
ZACHARY COMMUNITY SCHOOL BOARD

ZACHARY, LOUISIANA

JUNE 30, 2007

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Release Date 1-9-08



ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2007

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INDEPENDENT AUDITORS' REPORT

The Members of the
Zachary Community School Board
Zachary, Louisiana

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, 2007, which collectively comprise the School Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board, as of June 30, 2007, and the respective changes in financial positions thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 2 through 8 and page 33 are not a required part of the basic financial statements but are *supplementary information required by the Governmental Accounting Standards Board*. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2007 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the School Board's basic financial statements. The accompanying other supplementary information on pages 34 through 43 are presented for purposes of additional analysis and are not a required part of the basic financial statements. This supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly presented in all material respects in relation to the basic financial statements taken as a whole. The information included in the performance and statistical data on pages 52 through 69 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Baton Rouge, Louisiana
November 26, 2007

ZACHARY COMMUNITY SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2007

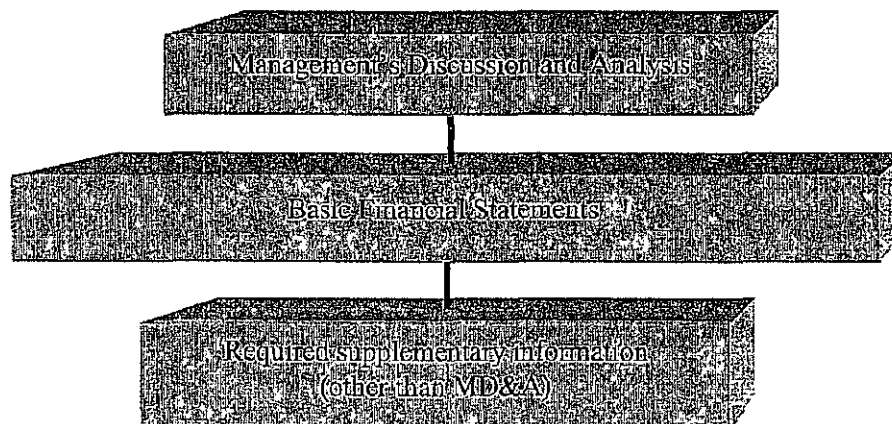
The Management's Discussion and Analysis of the Zachary Community School Board's financial performance presents a narrative overview and analysis of Zachary Community School Board's financial activities for the year ended June 30, 2007. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information (where available).

FINANCIAL HIGHLIGHTS

- ★ The Zachary Community School Board's assets exceeded its liabilities at the close of fiscal year 2007 and 2006 by \$32,492,400 and \$24,220,779, respectively.
- ★ At the end of the fiscal year 2007 and 2006, revenues exceeded expenses by \$8,271,621 and \$10,215,465, respectively.
- ★ State MFP funds were approximately \$17 and \$14 million for the fiscal years 2007 and 2006, respectively.
- ★ Long-term debt of \$20,000,000 was issued during fiscal year 2007, the proceeds of which will be used to construct and improve facilities. During the year ended 2007, \$3,595,000 of the total principal outstanding was retired.

OVERVIEW OF THE FINANCIAL STATEMENTS

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



ZACHARY COMMUNITY SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2007

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.

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 private sector business.

The *statement of net assets* presents information on all of the School Board's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 by 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 and special education 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 of 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 and the governmental fund statement of revenues, expenditures, and changes in fund balance 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, Debt Services Fund and the Capital Projects Fund, all of 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, 2007

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

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.

ZACHARY COMMUNITY SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2007

FINANCIAL ANALYSIS OF THE ENTITY

Statements of Net Assets
June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Cash and other assets	\$ 6,572,137	\$ 4,994,658
Investments	18,775,954	17,495,931
Receivables	2,079,649	1,903,202
Capital assets	<u>46,547,098</u>	<u>22,497,554</u>
Total assets	<u>73,974,838</u>	<u>46,891,345</u>
Other liabilities	350,434	25,702
Salaries, payroll deduction and expenses payable	6,114,625	4,448,852
Compensated absences payable	1,912,379	1,496,012
Bonds payable	<u>33,105,000</u>	<u>16,700,000</u>
Total liabilities	<u>41,482,438</u>	<u>22,670,566</u>
Net assets:		
Invested in capital assets	13,442,098	5,797,554
Unrestricted	15,905,559	15,193,882
Restricted	<u>3,144,743</u>	<u>3,229,343</u>
Total net assets	<u>\$ 32,492,400</u>	<u>\$ 24,220,779</u>

- Investments account for 25% of the total assets of the School Board.
- Capital assets, which are reported net of accumulated depreciation, account for 63% of the total assets of the School Board for the most recent year ended June 30, 2007.
- Net assets invested in capital assets account for 41% of total net assets reported as of June 30, 2007.
- Unrestricted nets assets account for 49% of total net assets.
- Total assets increased due to the completion of Copper Mill Elementary School, class room renovations to Northwestern Elementary School and Zachary Elementary School and roof repairs at Zachary High School.

ZACHARY COMMUNITY SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2007

Changes in Net Assets
For the Years ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Revenues		
Program revenues		
Charges for services	\$ 770,432	\$ 503,637
Operating grants	3,823,747	3,784,445
General revenues		
Property taxes	10,203,394	9,159,481
Sales taxes	7,535,185	7,557,203
Earnings on investments	1,202,248	653,664
MFP	17,299,171	13,619,368
Other	294,727	276,291
	<u>41,128,904</u>	<u>35,554,089</u>
Expenses		
Regular education	12,329,359	10,040,413
Special education	3,124,485	2,525,133
Other education	1,727,053	1,342,678
Pupil support	1,146,390	991,335
Instructional staff	1,139,453	829,175
General administrative	700,287	822,823
School administrative	1,558,679	1,162,292
Business and central services	1,737,347	1,399,761
Plant operation and maintenance	4,287,135	2,615,158
Transportation	1,777,657	1,343,563
Food service	1,839,742	1,501,845
General administration (debt service)	100,609	1,238
Interest and bank charges (debt service)	1,389,087	763,210
	<u>32,857,283</u>	<u>25,338,624</u>
 Excess of revenues over expenses	 <u>\$ 8,271,621</u>	 <u>\$ 10,215,465</u>

Change in Net Assets

- MFP totaling approximately \$17 million accounts for 42% of total revenues.
- Property taxes account for 25% of total revenues.

ZACHARY COMMUNITY SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2007

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2007, the Zachary Community School Board had \$46,547,098 invested in a broad range of capital assets, including land, building, and equipment. (See Table below).

Operations in the schools began July 1, 2003. A significant amount of the assets were transferred in an intergovernment agreement with the East Baton Rouge Parish School System.

Capital Assets at Year-end
(Net of Depreciation)

	2007	2006
Land	\$ 1,369,882	\$ 973,764
Buildings and improvements	16,104,775	1,171,840
Equipment, fixtures, and vehicles	1,792,150	1,611,422
Food Service	27,899	33,839
Construction in progress	27,252,392	18,706,689
Totals	\$ 46,547,098	\$ 22,497,554

- Total assets increased due to the completion of Copper Mill Elementary School, class room renovations to Northwestern Elementary School and Zachary Elementary School and roof repairs at Zachary High School.
- The increase in construction in progress is related to the renovations in progress at Northwestern Middle School and Zachary High School.

Long-term debt

During the fiscal year 2007, the School Board issued two General Obligation School Bonds, Series 2006 and 2007, of the School District No. 1 of the Zachary Community, State of Louisiana to finance construction and improvement projects. The total bonds outstanding for the year ended 2007 were \$33,105,000. During the year 2007, \$3,595,000 of principal and \$1,061,170 of interest payments were made.

ZACHARY COMMUNITY SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2007

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Property taxes and sales taxes were relatively higher than the budgeted amounts.

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:

- Property tax millages will be the same as prior years.
- General Fund and other funds revenues and expenditures are expected to remain consistent with current years.
- Significant construction activity will continue as progress is made on approved projects in the next fiscal year.

The Zachary Community School Board expects that 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 Gordon Robertson, Business Manager, Zachary Community School Board, 4656 Main Street, Zachary, LA 70791.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA
STATEMENT OF NET ASSETS
June 30, 2007

ASSETS

	<u>2007</u>
Cash and cash equivalents	\$ 6,323,794
Investments	18,775,954
Receivables	2,079,649
Inventory	79,399
Prepaid expenses	168,944
Land, building, and equipment, net	<u>46,547,098</u>
TOTAL ASSETS	\$ <u>73,974,838</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Salaries, payroll deduction and expenses payable	\$ 6,114,625
Deferred revenues	22,517
Compensated absences payable	1,912,379
Accrued interest payable	327,917
Long-term liabilities	
Due within one year	2,835,000
Due in more than one year	<u>30,270,000</u>
TOTAL LIABILITIES	\$ <u>41,482,438</u>

NET ASSETS

Invested in capital assets, net of related debt	13,442,098
Restricted for debt service	3,144,743
Unrestricted	<u>15,905,559</u>
TOTAL NET ASSETS	\$ <u>32,492,400</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, 2007

	<u>Expenses</u>	<u>Program Revenues</u>	<u>Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Asset Governmental Unit</u>
		<u>Charges for Services</u>		
Functions/Programs				
Instruction:				
Regular education programs	\$12,329,359	\$ -	\$ 1,266,028	\$ (11,063,331)
Special education programs	3,124,485	-	320,835	(2,803,650)
Other education programs	1,727,053	216,688	177,341	(1,333,024)
Support Services:				
Pupil support services	1,146,390	-	117,716	(1,028,674)
Instructional staff services	1,139,453	-	117,004	(1,022,449)
General administration services	700,287	-	71,908	(628,379)
School administration services	1,558,679	-	160,051	(1,398,628)
Business and central services	1,737,347	-	178,398	(1,558,949)
Plant operation and maintenance	4,287,135	-	440,220	(3,846,915)
Transportation	1,777,657	-	182,536	(1,595,121)
Non-Instructional Services:				
Food service	1,839,742	553,744	791,710	(494,288)
Debt Service:				
General administration	100,609	-	-	(100,609)
Interest	1,389,087	-	-	(1,389,087)
Total Governmental Activities	<u>32,857,283</u>	<u>770,432</u>	<u>3,823,747</u>	<u>(28,263,104)</u>
Local sources				
Taxes:				
Ad valorem				10,203,394
Sales and use				7,535,185
Earnings on investments				1,202,248
Other				235,994
State sources				
Unrestricted grants-in-aid				17,299,171
Other				58,733
			Total general revenues	<u>36,534,725</u>
Change in Net Assets				8,271,621
Net Assets - July 1, 2006				<u>24,220,779</u>
Net Assets - June 30, 2007				<u>\$ 32,492,400</u>

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, 2007

	General	Capital Projects	Debt Service	Other Governmental	Total
<u>ASSETS</u>					
Cash and cash equivalents	\$ 5,470,390	\$ 1,073	\$ 832,768	\$ 19,563	\$ 6,323,794
Investments	11,514,340	5,015,288	2,246,326	-	18,775,954
Receivables	1,206,150	-	65,649	807,850	2,079,649
Due from other funds	1,247,093	-	-	-	1,247,093
Prepaid expenses	168,944	-	-	-	168,944
Inventory	21,589	-	-	57,810	79,399
TOTAL ASSETS	<u>\$ 19,628,506</u>	<u>\$ 5,016,361</u>	<u>\$ 3,144,743</u>	<u>\$ 885,223</u>	<u>\$ 28,674,833</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Salaries, payroll deductions and expenses payable	\$ 2,232,515	\$ 3,876,925	\$ -	\$ 5,185	\$ 6,114,625
Deferred revenues	-	-	-	22,517	22,517
Due to other funds	-	311,564	-	935,529	1,247,093
TOTAL LIABILITIES	<u>2,232,515</u>	<u>4,188,489</u>	<u>-</u>	<u>963,231</u>	<u>7,384,235</u>
Fund balances:					
Reserved for Debt Service	-	-	3,144,743	-	3,144,743
Reserved, designated for capital construction	1,000,000	-	-	-	1,000,000
Unreserved, designated for future operations	4,784,319	-	-	-	4,784,319
Unreserved, undesignated	11,611,672	827,872	-	(78,008)	12,361,536
TOTAL FUND BALANCES	<u>17,395,991</u>	<u>827,872</u>	<u>3,144,743</u>	<u>(78,008)</u>	<u>21,290,598</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 19,628,506</u>	<u>\$ 5,016,361</u>	<u>\$ 3,144,743</u>	<u>\$ 885,223</u>	<u>\$ 28,674,833</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 ASSETS
JUNE 30, 2007

Total Fund Balances at June 30, 2007 - Governmental Funds	\$		21,290,598
Cost of capital assets at June 30, 2007	\$	55,176,294	
Less: Accumulated depreciation as of June 30, 2007:			
Buildings		(5,368,944)	
Movable property		(2,987,578)	
Food Service		<u>(272,674)</u>	46,547,098
Accrued interest payable			(327,917)
Long-term liabilities at June 30, 2007:			
Bonds payable		(33,105,000)	
Compensated absences payable		<u>(1,912,379)</u>	<u>(35,017,379)</u>
Total Net Assets at June 30, 2007 - Governmental Activities	\$		<u>32,492,400</u>

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

ZACHARY COMMUNITY SCHOOL BOARD

ZACHARY, LOUISIANA

GOVERNMENTAL FUNDS

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
FOR THE YEAR ENDED JUNE 30, 2007**

	General	Capital Projects	Debt Service	Other Governmental	Total
REVENUES					
Local sources:					
Taxes:					
Ad valorem	\$ 5,672,846	\$ -	\$ 4,530,548	\$ -	\$ 10,203,394
Sales and use	7,535,185	-	-	-	7,535,185
Food Sales	-	-	-	553,744	553,744
Earnings on investments	603,543	392,851	203,744	2,110	1,202,248
Extended Day Program tuition	216,688	-	-	-	216,688
Other	112,603	4,000	-	121,307	237,910
State sources:					
Unrestricted grants-in-aid	17,149,988	-	-	149,183	17,299,171
Restricted grants-in-aid	491,740	-	-	218,803	710,543
Other	58,733	-	-	-	58,733
Federal sources:					
Restricted grants-in-aid - direct	54,133	-	-	-	54,133
Restricted grants-in-aid - subgrants	-	-	-	2,988,698	2,988,698
Commodities - United States Department of Agriculture	-	-	-	70,373	70,373
TOTAL REVENUES	31,895,459	396,851	4,734,292	4,104,218	41,130,820
EXPENDITURES					
Current:					
Instruction:					
Regular education programs	11,850,178	-	-	867,898	12,718,076
Special education programs	2,776,245	-	-	631,867	3,408,112
Other education programs	1,551,624	-	-	597,825	2,149,449
Support services:					
Pupil support services	1,176,441	-	-	42,491	1,218,932
Instructional staff services	909,935	-	-	299,922	1,209,857
General administration services	726,808	-	-	16,748	743,556
School administration services	1,654,987	-	-	-	1,654,987
Business and central services	1,652,241	-	131,586	200,996	1,984,823
Plant operation and maintenance	4,046,508	-	-	2,583	4,049,091
Transportation	1,712,936	-	-	4,983	1,717,919
Non-Instructional services:					
Food service	78,953	-	-	1,761,324	1,840,277
Facility acquisition and construction	629,319	21,682,584	-	-	22,311,903
Debt service:					
General administration	100,609	-	-	-	100,609
Principal retirement	-	-	3,595,000	-	3,595,000
Interest and bank charges	-	-	1,061,170	-	1,061,170
TOTAL EXPENDITURES	28,866,784	21,682,584	4,787,756	4,426,637	59,763,761
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,028,675	(21,285,733)	(53,464)	(322,419)	(18,632,941)

(continued)

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA
GOVERNMENTAL FUNDS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
FOR THE YEAR ENDED JUNE 30, 2007

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Other Governmental</u>	<u>Total</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Operating transfers in	\$ 51,725	\$ -	\$ -	\$ 265,000	\$ 316,725
Insurance proceeds from loss	4,302	-	-	-	4,302
Proceeds from issuance of bonds	-	20,000,000	-	-	20,000,000
Operating transfers out	(265,000)	-	-	(51,725)	(316,725)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(208,973)</u>	<u>20,000,000</u>	<u>-</u>	<u>213,275</u>	<u>20,004,302</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</u>					
	2,819,702	(1,285,733)	(53,464)	(109,144)	1,371,361
Fund balances, June 30, 2006	<u>14,576,289</u>	<u>2,113,605</u>	<u>3,198,207</u>	<u>31,136</u>	<u>19,919,237</u>
FUND BALANCES, JUNE 30, 2007	<u>\$ 17,395,991</u>	<u>\$ 827,872</u>	<u>\$ 3,144,743</u>	<u>\$ (78,008)</u>	<u>\$ 21,290,598</u> (concluded)

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

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS -
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE TO STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2007

Total Net Changes in Fund Balance - Governmental Funds		\$ 1,371,361
Capital Assets:		
Loss on disposal of fixed assets	\$ (6,218)	
Capital outlay capitalized	25,467,573	
Depreciation expense for year ended June 30, 2007	<u>(1,411,811)</u>	24,049,544
Accrued interest payable		(327,917)
Long Term Debt:		
Principal portion of debt service payments	3,595,000	
Bond issued during the year	(20,000,000)	
Excess of compensated absences earned over amounts used	<u>(416,367)</u>	<u>(16,821,367)</u>
Change in Net Assets - Governmental Activities		<u>\$ 8,271,621</u>

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

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2007

ASSETS

Cash and cash equivalents	\$ <u>738,545</u>
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LIABILITIES

Deposits due others	\$ <u>738,545</u>
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ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The School Board complies with Generally Accepted Accounting Principles (GAAP). The School Board's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The following is a summary of the School Board's significant policies.

a. Reporting Entity

Effective July 1, 2003, The Zachary Community School Board (School Board) seceded from the East Baton Rouge Parish School System (EBRPSS) and formed its own school district. The School Board was created by Louisiana Revised Statute (LSA-R.S.) 17:51 for the purpose of providing public education for the residents of 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 11 members who are elected for a term of four years.

The School Board operates 5 schools within the community with a total enrollment of approximately 3,700 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.

GASB Statement 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, 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. As used in GASB Statement 14, 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 Statement 14 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.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

b. **Fund Accounting** (continued)

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:

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.

Capital Projects Fund - The Capital Projects Fund was established to account for capital improvements, including construction of new facilities and renovations.

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 as applied to governmental units. Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide financial statements and the proprietary fund financial statements to the extent that those standards do not conflict or contradict guidance of the GASB.

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 Assets 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 Net Fiduciary Assets 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.

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 general administration 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.

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.

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)

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 2007 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 2007 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 ten days prior to the public hearings.

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

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

f. **Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments are recorded, is employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year end are reported as reservations of fund balance since they do not constitute expenditures or liabilities.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

g. **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.

h. **Federal Grants Receivable**

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

i. **Inventory**

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.

j. **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)

j. 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.

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.

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 in the Government-wide financial statements.

l. 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 System, 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.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

l. **Sales, Use and Property Taxes** (continued)

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. Values are established by the East Baton Rouge Parish Assessor's Office each year.

Ad valorem taxes are assessed and levied on a calendar year basis, 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.

m. **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.

n. **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.

2. **Ad Valorem Taxes**

The following is a summary of authorized and levied parishwide ad valorem taxes collected during the fiscal year ended June 30, 2007:

	<u>Authorized Millage</u>	<u>Levied Millage</u>
Constitutional	5.00	5.00
Special	38.20	38.20
Bond and Interest	36.00	36.00

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

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, 2007, the bank balance of \$7,381,125 was not exposed to custodial credit risk.

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

Investments:

As of June 30, 2007, the Board had the following investments and maturities:

INVESTMENT MATURITIES (IN YEARS)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>
General Fund				
U.S. Government Agencies	\$ 11,514,339	\$ 4,126,500	\$ 6,891,789	\$ 496,050
Sinking Fund				
U.S. Government Agencies	5,015,289	5,015,289	-	-
Capital Projects Fund				
U.S. Government Agencies	<u>2,246,326</u>	<u>2,246,326</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 18,775,954</u>	<u>\$ 11,388,115</u>	<u>\$ 6,891,789</u>	<u>\$ 496,050</u>

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

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 has no investment policy that would further limit its investment choices. As of June 30, 2007, the Board's investment in U.S. Agencies was rated AAA by Moody's Investors Service and AAA by Standard & Poor's.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

3. Cash and Investments

Investments (continued):

Concentration of Credit Risk- The School Board places no limit on 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 Home Loan Mortgage Corporation, Federal National Mortgage Association and Federal Farm Credit Bank. These investments are 60.1%, 20%, 12% and 7.9%, respectively.

4. Due From/To Other Funds

Individual balances due from/to other funds are as follows at June 30, 2007:

<u>Fund</u>	<u>Due from other funds</u>	<u>Due to other funds</u>
General Fund	\$ 1,247,093	\$ -
Special Revenue Funds:		
Title I	-	321,116
Vocational Education	-	12,231
Title IV	-	13,011
Special Education	-	238,260
Title II	-	72,168
State Grants	-	89,626
Capital Projects	-	311,564
School Food Service	-	189,117
Total	<u>\$ 1,247,093</u>	<u>\$ 1,247,093</u>

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

5. Capital Assets

Capital assets and depreciation activity as of and for the year ended June 30, 2007 is as follows:

	<u>Land</u>	<u>Buildings And Improvements</u>	<u>Equipment Fixtures & Vehicles</u>	<u>Food Service</u>	<u>Construction In Progress</u>	<u>Total</u>
<u>Cost:</u>						
at June 30, 2006	\$ 973,764	\$ 6,048,525	\$3,725,510	\$ 313,023	\$ 18,706,689	\$ 29,767,511
Additions	396,118	15,425,194	1,100,558	-	22,976,113	39,897,983
Deletions	-	-	<u>(46,340)</u>	<u>(12,450)</u>	<u>(14,430,410)</u>	<u>(14,489,200)</u>
at June 30, 2007	<u>1,369,882</u>	<u>21,473,719</u>	<u>4,779,728</u>	<u>300,573</u>	<u>27,252,392</u>	<u>55,176,294</u>
 <u>Accumulated depreciation:</u>						
at June 30, 2006	-	4,876,685	2,114,088	279,184	-	7,269,957
Additions	-	492,259	913,612	5,940	-	1,411,811
Deletions	-	-	<u>(40,122)</u>	<u>(12,450)</u>	-	<u>(52,572)</u>
at June 30, 2007	<u>-</u>	<u>5,368,944</u>	<u>2,987,578</u>	<u>272,674</u>	<u>-</u>	<u>8,629,196</u>
 Capital assets, net of depreciation at June 30, 2007	<u>\$1,369,882</u>	<u>\$16,104,775</u>	<u>\$1,792,150</u>	<u>\$ 27,899</u>	<u>\$27,252,392</u>	<u>\$46,547,098</u>

* Depreciation expense of \$1,411,811 for the year ended June 30, 2007 was charged to the following governmental functions:

Regular Education	\$ 453,710
Special Education	116,311
Other Educational Programs	73,355
Pupil Support Services	41,599
Instructional Staff Services	41,289
General Administrative Services	25,376
School Administrative Services	56,481
Business and Central Services	45,753
Plant Operation and Maintenance	492,259
Transportation	59,738
Food Service	<u>5,940</u>
	<u>\$ 1,411,811</u>

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

6. Long-term Debt

The following is a summary of the changes in general long-term debt for the year ended June 30, 2007:

	<u>Balance</u> <u>June 30, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2007</u>
General Obligation Bonds	\$ 16,700,000	20,000,000	\$ 3,595,000	\$ 33,105,000
Compensated Absences	<u>1,496,012</u>	<u>416,367</u>	<u>-</u>	<u>1,912,379</u>
Total	<u>\$ 18,196,012</u>	<u>\$ 20,416,367</u>	<u>\$ 3,595,000</u>	<u>\$ 35,017,379</u>

A schedule of the individual issues outstanding as of June 30, 2007 is as follows:

<u>Bond Issue</u>	<u>Original</u> <u>Issue</u>	<u>Interest</u> <u>Rate</u>	<u>Final</u> <u>Payment</u> <u>Due</u>	<u>Interest to</u> <u>Maturity</u>	<u>Principal</u> <u>Outstanding</u>
School District No. 1:	July 1, 2004	4.50% - 5.00%	March 1, 2024	\$ 3,678,376	\$ 7,405,000
School District No. 1:	June 1, 2005	4.00% - 5.50%	March 1, 2025	4,202,490	8,700,000
School District No. 1:	August 1, 2006	7.0%	March 1, 2026	3,491,756	7,000,000
School District No. 1:	June 1, 2005	7.0%	March 1, 2027	<u>4,206,580</u>	<u>10,000,000</u>
				<u>\$15,579,202</u>	<u>\$ 33,105,000</u>

All principal and interest requirements are funded in accordance with Louisiana law by the annual ad valorem tax levy on taxable property within the parish. The School Board accumulates the tax proceeds in the Debt Service Fund. At June 30, 2007, the School Board has accumulated \$3,144,743 in debt service fund for future debt service requirements.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

6. General Long-term Debt (continued)

The general obligation bond is 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>
2008	\$ 2,835,000	\$ 1,462,468	\$ 4,297,468
2009	1,100,000	1,371,049	2,471,049
2010	1,155,000	1,316,449	2,471,449
2011	1,220,000	1,258,849	2,478,849
2012	1,285,000	1,197,999	2,482,999
2013-2017	7,500,000	4,983,384	12,483,384
2018-2022	9,710,000	3,115,071	12,825,071
2023-2027	<u>8,300,000</u>	<u>873,933</u>	<u>9,173,933</u>
	<u>\$ 33,105,000</u>	<u>\$ 15,579,202</u>	<u>\$ 48,684,202</u>

In accordance with Louisiana Revised Statute 39:562, the School Board is legally restricted from incurring long-term bonded debt in excess of 35 percent of the net assessed value of taxable property. At June 30, 2007, the net assessed value of taxable property for the parish was \$159,224,130, which would result in a \$55,728,445 long-term bonded debt limit.

7. Retirement Systems

Substantially all employees of the School Board are members of two statewide retirement systems. In general, professional employees (such as teachers and principals) and lunchroom workers are members of the Teachers' Retirement System of Louisiana; other employees, such as custodial personnel and bus drivers, are members of the Louisiana School Employees' Retirement System. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

7. Retirement Systems (continued)

A. Teachers' Retirement System of Louisiana (TRS)

Plan Description. The TRS consists of three membership plans: Regular Plan, Plan A, and Plan B. The TRS provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is required to become vested for retirement benefits and five years to become vested for disability and survivor benefits.

Benefits are established and amended by state statute. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for the TRS. That report may be obtained by writing to the Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446.

Funding Policy. Plan members are required to contribute 8.0 percent, 9.1 percent, and 5.0 percent of their annual covered salary for the Regular Plan, Plan A, and Plan B, respectively. The School Board is required to contribute at an actuarially determined rate. The current rate is 15.8 percent of annual covered payroll for all three membership plans. Member contributions and employer contributions for the TRS are established by state law and rates are established by the Public Retirement Systems' Actuarial Committee. The School Board's employer contribution for the TRS, as provided by state law, is funded by the State of Louisiana through annual appropriations, by deductions from local ad valorem taxes, and by remittances from the School Board.

The School Board's contribution to the TRS for the years ended June 30, 2007, 2006 and 2005, were \$2,559,815, \$1,917,535, and \$1,659,610, respectively.

B. Louisiana School Employees' Retirement System (LSERS)

Plan Description. The LSERS provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is required to become vested for retirement benefits and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The LSERS issues a publicly available financial report that includes financial statements and required supplementary information for the LSERS. That report may be obtained by writing to the Louisiana School Employees' Retirement System, Post Office Box 44516, Baton Rouge, Louisiana 70804, or by calling (225) 925-6484.

Funding Policy. Plan members are required to contribute 7.5 percent of their annual covered salary and the School Board is required to contribute at an actuarially determined rate, currently 19.6%. Member contributions and employer contributions for the LSERS are established by state law and rates are established by the Public Retirement Systems' Actuarial Committee. The School Board's employer contribution for the LSERS is funded by the State of Louisiana through annual appropriations.

For the years ended June 30, 2007, 2006 and 2005, the School Board contributed \$143,798, \$68,717, and \$75,253, respectively, to the LSERS.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

7. Retirement Systems (continued)

C. Postretirement Health Care Benefits

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

The School Board recognizes the cost of providing these benefits (the School Board's portion of premiums) as an expenditure when the premiums are due. The School Board's cost of providing all health care benefits to the retired employees amounted to approximately \$43,835 for 2007.

8. Changes in Agency Deposits Due Others

A summary of changes in agency fund deposits due others for the year ended June 30, 2007 are as follows:

	Balance beginning of year	Additions	Deductions	Balance end of year
School Activity Agency Fund	\$ <u>524,526</u>	\$ <u>2,135,421</u>	\$ <u>(1,921,402)</u>	\$ <u>738,545</u>

9. Litigation and Claims

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.

10. Receivables

Receivables as of June 30, 2007 for the School Board are as follows:

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
<u>Receivables:</u>				
Property taxes	\$ 74,574	\$ 65,649	\$ -	\$ 140,223
Sales taxes	881,561	-	-	881,561
Due from other Governments	244,556	-	751,413	995,969
Meal charges	-	-	56,437	56,437
Employee Advances	1,928	-	-	1,928
Due from athletics	3,531	-	-	3,531
Gross receivables	\$ <u>1,206,150</u>	\$ <u>65,649</u>	\$ <u>807,850</u>	\$ <u>2,079,649</u>

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

11. Recent Accounting Pronouncement

The GASB has issued Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefit Plans Other Than Pensions*. This statement will require the School Board to record a liability on the statement of net assets for future health benefits to be paid to retirees. In measuring this liability, the School Board has engaged an actuarial firm to evaluate its post-retirement benefits. The requirements of the statement are effective for the School Board for the fiscal year 2008-2009.

12. Deficit Fund Equity

The School Food Service Fund's deficit balance as of June 30, 2007 in net assets is \$96,404, resulting from larger than expected expenditures.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

MAJOR FUND DESCRIPTIONS

GENERAL FUND

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

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2007

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Local sources:				
Taxes:				
Ad valorem taxes	\$ 5,125,000	\$ 5,425,000	\$ 5,672,846	\$ 247,846
Sales and use tax	5,379,119	6,637,865	7,535,185	897,320
Earnings on investments	50,000	625,000	603,543	(21,457)
Extended Day Program tuition	-	-	216,688	216,688
Other	250,000	250,000	112,603	(137,397)
State sources:				
Unrestricted grants-in-aid, MFP	12,500,000	15,948,658	17,149,988	1,201,330
Restricted grants-in-aid	279,000	279,000	491,740	212,740
Other	53,000	53,000	58,733	5,733
Federal sources:				
Restricted grants-in-aid-direct	-	-	54,133	54,133
TOTAL REVENUES	23,636,119	29,218,523	31,895,459	2,676,936
EXPENDITURES				
Current:				
Instruction:				
Regular education programs	10,327,350	12,018,355	11,850,178	168,177
Special education programs	2,420,415	2,704,199	2,776,245	(72,046)
Other education programs	1,167,360	1,471,585	1,551,624	(80,039)
Support services:				
Pupil support services	1,147,258	1,224,697	1,176,441	48,256
Instructional staff services	699,421	793,832	909,935	(116,103)
General administration services	798,392	886,306	726,808	159,498
School administration services	1,511,387	1,681,298	1,654,987	26,311
Business and central services	1,163,478	1,884,015	1,652,241	231,774
Plant operation and maintenance	2,526,203	3,842,000	4,046,508	(204,508)
Transportation	1,281,640	1,781,640	1,712,936	68,704
Non-Instructional services:				
Food service	93,215	98,596	78,953	19,643
Facility acquisition and construction	300,000	632,000	629,319	2,681
Debt service:				
General administration	-	-	100,609	(100,609)
TOTAL EXPENDITURES	23,436,119	29,018,523	28,866,784	151,739
EXCESS OF REVENUES OVER EXPENDITURES	200,000	200,000	3,028,675	2,828,675
OTHER FINANCING SOURCES (USES)				
Operating transfers in	65,000	65,000	51,725	(13,275)
Insurance proceeds from loss	-	-	4,302	4,302
Operating transfers out	(265,000)	(265,000)	(265,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(200,000)	(200,000)	(208,973)	(8,973)
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	-	-	2,819,702	2,819,702
Fund balance, June 30, 2006	978,764	986,165	14,576,289	13,590,124
FUND BALANCE, JUNE 30, 2007	\$ 978,764	\$ 986,165	\$ 17,395,991	\$ 16,409,826

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NON-MAJOR FUND DESCRIPTIONS

Title IV

The Title IV School Program is a federally-funded program which provides drug abuse and prevention education for all students.

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.

Title V

The Title V program is a federally-funded program which provides funding for comprehensive systematic school reform, upgrade of instructional and professional development, strengthening of accountability, and promoting the coordination of resources to improve education for all children.

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.

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.

Title III

Funds for assisting Zachary Community School Board in teaching English to limited English proficient students.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NON-MAJOR FUND DESCRIPTIONS

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 Mobile Corporation to be used for purchase of materials, supplies, and professional services in support of education of students.

Art Z Fund

The ARTZ Fund is a program to provide for artists in the classrooms, school art activities, art materials, art equipment, art consultants and teachers training which is funded by fundraising activities of parents and teachers.

Starlab Fund

STARLAB is a fund financed through fundraising by parents and teachers and donations to facilitate the use of miniature planetarium entitled STARLAB. Funds are used for teacher training, instructional materials, consultants, and equipment maintenance.

Educational Technology

The Educational Technology Fund is a state-funded program that is part of the No Child Left Behind Program. The purpose of these funds is to increase and enhance the technology abilities of both teachers and students, involve parents in the use of technology and increase the availability of technology hardware and software.

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.

Disaster Relief Fund

The Disaster Relief Fund is used to account for federal funding to be used to meet the educational needs of students enrolled in the School System who were displaced as a result of Hurricanes Katrina and Rita in 2005.

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.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NON-MAJOR FUND DESCRIPTIONS

Extended Day

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.

SFS Supplement

The SFS Supplement Fund is a courtesy fund for School Food Service workers which is being transferred to the High School Activity Funds.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NON-MAJOR GOVERNMENTAL FUNDS-
COMBINING BALANCE SHEET
JUNE 30, 2007

	<u>Title IV</u>	<u>Title I</u>	<u>Title V</u>	<u>Spec Ed</u>	<u>Title II</u>	<u>Voc Ed</u>
<u>Assets</u>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables	14,463	324,666	-	238,260	72,168	12,231
Inventory	-	-	-	-	-	-
Total assets	\$ 14,463	\$ 324,666	\$ -	\$ 238,260	\$ 72,168	\$ 12,231
<u>Liabilities and Fund Balance</u>						
Liabilities:						
Salaries, payroll deductions, and expenses payable	\$ 1,452	\$ 3,550	\$ -	\$ -	\$ -	\$ -
Deferred revenues	-	-	-	-	-	-
Due to other funds	13,011	321,116	-	238,260	72,168	12,231
Total liabilities	14,463	324,666	-	238,260	72,168	12,231
Fund balance:						
Fund balance	-	-	-	-	-	-
Total liabilities and fund balance	\$ 14,463	\$ 324,666	\$ -	\$ 238,260	\$ 72,168	\$ 12,231

(continued)

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NON-MAJOR GOVERNMENTAL FUNDS-
COMBINING BALANCE SHEET
JUNE 30, 2007

	State					Educational
<u>Assets</u>	<u>Title III</u>	<u>Grants</u>	<u>Exxon</u>	<u>Art Z Fund</u>	<u>StarLab</u>	<u>Technology</u>
Cash and cash equivalents	\$ -	\$ -	\$ 1,244	\$ 11,800	\$ 3,809	\$ -
Receivables	-	89,626	-	-	-	-
Inventory	-	-	-	-	-	-
Total assets	\$ -	\$ 89,626	\$ 1,244	\$ 11,800	\$ 3,809	\$ -
<u>Liabilities and Fund Balance</u>						
<u>Liabilities:</u>						
Salaries, payroll deductions, and expenses payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenues	-	-	-	-	-	-
Due to other funds	-	89,626	-	-	-	-
Total liabilities	-	89,626	-	-	-	-
<u>Fund equity:</u>						
Fund balance	-	-	1,244	11,800	3,809	-
Total liabilities and fund balance	\$ -	\$ 89,626	\$ 1,244	\$ 11,800	\$ 3,809	\$ -

(continued)

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NON-MAJOR GOVERNMENTAL FUNDS-
COMBINING BALANCE SHEET
JUNE 30, 2007

	School Food Service	Disaster Relief	Donations	Extended Day Tuition	SFS Supplemental	Total
Assets						
Cash and cash equivalents	\$ 1,167	\$ -	\$ 893	\$ -	\$ 650	\$ 19,563
Receivables	56,436	-	-	-	-	807,850
Inventory	57,810	-	-	-	-	57,810
Total assets	\$ 115,413	\$ -	\$ 893	\$ -	\$ 650	\$ 885,223
Liabilities and Fund Balance						
Liabilities:						
Salaries, payroll deductions, and expenses payable	\$ 183	\$ -	\$ -	\$ -	\$ -	\$ 5,185
Deferred revenues	22,517	-	-	-	-	22,517
Due to other funds	189,117	-	-	-	-	935,529
Total liabilities	211,817	-	-	-	-	963,231
Fund equity:						
Fund balance	(96,404)	-	893	-	650	(78,008)
Total liabilities and fund balance	\$ 115,413	\$ -	\$ 893	\$ -	\$ 650	\$ 885,223

(concluded)

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2007

	Title IV	Title I	Title V	Spec Ed	Title II	Voc Ed
Revenues						
Local sources:						
Food sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Earnings on investments	-	-	-	-	-	-
Other	-	-	-	-	-	-
State sources:						
Unrestricted grants-in-aid	-	-	-	-	-	-
Restricted grants-in-aid	-	-	-	12,725	-	-
Federal sources:						
Restricted grants-in-aid - subgrants	16,408	988,792	4,771	852,562	342,608	44,461
Commodities - United States						
Department of Agriculture	-	-	-	-	-	-
Total revenues	16,408	988,792	4,771	865,287	342,608	44,461
Expenditures						
Instruction:						
Regular education programs	-	603,515	-	-	144,935	3,894
Special education programs	-	-	-	625,743	577	-
Other education programs	16,408	352,088	4,771	-	86,348	40,567
Support services:						
Pupil support services	-	-	-	38,368	-	-
Instructional staff services	-	3,618	-	170,238	102,121	-
General administration	-	1,763	-	-	-	-
Business and central services	-	-	-	10,535	130	-
Plant operation and maintenance	-	-	-	-	-	-
Transportation	-	-	-	4,983	-	-
Non-Instructional Services:						
School food service	-	-	-	-	-	-
Total expenditures	16,408	960,984	4,771	849,867	334,111	44,461
Excess (deficiency) of revenues over expenditures	-	27,808	-	15,420	8,497	-
Other financing uses						
Operating transfers out	-	(27,808)	-	(15,420)	(8,497)	-
Operating transfers in	-	-	-	-	-	-
Total other sources (uses)	-	(27,808)	-	(15,420)	(8,497)	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	-	-	-	-
Fund balances at beginning of year	-	-	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(continued)

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2007

	Title III	State Grants	Exxon	Art Z Fund	Starlab	Educational Technology
Revenues						
Local sources:						
Food sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Earnings on investments	-	-	-	-	-	-
Other	-	-	6,720	7,531	7,220	-
State sources:						
Unrestricted grants-in-aid	-	118,643	-	-	-	-
Restricted grants-in-aid	-	197,709	-	-	-	8,369
Federal sources:						
Restricted grants-in-aid - subgrants	465	-	-	-	-	-
Commodities - United States						
Department of Agriculture	-	-	-	-	-	-
Total revenues	465	316,352	6,720	7,531	7,220	8,369
Expenditures						
Instruction:						
Regular education programs	-	107,504	2,587	1,227	2,522	1,714
Special education programs	-	1,418	4,043	86	-	-
Other education programs	-	-	-	-	-	-
Support services:						
Pupil support services	-	-	-	1,759	2,364	-
Instructional staff services	465	23,480	-	-	-	-
General administration	-	274	-	-	-	-
Business and central services	-	183,676	-	-	-	6,655
Plant operation and maintenance	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Non-Instructional Services:						
School food service	-	-	-	-	-	-
Total expenditures	465	316,352	6,630	3,072	4,886	8,369
Excess (deficiency) of revenues over expenditures	-	-	90	4,459	2,334	-
Other financing uses						
Operating transfers out	-	-	-	-	-	-
Operating transfers in	-	-	-	-	-	-
Total other sources (uses)	-	-	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	90	4,459	2,334	-
Fund balances at beginning of year	-	-	1,154	7,341	1,475	-
Fund balance at end of year	\$ -	\$ -	\$ 1,244	\$ 11,800	\$ 3,809	\$ -

(continued)

**ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA**

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2007**

	School Food Service	Diaster Relief	Donations	Extended Day Tuition	SFS Supplemental	Total
Revenues						
Local sources:						
Food sales	\$ 553,744	\$ -	\$ -	\$ -	\$ -	\$ 553,744
Earnings on investments	2,110	-	-	-	-	2,110
Other	-	-	1,930	96,606	1,300	121,307
State sources:						
Unrestricted grants-in-aid	30,540	-	-	-	-	149,183
Restricted grants-in-aid	-	-	-	-	-	218,803
Federal sources:						
Restricted grants-in-aid - subgrants	721,337	17,294	-	-	-	2,988,698
Commodities - United States						
Department of Agriculture	70,373	-	-	-	-	70,373
Total revenues	<u>1,378,104</u>	<u>17,294</u>	<u>1,930</u>	<u>96,606</u>	<u>1,300</u>	<u>4,104,218</u>
Expenditures						
Instruction:						
Regular education programs	-	-	-	-	-	867,898
Special education programs	-	-	-	-	-	631,867
Other education programs	-	-	1,037	96,606	-	597,825
Support services:						
Pupil support services	-	-	-	-	-	42,491
Instructional staff services	-	-	-	-	-	299,922
General administration	-	14,711	-	-	-	16,748
Business and central services	-	-	-	-	-	200,996
Plant operation and maintenance	-	2,583	-	-	-	2,583
Transportation	-	-	-	-	-	4,983
Non-Instructional Services:						
School food service	1,760,674	-	-	-	650	1,761,324
Total expenditures	<u>1,760,674</u>	<u>17,294</u>	<u>1,037</u>	<u>96,606</u>	<u>650</u>	<u>4,426,637</u>
Excess (deficiency) of revenues over expenditures	<u>(382,570)</u>	<u>-</u>	<u>893</u>	<u>-</u>	<u>650</u>	<u>(322,419)</u>
Other financing uses						
Operating transfers out	-	-	-	-	-	(51,725)
Operating transfers in	265,000	-	-	-	-	265,000
Total other sources (uses)	<u>265,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>213,275</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(117,570)</u>	<u>-</u>	<u>893</u>	<u>-</u>	<u>650</u>	<u>(109,144)</u>
Fund balances at beginning of year	<u>21,166</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,136</u>
Fund balance at end of year	<u>\$ (96,404)</u>	<u>\$ -</u>	<u>\$ 893</u>	<u>\$ -</u>	<u>\$ 650</u>	<u>\$ (78,008)</u>

(concluded)

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

SCHEDULE OF BOARD MEMBERS' COMPENSATION

FOR THE YEAR ENDED JUNE 30, 2007

Johnathan Benda	\$ 6,000
Lynda Coleman	3,000
David Dayton	6,000
Louise Horton	3,000
Elizabeth Kimmel	6,000
Hubert Owen, III	6,000
Jannie Rogers	3,000
Sharon Samuel	3,000
Carl Snowden	6,000
Scott Swilley	6,000
Gaynell Young	<u>6,000</u>
Total	\$ <u>54,000</u>



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

Zachary Community School Board
Zachary, Louisiana

We have audited the financial statements of the Zachary Community School Board as of and for the year ended June 30, 2007, and have issued our report thereon dated November 26, 2007. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Board's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record or process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Board's financial statements are free of 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*.

We noted certain matters that we reported to management of the School Board in separate letter dated November 26, 2007.

This report is intended for the information and use of the School Board, and management and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Baton Rouge, Louisiana
November 26, 2007



Postlethwaite & Netterville

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Zachary Community School Board
Zachary, Louisiana

Compliance

We have audited the compliance of the Zachary Community School Board with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. The Zachary Community School Board's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Zachary Community School Board's management. Our responsibility is to express an opinion on the Zachary Community School Board's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Zachary Community 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. Our audit does not provide a legal determination on the Zachary Community School Board's compliance with those requirements.

In our opinion, the Zachary Community School Board complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the School Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Board's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the Zachary Community School Board as of and for the year ended June 30, 2007, and have issued our report thereon dated November 26, 2007. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information and use of the School Board, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Baton Rouge, Louisiana
November 26, 2007



ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

Federal Grantor/ Pass-Through Grantor/ Program Name	Grantor Project Number	CFDA Number	Expenditures 2007
<u>UNITED STATES DEPARTMENT OF AGRICULTURE</u>			
Passed through Louisiana Department of Agriculture and Forestry - Food Distribution	LDE/103-63	10.569	\$ 70,373
Passed through Louisiana Department of Education:			
National School Lunch Program	LDE/103-63	10.555	552,799
National School Breakfast Program	LDE/103-63	10.553	168,538
Subtotal			791,710
<u>UNITED STATES DEPARTMENT OF EDUCATION</u>			
Passed through Louisiana Department of Education:			
Title I - Grants to Local Educational Agencies	04-T1-67	84.010A	988,792
Individuals with Disabilities Educational Act - Part B	28-04-B1-67	84.027A	832,864
IDEA - Preschool	28-04P1-67	84.173A	19,698
Vocational Education (Carl Perkins)	280402-67	84.048A	44,461
Title V - Innovative Education Program Strategies	04-80-67	84.298A	4,771
Title II - Part A, Teacher & Principal Training & Recruiting	04-50-67	84.367A	342,608
Title IV - Drug-Free Schools and Communities - State Grants	04-70-67	84.186A	16,408
Title III - Student Influx	2805S367	84.365A	465
Subtotal			2,250,067
<u>UNITED STATES DEPARTMENT OF DEFENSE</u>			
ROTC - Navy Junior Reserve Officers Training Program - (Direct Funding)	LA111111	None	54,133
<u>DEPARTMENT OF HOMELAND SECURITY</u>			
FEMA - Public Assistance Grants	n/a	97.036	17,294
 Total Expenditures			\$ 3,113,204

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

NOTE B – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2007, the School Board had food commodities totaling \$57,810 in inventory.

NOTE C – RECONCILIATION TO FINANCIAL STATEMENTS

Total Federal Award Expenditures per schedule	\$ 3,113,204
Total federal revenue per the Statement of Revenues, Expenditures and Changes in Fund Balance for the year ended June 30, 2007:	
General Fund	54,133
Other Governmental Funds:	
Restricted grants-in-aid-subgrants	2,988,698
Commodities	<u>70,373</u>
	<u>\$ 3,113,204</u>

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of Zachary Community School Board.
2. No significant deficiencies relating to the audit of the financial statements of Zachary Community School Board are reported in Part B of this Schedule.
3. No instances of noncompliance material to the financial statements of Zachary Community School Board are reported in Part B of this Schedule.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and On Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for major federal award programs expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award programs for Zachary Community School Board.
7. The programs tested as a major program were National School Breakfast and Lunch and Service Programs – CFDA Number 10.553 and 10.555 and Title I – CFDA Number 84.010A.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Zachary Community School Board was determined to be a low risk auditee.

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

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

ZACHARY COMMUNITY SCHOOL BOARD

PERFORMANCE AND STATISTICAL DATA



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

To the Members of the
Zachary Community School Board

Page 1 of 4

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Zachary Community School Board and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of Zachary Community School Board 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. This agreed-upon procedures engagement was performed in accordance with 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 the 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.

Our procedures and findings relate to the accompanying schedules of supplemental information and are as follows:

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

Procedure #1:

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

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

Results of procedure # 1:

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

Education Levels of Public School Staff (Schedule B)

Procedure # 2

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

Results of Procedure # 2:

No differences were noted between the number of full-time classroom teachers per schedule 4 and schedule 2, or between the schedules and the Oct. 1 payroll records.

Procedure # 3

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

Results of procedure # 3

No differences were noted between the number of principals and assistant principals per schedule D and schedule B, or between the schedules and the Oct. 1 payroll records.

Procedure # 4

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

Results of Procedure # 4:

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

Number and Type of Public Schools (Schedule C)

Procedure # 5

We obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the National School Lunch Program (CFDA 10.555) application.



Results of Procedure # 5:

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

Experience of Public Principals and Full-time Classroom Teachers (Schedule D)

Procedure #6

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

Results of Procedure # 6:

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

Public Staff Data (Schedule E)

Procedure # 7

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

Results of procedure # 7:

In our sample of 25, we noted reasonableness between the level of compensation that would be appropriate for the education and experience level per the district wide salary schedule and the amount actually paid per the aforementioned listing. Note that reasonableness is considered because the actual pay that was used in the computation of the average and the annual salary the salary schedule may be different due to docs in pay or other factors.

Procedure # 8

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

Results of procedure # 8:

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

Class Size Characteristics (Schedule F)

Procedure # 9

We obtained a list of teachers and the classes that they teach with the class size and reconciled that list to the total classes for each class size category as reported on the schedule. We then traced a random sample of 10 classes to the October 1st roll books for those classes and determined if the class was properly classified on the schedule.



Results of Procedure # 9

In our sample of 10 classes, no discrepancies in the class size classifications were noted.

Louisiana Educational Assessment Program (LEAP) for the 21st Century (Schedule G)

Procedure # 10

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

Results of Procedure # 10:

No differences were noted.

The Graduation Exit Exam for the 21st Century (Schedule H)

Procedure # 11

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

Results of Procedure #11

No differences were noted.

The Iowa Tests (Schedule I)

Procedure # 12

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

Results of Procedure # 12

No differences were noted.

We were not engaged to, and did not, perform an examination, 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.

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

Pratt Hurwitz & Netturville

November 26, 2007

ZACHARY COMMUNITY SCHOOL BOARD

ZACHARY, LOUISIANA

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

As of and for the Year Ended June 30, 2007

Schedule A - 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 B - Education Levels of Public School Staff

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

Schedule C - Number and Type of Public Schools

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

Schedule D - Experience of Public Teachers and Full-time Classroom Teachers

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

Schedule E - Public School Staff Data

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

Schedule F - Class Size Characteristics

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

Schedule G - Louisiana Educational Assessment Program (LEAP)

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

Schedule H - The Graduation Exit Exam

This schedule represents student performance testing data and includes summary scores by district for grades 10 and 11 in each category tested. Scores are reported as Advanced, Mastery, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

Schedule I - The IOWA and iLEAP Tests

This schedule represents student performance testing data and includes a summary score for grades 3, 5, 6, 7 and 9 for each district. The summary score reported is the National Percentile Rank showing relative position or rank as compared to a large, representative sample of students in the same grade from the entire nation. This schedule includes three years of data.

ZACHARY COMMUNITY SCHOOL BOARD
Zachary, Louisiana

**General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2007**

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$ 11,269,598	
Other Instructional Staff Activities	979,069	
Employee Benefits	3,483,511	
Purchased Professional and Technical Services	89,568	
Instructional Materials and Supplies	416,737	
Instructional Equipment	178,249	
Total Teacher and Student Interaction Activities	\$ 16,416,732	

Other Instructional Activities \$ 66,065

Pupil Support Activities 1,176,439
Less: Equipment for Pupil Support Activities -
Net Pupil Support Activities \$ 1,176,439

Instructional Staff Services 933,414
Less: Equipment for Instructional Staff Services -
Net Instructional Staff Services \$ 933,414

Total General Fund Instructional Expenditures \$ 18,592,650

Total General Fund Equipment Expenditures \$ 615,331

Certain Local Revenue Sources

Local Taxation Revenue:

Constitutional Ad Valorem Taxes	\$ 629,247
Renewable Ad Valorem Tax	4,807,483
Debt Service Ad Valorem Tax	4,530,548
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	236,116
Sales and Use Taxes	7,535,185
Total Local Taxation Revenue	\$ 17,738,579

Local Earnings on Investment in Real Property:

Earnings from 15th 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	\$ 58,733
Revenue Sharing - Other Taxes	-
Revenue Sharing - Excess Portion	-
Other Revenue in Lieu of Taxes	-
Total State Revenue in Lieu of Taxes	\$ 58,733

Nonpublic Textbook Revenue \$ -

Nonpublic Transportation Revenue \$ -

ZACHARY COMMUNITY SCHOOL BOARD
Zachary, Louisiana

Education Levels of Public School Staff
As of October 1, 2006

Category	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	1	0.43%	1	50.00%	0	0.00%	0	0.00%
Bachelor's Degree	172	74.14%	1	50.00%	0	0.00%	0	0.00%
Master's Degree	47	20.26%	0	0.00%	8	61.54%	0	0.00%
Master's Degree + 30	9	3.88%	0	0.00%	3	23.08%	0	0.00%
Specialist in Education	2	0.86%	0	0.00%	2	15.38%	0	0.00%
Ph. D. or Ed. D.	1	0.43%	0	0.00%	0	0.00%	0	0.00%
Total	232	100%	2	100%	13	100%	0	0.00%

ZACHARY COMMUNITY SCHOOL BOARD
Zachary, Louisiana

Number and Type of Public Schools
For the Year Ended June 30, 2007

Type	Number
Elementary	3
Middle/Jr. High	1
Secondary	1
Combination	0
Total	5

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

ZACHARY COMMUNITY SCHOOL BOARD
Zachary, Louisiana

Experience of Public Principals and Full-time Classroom Teachers
As of October 1, 2006

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	2	3	3	0	0	0	0	8
Principals	1		2	0	1	0	1	5
Classroom Teachers	31	31	62	29	32	15	34	234
Total	34	34	67	29	33	15	35	247

ZACHARY COMMUNITY SCHOOL BOARD
Zachary, Louisiana

Public School Staff Data
For the Year Ended June 30, 2007

	All Classroom Teachers	Classroom Teachers Excluding ROTC and Rehired Retirees
Average Classroom Teachers' Salary Including Extra Compensation	\$ 46,981	\$ 46,408
Average Classroom Teachers' Salary Excluding Extra Compensation	\$ 46,150	\$ 45,527
Number of Teacher Full-time Equivalents (FTEs) used In Computation of Average Salaries	251	237

Note: Figures reported include all sources of funding (i.e., federal, state, and local) but exclude employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers and ROTC teachers receive more compensation because of a federal supplement. Therefore, these teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes and temporary employees.

ZACHARY COMMUNITY SCHOOL BOARD
Zachary, Louisiana
Class Size Characteristics
As of October 1, 2006

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	24.8%	175	73.6%	524	1.7%	12	0.1%	1
Elementary Activity Classes	15.2%	12	73.4%	58	6.3%	5	5.1%	4
Middle/Jr. High	52.7%	175	21.1%	70	23.5%	78	2.7%	9
Middle/Jr. High Activity Classes	33.3%	19	42.1%	24	22.8%	13	1.8%	1
High	45.8%	178	28.8%	112	24.9%	97	0.5%	2
High Activity Classes	73.8%	48	12.3%	8	9.2%	6	4.8%	3
Combination	0.0%	0	0.0%	0	0.0%	0	0.0%	0
Combination Activity Classes	0.0%	0	0.0%	0	0.0%	0	0.0%	0

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

ZACHARY COMMUNITY SCHOOL BOARD
Zachary, Louisiana

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Louisiana Educational Assessment Program (LEAP) for the 21st Century
For the Year Ended June 30, 2007

District Achievement Level Results	English Language Arts						Mathematics					
	2007		2006		2005		2007		2006		2005	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	24	8.54%	27	9.67%	25	10.16%	22	7.82%	24	8.61%	15	6.11%
Mastery	99	35.23%	90	32.26%	81	32.93%	64	22.78%	80	28.67%	59	23.98%
Basic	127	45.20%	104	37.28%	96	39.02%	151	53.74%	118	42.29%	111	45.12%
Approaching Basic	26	9.25%	41	14.70%	24	9.76%	32	11.39%	36	12.90%	36	14.63%
Unsatisfactory	5	1.78%	17	6.09%	20	8.13%	12	4.27%	21	7.53%	25	10.16%
Total	281	100.00%	279	100.00%	246	100.00%	281	100.00%	279	100.00%	246	100.00%

District Achievement Level Results	Science						Social Studies					
	2007		2006		2005		2007		2006		2005	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	15	5.34%	22	7.88%	19	7.73%	16	5.69%	14	5.02%	4	1.62%
Mastery	74	26.33%	86	23.86%	55	22.36%	66	23.49%	79	28.32%	57	23.17%
Basic	140	49.82%	133	47.67%	131	53.25%	158	56.23%	139	49.82%	138	56.10%
Approaching Basic	44	15.86%	45	16.13%	33	13.41%	29	10.32%	29	10.39%	32	13.01%
Unsatisfactory	8	2.85%	13	4.86%	8	3.25%	12	4.27%	18	6.45%	15	6.10%
Total	281	100.00%	279	100.00%	246	100.00%	281	100.00%	279	100.00%	246	100.00%

ZACHARY COMMUNITY SCHOOL BOARD
Zachary, Louisiana

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Louisiana Educational Assessment Program (LEAP) for the 21st Century
For the Year Ended June 30, 2007

District Achievement Level Results	English Language Arts						Mathematics					
	2007		2006		2005		2007		2006		2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	7	2.50%	21	6.86%	1	0.39%	22	7.86%	19	5.91%	8	3.04%
Mastery	64	22.86%	86	28.20%	49	19.07%	32	11.43%	22	6.83%	28	10.65%
Basic	145	51.79%	122	40.00%	123	47.86%	139	49.64%	178	55.28%	136	51.71%
Approaching Basic	58	20.71%	55	18.03%	63	24.51%	60	21.43%	60	18.63%	52	19.77%
Unsatisfactory	6	2.14%	21	6.89%	21	8.17%	27	9.64%	43	13.35%	39	14.83%
Total	280	100.00%	305	100.00%	287	100.00%	280	100.00%	322	100.00%	263	100.00%

District Achievement Level Results	Science						Social Studies					
	2007		2006		2005		2007		2006		2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	7	2.50%	11	3.68%	10	3.92%	9	3.22%	7	2.32%	2	0.76%
Mastery	61	21.79%	58	18.67%	71	27.84%	79	28.21%	65	21.67%	41	16.08%
Basic	128	45.71%	125	41.67%	94	36.86%	134	47.85%	143	47.67%	139	54.51%
Approaching Basic	63	22.50%	75	25.00%	57	22.35%	41	14.64%	50	16.67%	37	14.51%
Unsatisfactory	21	7.50%	33	11.00%	23	9.02%	17	6.07%	35	11.67%	36	14.12%
Total	280	100.00%	300	100.00%	255	100.00%	280	100.00%	300	100.00%	255	100.00%

ZACHARY COMMUNITY SCHOOL BOARD
Zachary, Louisiana

The Graduation Exit Exam for the 21st Century
For the Year Ended June 30, 2007

District Achievement Level Results	English Language Arts						Mathematics					
	2007		2006		2005		2007		2006		2005	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 10												
Advanced	4	1.57%	2	0.87%	6	2.66%	17	6.59%	33	13.87%	17	7.55%
Mastery	37	14.45%	40	17.24%	41	18.22%	47	18.22%	49	20.59%	42	18.67%
Basic	119	48.48%	126	54.31%	112	49.78%	118	45.74%	104	43.70%	106	46.67%
Approaching Basic	88	26.56%	51	21.98%	40	17.78%	40	15.50%	26	10.92%	31	13.78%
Unsatisfactory	28	10.94%	13	5.60%	26	11.56%	36	13.95%	26	10.92%	30	13.33%
Total	258	100.00%	232	100.00%	225	100.00%	258	100.00%	238	100.00%	225	100.00%

District Achievement Level Results	Science						Social Studies					
	2007		2006		2005		2007		2006		2005	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 11												
Advanced	15	6.49%	8	3.72%	12	5.60%	4	1.73%	2	0.93%	2	0.94%
Mastery	45	19.48%	35	16.28%	38	17.76%	39	16.88%	34	15.81%	18	8.41%
Basic	108	46.75%	95	44.19%	90	42.06%	140	60.81%	130	60.47%	125	58.41%
Approaching Basic	47	20.35%	51	23.72%	54	25.23%	33	14.29%	36	16.74%	45	21.03%
Unsatisfactory	16	6.93%	26	12.09%	20	9.35%	15	6.49%	13	6.05%	24	11.21%
Total	231	100.00%	215	100.00%	214	100.00%	231	100.00%	215	100.00%	214	100.00%

ZACHARY COMMUNITY SCHOOL BOARD
Zachary, Louisiana

The IOWA Tests
For the Year Ended June 30, 2007

			2005
Test of Basic Skills (ITBS)			
Grade 3			71
Grade 5			72
Grade 6			60
Grade 7			68
Tests of Educational Development (ITED)			
Grade 9			61

Scores are reported by National Percentile Rank. A student's National Percentile Rank shows the student's relative position or rank as compared to a large, representative sample of students in the same grade from the entire nation. A student

District Achievement Level Results	English Language Arts				Mathematics			
	2007		2006		2007		2006	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	34	12.14%	23	9.46%	32	11.43%	18	7.41%
Mastery	106	37.86%	70	28.81%	88	31.43%	63	25.93%
Basic	111	39.64%	117	48.15%	109	38.93%	114	48.91%
Approaching Basic	28	9.29%	19	7.82%	37	13.21%	29	11.93%
Unsatisfactory	3	1.07%	14	5.76%	14	5.00%	19	7.82%
Total	280	100.00%	243	100.00%	280	100.00%	243	100.00%

District Achievement Level Results	Science				Social Studies			
	2007		2006		2007		2006	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	22	7.88%	13	5.34%	2	0.70%	13	5.35%
Mastery	86	30.71%	56	23.05%	89	31.79%	61	25.10%
Basic	120	42.86%	125	51.44%	145	51.79%	123	50.62%
Approaching Basic	43	15.36%	39	16.05%	33	11.79%	34	13.99%
Unsatisfactory	9	3.21%	10	4.12%	11	3.93%	12	4.94%
Total	280	100.00%	243	100.00%	280	100.00%	243	100.00%

ZACHARY COMMUNITY SCHOOL BOARD
Zachary, Louisiana

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The IOWA Tests
For the Year Ended June 30, 2007

District Achievement Level Results	English Language Arts				Mathematics			
	2007		2006		2007		2006	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	17	5.67%	16	6.15%	24	8.00%	35	13.47%
Mastery	78	26.00%	79	30.38%	42	14.00%	40	15.38%
Basic	140	46.67%	116	44.62%	156	52.00%	144	55.38%
Approaching Basic	40	13.33%	37	14.23%	36	12.00%	23	8.85%
Unsatisfactory	25	8.33%	12	4.62%	42	14.00%	18	6.92%
Total	300	100.00%	260	100.00%	300	100.00%	260	100.00%

District Achievement Level Results	Science				Social Studies			
	2007		2006		2007		2006	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	17	5.66%	4	1.53%	21	7.00%	14	5.38%
Mastery	78	26.00%	52	20.00%	66	22.00%	46	17.69%
Basic	132	44.00%	127	48.85%	161	53.87%	130	50.00%
Approaching Basic	56	18.67%	65	25.00%	37	12.33%	45	17.31%
Unsatisfactory	17	5.67%	12	4.62%	15	5.00%	25	9.62%
Total	300	100.00%	260	100.00%	300	100.00%	260	100.00%

District Achievement Level Results	English Language Arts				Mathematics			
	2007		2006		2007		2006	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	30	9.65%	19	6.91%	28	9.00%	26	9.46%
Mastery	96	30.87%	81	29.45%	65	20.90%	47	17.09%
Basic	136	43.73%	138	50.18%	166	53.38%	156	56.73%
Approaching Basic	33	10.61%	32	11.64%	40	12.86%	34	12.36%
Unsatisfactory	16	5.14%	5	1.82%	12	3.86%	12	4.36%
Total	311	100.00%	275	100.00%	311	100.00%	275	100.00%

District Achievement Level Results	Science				Social Studies			
	2007		2006		2007		2006	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	16	5.15%	13	4.73%	35	11.25%	30	10.91%
Mastery	92	29.58%	69	25.09%	62	19.94%	65	23.64%
Basic	142	45.66%	137	49.82%	160	51.45%	136	49.45%
Approaching Basic	45	14.47%	44	16.00%	40	12.86%	32	11.64%
Unsatisfactory	16	5.14%	12	4.36%	14	4.50%	12	4.36%
Total	311	100.00%	275	100.00%	311	100.00%	275	100.00%

ZACHARY COMMUNITY SCHOOL BOARD
Zachary, Louisiana

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The IOWA Tests
For the Year Ended June 30, 2007

District Achievement Level Results	English Language Arts				Mathematics			
	2007		2006		2007		2006	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	24	8.54%	17	6.16%	22	7.82%	11	3.98%
Mastery	74	26.33%	66	23.91%	42	14.95%	34	12.32%
Basic	139	49.47%	138	50.00%	146	51.96%	154	55.80%
Approaching Basic	39	13.88%	47	17.03%	48	17.08%	55	19.93%
Unsatisfactory	5	1.78%	8	2.90%	23	8.19%	22	7.97%
Total	281	100.00%	276	100.00%	281	100.00%	276	100.00%

District Achievement Level Results	Science				Social Studies			
	2007		2006		2007		2006	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	19	6.76%	9	3.26%	13	4.62%	5	1.82%
Mastery	75	26.69%	52	18.84%	78	27.76%	45	16.30%
Basic	126	44.84%	115	41.67%	143	50.89%	157	56.88%
Approaching Basic	52	18.51%	82	29.71%	35	12.46%	47	17.03%
Unsatisfactory	9	3.20%	18	6.52%	12	4.27%	22	7.97%
Total	281	100.00%	276	100.00%	281	100.00%	276	100.00%

District Achievement Level Results	English Language Arts				Mathematics			
	2007		2006		2007		2006	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 9								
Advanced	6	1.74%	9	3.11%	23	6.74%	17	5.82%
Mastery	69	20.18%	46	15.92%	39	11.44%	35	11.99%
Basic	175	51.17%	156	53.98%	177	51.91%	151	51.71%
Approaching Basic	73	21.35%	67	23.18%	52	15.25%	65	22.26%
Unsatisfactory	19	5.56%	11	3.81%	50	14.66%	24	8.22%
Total	342	100.00%	289	100.00%	341	100.00%	292	100.00%

ZACHARY COMMUNITY SCHOOL BOARD

REPORT TO MANAGEMENT

JUNE 30, 2007



ZACHARY COMMUNITY SCHOOL BOARD

REPORT TO MANAGEMENT

JUNE 30, 2007



Postlethwaite & Netterville

A Professional Accounting Corporation
Associated Offices in Principal Cities of the United States
www.pncpa.com

November 26, 2007

The Members of the
Zachary Community School Board
Zachary, Louisiana

In planning and performing our audit of the financial statements of the Zachary Community School Board for the year ended June 30, 2007, we considered the School System's internal controls to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure. We also considered its compliance with certain provisions of laws and regulations in order to properly perform the audit in accordance with governmental standards and not to provide an opinion on compliance with those provisions.

However, during our audit, we became aware of a matter that is an opportunity for improving financial reporting and refining policies and procedures. The following paragraphs summarize our comments and suggestions regarding those matters. This letter does not affect our report dated November 26, 2007, on the financial statements of the School System.

Capital Assets

We recommend the School Board implement procedures to ensure the periodic and systematic reconciliation and review of construction information with the property control and accounting records of the System. We recommend that the client convert to a more specialized software designed to accumulate asset cost and calculate depreciation expense. This will make operations more efficient and provide more accurate information with which to make business decisions regarding fixed assets.

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

Sincerely,

A handwritten signature in cursive script that reads 'Postlethwaite & Netterville'.