	-	-	-	-
Non-Instructional Services:				
School food service	-	-	2,533,387	-
Total expenditures	<u>802</u>	<u>458,000</u>	<u>2,533,387</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(302)</u>	<u>-</u>	<u>7,645</u>	<u>-</u>
Other financing uses				
Operating transfers out	-	-	-	-
Operating transfers in	-	-	-	-
Total other sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	(302)	-	7,645	-
Fund balance at beginning of year	<u>548</u>	<u>-</u>	<u>261,608</u>	<u>7,458</u>
Fund balance at end of year	<u>\$ 246</u>	<u>\$ -</u>	<u>\$ 269,253</u>	<u>\$ 7,458</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, 2018

	Special Revenue Fund				Total
	Extended Day Tuition	MSP Project	Title IV	Capital Projects	
<u>Revenues</u>					
Local sources:					
Food sales	\$ -	\$ -	\$ -	\$ -	\$ 793,989
Earnings on investments	-	-	-	-	8,945
Other	330,497	-	-	-	330,997
State sources:					
Unrestricted grants-in-aid	-	-	-	-	157,840
Restricted grants-in-aid	-	-	-	-	386,140
Federal sources:					
Restricted grants-in-aid - subgrants	-	11,252	15,539	-	3,522,008
Commodities - United States					
Department of Agriculture	-	-	-	-	178,579
Total revenues	330,497	11,252	15,539	-	5,378,498
<u>Expenditures</u>					
Instruction:					
Regular education programs	-	1,407	-	-	552,015
Special education programs	-	-	-	-	386,485
Other education programs	330,497	-	11,536	-	1,175,863
Support services:					
Pupil support services	-	-	-	-	68,247
Instructional staff services	-	7,409	3,464	-	501,452
Business and central services	-	-	-	-	4,239
Transportation	-	-	-	-	64,791
Non-Instructional Services:					
School food service	-	-	-	-	2,533,387
Total expenditures	330,497	8,816	15,000	-	5,286,479
Excess (deficiency) of revenues over expenditures	-	2,436	539	-	92,019
Other financing uses					
Operating transfers out	-	(2,385)	(539)	-	(40,830)
Operating transfers in	-	-	-	2,000,000	2,000,000
Total other sources (uses)	-	(2,385)	(539)	2,000,000	1,959,170
Net changes in fund balances	-	51	-	2,000,000	2,051,189
Fund balance at beginning of year	-	48	-	-	294,601
Fund balance at end of year	\$ -	\$ 99	\$ -	\$ 2,000,000	\$ 2,345,790

(concluded)

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

SCHEDULE OF BOARD MEMBERS' COMPENSATION

FOR THE YEAR ENDED JUNE 30, 2018

David Dayton	\$	6,000
Brandy Westmoreland		6,000
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>54,000</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	\$ 165,315
Benefits:	
Group Insurance	9,549
Retirement – Employer Portion	46,634
Medicare – Employer Portion	2,658
Workers Compensation	482
Car Allowance	12,000
Incentive Pay	10,000
	<u> \$ 246,638</u>

**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, 2018, 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 21, 2018.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Compliance and Other Matters

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

Purpose of this Report

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

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 21, 2018



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A Professional Accounting Corporation

**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, 2018. The School Board's major federal program is 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 its major federal program. However, our audit does not provide a legal determination of the School Board's compliance.

Opinion on 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 its major federal program for the year ended June 30, 2018.



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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 21, 2018

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

<u>Federal Grantor/ Pass-Through Grantor/ Program Name</u>	<u>Grantor Project Number</u>	<u>CFDA Number</u>	<u>Expenditures 2018</u>
<u>UNITED STATES DEPARTMENT OF AGRICULTURE</u>			
Passed through Louisiana Department of Agriculture and Forestry - Food Distribution	LDE/103-63	10.555 ¹	\$ 178,579
Passed through Louisiana Department of Education:			
National School Lunch Program	LDE/103-63	10.555 ¹	1,098,122
National School Breakfast Program	LDE/103-63	10.553 ¹	339,638
Subtotal			<u>1,616,339</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	625,316
Special Education, IDEA	28-15-B1-67	84.027A ²	886,707
IDEA - Preschool	28-15-P1-67	84.173A ²	3,240
Vocational Education (Carl Perkins)	28-15-02-67	84.048A	47,105
Title II - Part A, Teacher & Principal Training & Recruiting	28-15-50-67	84.367A	245,457
Title IV	28-18-71-67	84.424A	15,539
Math and Science Partership	28-14-MP-67	84.366A	11,252
Subtotal			<u>1,834,616</u>
<u>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN RESOURCES</u>			
Passed through Louisiana Department of Education:			
Temporary Assistance for Needy Families	28-15-36-67	93.558 ³	249,632
			<u>249,632</u>
<u>UNITED STATES DEPARTMENT OF DEFENSE</u>			
ROTC - Navy Junior Reserve Officers Training Program - (Direct Funding)	n/a	12.U01	64,772
			<u>64,772</u>
Total Expenditures			\$ <u><u>3,765,359</u></u>

¹ Child nutrition cluster = \$1,616,339

² Special education cluster (IDEA) = \$889,947

³ TANF cluster = \$249,632

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

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

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 \$178,579 of commodities during the year ended June 30, 2018. At June 30, 2018, the School Board had food commodities totaling \$71,226 in inventory.

NOTE C – RECONCILIATION TO FINANCIAL STATEMENTS

Total Federal Award Expenditures per schedule	\$ <u>3,765,359</u>
Total federal revenue per the Statement of Revenues, Expenditures and Changes in Fund Balance for the year ended June 30, 2018 are reported in the revenue accounts as follows:	
General Fund – Restricted grants-in-aid-direct	\$ 64,772
Other Governmental Funds:	
Restricted grants-in-aid-sub grants	3,522,008
Commodities	<u>178,579</u>
	\$ <u>3,765,359</u>

NOTE D – DE MINIMUS COST RATE

During the year ended June 30, 2018, 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, 2018, 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, 2018

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? _____yes x 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? _____ yes x none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)? _____ yes x no

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

10.555 and 10.553

Child Nutrition Cluster:

National School Lunch Program and National School Breakfast Program

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, 2018

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

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

None.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS

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.

Current Status: Resolved

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS

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.

Current Status: Resolved

EXHIBIT F

Page 1 of 3

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

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

We have performed the procedures enumerated below, which were agreed to by the Zachary Community School Board, the Louisiana Department of Education, and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of the Zachary Community School Board for the fiscal year ended June 30, 2018; and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin, in compliance with Louisiana Revised Statute 24:514 I. 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.

The procedures and associated findings are as follows:

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

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

No differences noted.

Class Size Characteristics (Schedule 2)

2. We obtained a list of classes by school, school type, and class size as reported on the schedule. We then traced a sample of 10 classes to the October 1 roll books for those classes and observed that the class was properly classified on the schedule.

Of the 10 classes selected, we noted the following differences in 4 classes between the roll book counts and the number reported in Schedule 2:

Number of Students Reported	Roll Book Counts	Difference
25	24	(1.00)
25	26	1.00
22	25	3.00
29	28	(1.00)

Experience of Public School Staff (NO SCHEDULE)

3. We obtained October 1st PEP data submitted to the Department of Education (or equivalent listing prepared by management), including full-time teachers, principals, and assistant principals by classification, as well as their level of education. 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 PEP data (or equivalent listing prepared by management).

No differences noted.

Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers (NO SCHEDULE)

4. We obtained October 1st PEP data submitted to the Department of Education (or equivalent listing prepared by management), of full-time teachers, principals, and assistant principals by classification. We traced the same sample used in procedure 3 to the individual's personnel file and determined if the individual's experience was properly classified on the PEP data (or equivalent listing prepared by management).

No differences noted.

Public School Staff Data: Average Salaries (NO SCHEDULE)

5. We obtained June 30th PEP data submitted to the Department of Education (or equivalent listing provided by management) of all classroom teachers, including base salary, extra compensation, and ROTC or rehired retiree status, as well as full-time equivalents, and obtained management's representation that the data/listing was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's salary, extra compensation, and full-time equivalents were properly included on the PEP data (or equivalent listing prepared by management).

For 2 out of the 25 classroom teachers selected for testing were not included in the June 30th PEP data submitted to the Department of Education.

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

The purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of the Zachary Community School Board as required by Louisiana Revised Statute 24:514. I, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Postlethwaite & Netterville

Baton Rouge, Louisiana
December 21, 2018

ZACHARY COMMUNITY SCHOOL BOARD

BATON ROUGE, LOUISIANA

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

As of and for the Year Ended June 30, 2018

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

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

Schedule 2 (Formerly Schedule 6) Class Size Characteristics

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1-20, 21-26, 27-33, and 34+ students.

ZACHARY COMMUNITY SCHOOL BOARD
Zachary, Louisiana

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

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$ 20,772,726	
Other Instructional Staff Activities	72,800	
Instructional Staff Employee Benefits	9,933,129	
Purchased Professional and Technical Services	740,879	
Instructional Materials and Supplies	533,514	
Instructional Equipment	421,659	
Total Teacher and Student Interaction Activities		32,474,707

Other Instructional Activities

-

Pupil Support Services

2,686,658

Less: Equipment for Pupil Support Services

-

Net Pupil Support Services

2,686,658

Instructional Staff Services

2,123,740

Less: Equipment for Instructional Staff Services

-

Net Instructional Staff Services

2,123,740

School Administration

3,095,925

Less: Equipment for School Administration

-

Net School Administration

3,095,925

Total General Fund Instructional Expenditures (Total of Column B)

40,381,030

Total General Fund Equipment Expenditures (Object 730; Function Series 1000-4000)

\$ 421,659

Certain Local Revenue Sources

Local Taxation Revenue:

Constitutional Ad Valorem Taxes	\$ 1,269,996
Renewable Ad Valorem Tax	9,699,316
Debt Service Ad Valorem Tax	9,140,562
Penalty and Interest on Ad Valorem Tax	-
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	496,096
Sales and Use Taxes	11,418,953
Sales and Use Tax Penalty and Interest	-
Total Local Taxation Revenue	32,024,923

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

-

State Revenue in Lieu of Taxes:

Revenue Sharing - Constitutional Tax

93,470

Revenue Sharing - Other Taxes

-

Revenue Sharing - Excess Portion

-

Other Revenue in Lieu of Taxes

-

Total State Revenue in Lieu of Taxes

93,470

Nonpublic Textbook Revenue

\$ 1,420

Nonpublic Transportation Revenue

-

ZACHARY COMMUNITY SCHOOL BOARD
Zachary, Louisiana

Class Size Characteristics
As of October 1, 2017

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	35%	343	54%	523	10%	100	0%	1
Elementary Activity Classes	22%	31	58%	83	17%	25	3%	5
Middle/Jr. High	34%	125	30%	112	36%	134	0%	-
Middle/Jr. High Activity Classes	63%	25	13%	5	13%	5	13%	5
High	60%	293	29%	142	10%	48	0%	2
High Activity Classes	78%	98	14%	17	6%	8	2%	2
Combination	0%	-	0%	-	0%	-	0%	-
Combination Activity Classes	0%	-	0%	-	0%	-	0%	-
Other	0%	-	0%	-	0%	-	0%	-
Other Activity Classes	0%	-	0%	-	0%	-	0%	-

Note: 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.



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December 12, 2018

Postlethwaite and Netterville

Class Size Characteristics (Schedule 2)

JPAMS data is real time data. An upload to LDOE for class records can upload to LDOE from August 20, 2017 to January 6, 2018 with the as of date of October 1, 2017. When the file is created, it depends on the date that determines the number of students in the class. For example, if I upload on September 5, 2017, with an as of date of October 1, 2017, the class count may be 22 students. On September 10th, the class count could be 28, if students are added or deleted between the 5th and the 10th. Therefore, the records are not static. They can change daily or weekly. You would have to capture the data on the exact day of the count per roll book, which is not feasible for DOE, because they want the count at different times. However, you can see this by sitting with me to observe exactly what I am talking about. It is difficult to understand just by printing rolls and sending to you with an explanation. I hope this clarifies why the roll book and data input sheet can be different.

Public School Staff Data: Average Salaries (No Schedule)

The School District's June 30th PEP End of Year file contained both individuals, however, it does not show these individuals in the June 30th PEP End of Year file for the Louisiana Department of Education(LDOE). It is our assumption that a glitch existed in the upload of data between the School District and LDOE. This may have caused these individuals from being uploaded to the LDOE's database.


John P Musso
Business Manager

Independent Accountant’s Report
On Applying Agreed-Upon Procedures
For the Year Ended June 30, 2018

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

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

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

The procedures 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. Additionally, certain procedures listed below may not have been performed in accordance with guidance provided by the Louisiana Legislative Auditor, the specified user of the report. For those procedures, “procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the school system.

Written Policies and Procedures

1. Obtain and inspect the entity’s written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity’s operations):

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

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. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

The written policies and procedures do not address the segregation of duties for the collection of cash, preparation of deposits, recording entries and reconciliation of cash.

- 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) regarding 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 of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

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.

- 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.

This policy does not specifically address a system to monitor possible ethics violations.

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/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

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exceptions noted. The board did not hold a board meeting in January and September due to extreme weather conditions, not considered an exception.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

Budget to actual comparisons for all major funds were not included in 7 out of 12 monthly board meetings from July 2017 to June 2018.

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

No exceptions noted.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

A listing of bank accounts was provided and included a total of 10 bank accounts. Management identified the school system's main operating account. Exceptions were noted as a result of performing this procedure.

From the listing provided, we selected 5 bank accounts (1 main operating and 4 randomly) and obtained the bank reconciliations for the month ending November 30, 2017, resulting in 5 bank reconciliations obtained and subjected to the below procedures.

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

Of the 5 bank reconciliations obtained, one reconciliation for the Child Nutrition account was not prepared within 2 months. The reconciliation was completed on March 22, 2018.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

No exceptions noted.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

No exceptions noted.

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

A listing of deposit sites was provided and included a total of 14 deposit sites.

From the listing provided, we randomly selected 5 deposit sites and performed the procedures below.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

A listing of collection locations for each deposit site selected in procedure #4 was provided.

From each of the listings provided, we randomly selected one collection location for each deposit site. Review of the school system's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

For 6 of the 14 locations selected for our procedures, the employees responsible for cash collections share cash drawers/registers. It should be noted these are school site locations.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

No exceptions noted.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

No exceptions noted.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

No exceptions noted.

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

The school system stated that all employees who have access to cash are bonded and/or covered under the school system's insurance policy.

- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

We randomly selected two deposit dates for each of the 5 bank accounts selected in procedure #3. We obtained supporting documentation for each of the 10 deposits and performed the procedures below.

- a) Observe that receipts are sequentially pre-numbered.

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

No exceptions noted.

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

No exceptions noted.

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

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

P&N obtained a listing of locations that process disbursements (8 physical locations).

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

P&N picked a sample of 5 locations from the listing provided in step 8 and performed the following procedures:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

No exceptions noted.

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

No exceptions noted.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

No exceptions noted.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

No exceptions noted.

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

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

No exceptions noted.

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

No exceptions noted.

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

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

A listing of cards was provided. No exceptions were noted as a result of performing this procedure.

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

From the listing provided, we randomly selected 5 cards (2 credit cards, 1 fuel card and 2 P-Cards) used in the fiscal period. We randomly selected one monthly statement for each of the 5 cards selected and performed the procedures noted below.

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

No exceptions noted.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

No exceptions noted.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

No exceptions noted.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Procedure was rotated in accordance with criteria set forth by the LLA Statewide Agreed-Upon Procedures.

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Procedure was rotated in accordance with criteria set forth by the LLA Statewide Agreed-Upon Procedures.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Procedure was rotated in accordance with criteria set forth by the LLA Statewide Agreed-Upon Procedures.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

Procedure was rotated in accordance with criteria set forth by the LLA Statewide Agreed-Upon Procedures.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Procedure was rotated in accordance with criteria set forth by the LLA Statewide Agreed-Upon Procedures.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

Procedure was rotated in accordance with criteria set forth by the LLA Statewide Agreed-Upon Procedures.

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Procedure was rotated in accordance with criteria set forth by the LLA Statewide Agreed-Upon Procedures.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

Procedure was rotated in accordance with criteria set forth by the LLA Statewide Agreed-Upon Procedures.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

Procedure was rotated in accordance with criteria set forth by the LLA Statewide Agreed-Upon Procedures.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Procedure was rotated in accordance with criteria set forth by the LLA Statewide Agreed-Upon Procedures.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Procedure was rotated in accordance with criteria set forth by the LLA Statewide Agreed-Upon Procedures.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

Procedure was rotated in accordance with criteria set forth by the LLA Statewide Agreed-Upon Procedures.

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

Procedure was rotated in accordance with criteria set forth by the LLA Statewide Agreed-Upon Procedures.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

Procedure was rotated in accordance with criteria set forth by the LLA Statewide Agreed-Upon Procedures.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Procedure was rotated in accordance with criteria set forth by the LLA Statewide Agreed-Upon Procedures.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.:

Procedure was rotated in accordance with criteria set forth by the LLA Statewide Agreed-Upon Procedures.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Procedure was rotated in accordance with criteria set forth by the LLA Statewide Agreed-Upon Procedures.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above obtain ethics documentation from management, and:
- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Procedure was rotated in accordance with criteria set forth by the LLA Statewide Agreed-Upon Procedures.

- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity’s ethics policy during the fiscal period.

Procedure was rotated in accordance with criteria set forth by the LLA Statewide Agreed-Upon Procedures.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management’s representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

Procedure was rotated in accordance with criteria set forth by the LLA Statewide Agreed-Upon Procedures.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management’s representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Procedure was rotated in accordance with criteria set forth by the LLA Statewide Agreed-Upon Procedures.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management’s representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

No misappropriations noted.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Procedure was rotated in accordance with criteria set forth by the LLA Statewide Agreed-Upon Procedures.

Corrective Action

25. Obtain management's response and corrective action plan for any exceptions noted in the above agreed-upon procedures.

See attached response from management.

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. 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.

Sincerely,

Postlethwaite & Netterville

December 21, 2018



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225.658.4969
Fax 225.658.5261
www.zacharyschools.org

December 12, 2018

Responses to Statewide Agreed Upon Procedures 2017-18:

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:

d) Receipts - 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.

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 quarterly at minimum, which shows a zero-based balance budget. The actual result of the budget was a surplus for the fiscal year.

3. Bank Reconciliations

a) The School District management will review bank account reconciliations monthly to insure reconciliations are prepared timely.

John Musso

Business Manager