

CENTRAL COMMUNITY SCHOOL SYSTEM

REPORT ON AUDIT OF BASIC
FINANCIAL STATEMENTS

JUNE 30, 2013

CENTRAL, LOUISIANA

CENTRAL COMMUNITY SCHOOL SYSTEM

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the budgetary comparison statement of the general fund, the fiduciary fund statement and the aggregate remaining fund information of the Central Community School System, Central, Louisiana, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Central Community School System's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the budgetary comparison statement of the general fund, the fiduciary fund statement and the aggregate remaining fund information of the Central Community School System as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Central Community School System's June 30, 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 31, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the primary government financial statements that collectively comprise the Central Community School System's basic financial statements. The schedules required by state law (Schedule 1 through Schedule 9), the nonmajor governmental funds combining statements (Schedule 10 and Schedule 11), each special revenue funds budgetary comparison statements (Schedule 12-1 through Schedule 12-4), the fiduciary fund statements (Schedule 13 and Schedule 14) and the schedule of compensation paid to board members (Schedule 15) are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards (Schedule 16) is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is also not a required part of the basic financial statements.

The nonmajor governmental funds combining statements (Schedule 10 and Schedule 11), each special revenue funds budgetary comparison statements (Schedule 12-1 through Schedule 12-4), the fiduciary fund statements (Schedule 13 and Schedule 14), the schedule of compensation paid to board members (Schedule 15), and the schedule of expenditures of federal awards (Schedule 16) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the nonmajor governmental funds combining statements (Schedule 10 and Schedule 11), each special revenue funds budgetary comparison statements (Schedule 12-1 through Schedule 12-4), the fiduciary fund statements (Schedule 13 and Schedule 14), the schedule of compensation paid to board members (Schedule 15), and the schedule of expenditures of federal awards (Schedule 16) are fairly stated in all material respects in relation to the basic financial statements as a whole.

The schedules required by state law (Schedule 1 through Schedule 9) have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2013, on our consideration of the Central Community School System's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Central Community School System's internal control over financial reporting and compliance.

Respectfully submitted,

Hanna J. Bourgeois, LLP

Denham Springs, Louisiana
December 23, 2013

CENTRAL COMMUNITY SCHOOL SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

The Management's Discussion and Analysis (MD&A) of the Central Community School System (CCSS) provides an overview and overall review of the School System's financial activities for the fiscal year ended June 30, 2013. The intent of the MD&A is to look in layman's terms at the School System's financial performance as a whole. It should, therefore, be read in conjunction with the School System's Annual Financial Statements and the notes thereto.

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

Financial Highlights

Key financial highlights for the 2012-2013 fiscal years include the following:

- ❖ No new bonds were issued in the current fiscal year. The total amount issued since 2009 for the construction of a new middle school and new intermediate school was \$57,000,000. Of this amount \$25,000,000 were sales tax bonds and \$32,000,000 were general obligation bonds.
- ❖ Net position decreased by \$1,880,199 for the year ended June 30, 2013. As discussed below, the decrease in net position was the result of a decrease in total assets of \$3,361,130 coupled with a decrease in total liabilities of \$1,480,931.
- ❖ Total assets decreased by \$3,361,130 attributed to the following elements:

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>Amount Increase (Decrease)</u>
Cash and Cash Equivalents	\$ 15,574,211	\$ 16,514,057	\$ (939,846)
Receivables	1,803,002	1,802,772	230
Inventory	68,576	57,184	11,392
Restricted Assets:			
Cash	2,031,495	6,023,939	(3,992,444)
Deferred Bond Issuance Cost	384,836	403,455	(18,619)
Capital Assets:			
Land and Construction in Progress	2,957,525	42,270,291	(39,312,766)
Other Capital Assets (Net of Accumulated Depreciation)	<u>57,632,836</u>	<u>16,741,913</u>	<u>40,890,923</u>
Total Assets	<u>\$ 80,452,481</u>	<u>\$ 83,813,611</u>	<u>\$ (3,361,130)</u>

CENTRAL COMMUNITY SCHOOL SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2013

Total liabilities decreased \$1,480,931 due to the following items:

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>Amount Increase (Decrease)</u>
Current Liabilities:			
Accounts, Salaries, and Other Payables	\$ 3,695,722	\$ 7,103,811	\$ (3,408,089)
Interest Payable	391,834	404,987	(13,153)
Long-Term Liabilities:			
Due within One Year	2,579,682	2,489,697	89,985
Due in More than one Year	<u>68,037,776</u>	<u>66,187,450</u>	<u>1,850,326</u>
Total Liabilities	<u>\$ 74,705,014</u>	<u>\$ 76,185,945</u>	<u>\$ (1,480,931)</u>

Total liabilities decreased primarily due to the decrease in accounts payables. The majority of this decrease, or \$3,111,933, is due to a reduction in accounts payables in the Capital Projects funds due to construction being completed on the new schools and renovations during the year. The related construction and retainage payables were paid during the 2013.

- ❖ General revenues increased by \$2,227,197 from fiscal year 2012 to fiscal year 2013. Primary increases and decreases are discussed below:
 - Property taxes levied for general purposes increased \$100,837.
 - Property taxes were levied in the amount of \$2,813,901 by the school system to pay for the debt service requirements relating to the issuance of general obligation bonds. This is an increase of \$273,413 over the 2012 assessment.
 - Sales and use tax revenue decreased by \$192,782 due to lower sales after the new schools construction was complete.
 - In 2010, a half cent sales tax was levied by the school system to pay for the debt service requirements relating to the issuance of sales tax bonds. This half cent sales tax resulted in sales taxes in the amount of \$1,425,844 which is a decrease of \$37,465 from 2012.
 - The largest revenue source is the Minimum Foundation Program (MFP) distribution from the State, amounting to \$26,050,988. This amount has increased in the amount of \$1,689,525. The primary reason for this increase is due to increased student enrollment. The amount of funds received through the MFP is directly related to the school systems enrollment figures. Each student is allocated a certain number of dollars. The school systems enrollment continues to grow, because of this constant growth the severity of the state budget cuts were kept to a minimum.
 - Earnings on investments decreased \$78,539. This decrease is due to funds being depleted as construction was complete.
- ❖ Program revenues decreased by \$1,102,644 from fiscal year 2012 to fiscal year 2013. Primary increases and decreases are discussed below:

CENTRAL COMMUNITY SCHOOL SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2013

- Federal and state grants decreased by \$1,009,285. The majority of the decrease relates to decrease in funding for Improving America's Schools (Title I) of \$754,334 and a decrease in funding for Special Education of \$118,124 from 2012 to 2013.
- Food services revenue decreased by \$ 112,467 due to a decrease in the number of meals served from 2012 to 2013.
- ❖ Expenses increased by \$2,347,548 from fiscal year 2012 to fiscal year 2013. Primary increases and decreases are discussed below:
 - Expenses increased in most areas, but a few notable areas are: All Other Programs of instruction increased by \$136,762, Pupil Support increased by \$381,048, Instructional Staff Support increased by \$296,743, General and School Administration increased \$1,040,546 with the majority of that increase related to the increase in depreciation expense of \$974,019 for the new schools and renovations placed in service during the year, and Student Transportation Services increased by \$433,922.

OVERVIEW OF THE FINANCIAL STATEMENTS

The School Board's Report on the Audit of Basic Financial Statements consists of a series of financial statements and the associated notes to those statements. These statements are organized so the reader can understand the operations of the School Board as a whole, i.e., an entire operating entity. Beginning on page 9, the "Basic Financial Statements" Section, consisting of the Statement of Net Position and the Statement of Activities, provide consolidated financial information, and render a government-wide perspective of the School Board's financial condition. They present an aggregate view of the School Board's finances. These statements seek to answer the question, "How did the School Board do financially during the 2012/2013 fiscal year?" These statements include *all assets and liabilities* using the *accrual basis* of accounting used by most private-sector enterprises. The *accrual basis* takes into account all of the Board's current year revenues and expenses regardless of when paid or received.

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

To provide more in-depth reporting of the School Board's financial position and the results of operations, fund basis financial information is presented in the "Fund Financial Statements" section beginning on page 12. The Fund Financial Statements report governmental activities on more of a current rather than long-term basis, indicating sources and uses of funding, as well as resources available for spending in future periods. This is referred to as the current resource measurement focus.

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

CENTRAL COMMUNITY SCHOOL SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2013

The Statement of Fiduciary Net Position - presents financial information relative to assets held by the School Board on behalf of students and others in a position of trust, and accounted for in the School Activity Funds. Refer to Schedule 14 for school-by-school information on the School Activity Fund.

GOVERNMENTAL ACTIVITIES

As reported in the *Statement of Activities* on page 11, the cost of the School Board's governmental activities for the year ended June 30, 2013 was \$48,789,138. However, not all of this cost was borne by the taxpayers of the Central Community School District. Of this amount, \$1,048,638 was paid by those who used or benefited from the services rendered (e.g., charges for school lunches and summer school tuition) and \$4,522,262 was paid through various federal and state grants. Consequently, the net cost of \$43,218,238 was paid by the taxpayers of the Parish through ad valorem taxes, sales and use taxes, the Minimum Foundation Program (MFP) from the State of Louisiana, and other general revenues.

Table I below shows the total cost of services and the net cost of these services (after charges for services and grants received) for the largest categories of expenses of the School Board for the year ended June 30, 2013. The "net cost" presentation allows taxpayers to determine the remaining cost of the various categories which were borne by them, and allows them the opportunity to assess the cost of each of these functions in comparison to the perceived benefits received.

TABLE I

Total Cost and Net Cost of Governmental Activities
For the Years Ended June 30, 2013 and 2012

	<u>2013</u>		<u>2012</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction:				
Regular Education Programs	\$ 17,060,946	\$ 16,942,921	\$ 16,974,888	\$ 16,734,493
Special Education Programs	4,013,851	3,564,347	4,262,187	3,389,543
Other Instructional Programs	4,322,044	2,846,347	3,972,804	1,484,212
Support Services:				
Student Services	2,695,170	2,373,142	2,314,122	2,069,291
Instructional Staff Support	2,124,151	1,186,450	1,827,408	1,224,931
General and School Administration	4,943,430	4,939,680	3,902,884	3,780,874
Business Services	665,904	598,822	728,092	630,723
Plant Services	3,962,091	3,962,091	4,138,962	4,138,962
Student Transportation	3,427,718	3,427,718	2,993,726	2,993,726
Central Services	762,776	605,334	596,713	596,713
Food Services	2,669,637	629,966	2,519,654	514,428
Community Service Programs	-	-	5,000	5,000
Interest on Long-Term Debt	<u>2,141,420</u>	<u>2,141,420</u>	<u>2,205,150</u>	<u>2,205,150</u>
Totals	<u>\$ 48,789,138</u>	<u>\$ 43,218,238</u>	<u>\$ 46,441,590</u>	<u>\$ 39,768,046</u>

CENTRAL COMMUNITY SCHOOL SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2013

THE SCHOOL BOARD'S FUNDS

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

As the School Board completed the fiscal year ended June 30, 2013, its combined fund balance was \$15,781,562 as compared to its combined fund balance of \$17,294,141 as of June 30, 2012, a difference of \$1,512,579. The General Fund, the main operational arm of the School Board, saw its total fund balance increase by \$1,125,504. While General Fund Revenues increased by \$2,233,494, General Fund Expenditures increased by \$3,125,544 and Other Financing Sources (Uses) (Transfers to Other Funds) decreased by \$3,081,641; thereby increasing current year Excess of Revenues and Other Sources over Expenditures and Other Uses from \$(1,064,087) in 2012 to \$1,125,504 in 2013.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the School Board revises its budget to take into consideration significant changes in revenues or expenditures. Louisiana Revised Statute 39:1311 requires a budget amendment if either expected revenues are less than, and/or anticipated expenditures are in excess of budgetary goals by five percent (5%) or more. The Original Budget for the School Board was adopted on June 25, 2012.

A schedule showing the School Board's General Fund's original and final budget compared with actual operating results is provided in this report, Statement G. The School Board generally did better than had been budgeted in its major fund since it practices conservative budgeting in which revenues are forecasted very conservatively and expenditures are budgeted with worst case scenarios in mind. The General Fund finished the fiscal year \$702,838 better than had been budgeted.

CAPITAL ASSETS AND DEBT

Capital Assets. At June 30, 2013, the Central Community School System had a \$60,590,361 investment in capital assets net of accumulated depreciation. This amount was made up of land, buildings and improvements, and furniture and equipment. The capital assets balance includes the cost of the assets transferred from the East Baton Rouge Parish School System on July 1, 2007. See Note 6 of the Notes to Financial Statements for additional details of Capital Assets.

Long-Term Debt. At June 30, 2013, the School System had outstanding bonded indebtedness in the amount of \$52,786,361. See Note 10 of the Notes to Financial Statements for additional details of Long Term Debt.

CENTRAL COMMUNITY SCHOOL SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2013

The legal debt limit of the School System fixed by Louisiana Revised Statute 39:562(L) at 35% of the total assessed valuation of property in the Central Community School System was approximately \$64,800,000 at June 30, 2013.

Other long-term obligations include compensated absences and accumulated Unfunded Other Postemployment Benefits Payable. At June 30, 2013, this balance was \$17,831,097.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The Central Community School System has seen a dramatic increase in student enrollment since the system's inception. Student enrollment at 10/01/2012 was 4,333 up from approximately 2,700 at inception. The student count for the 2012-2013 school year is 4,418. The Central Community School System consists of three elementary schools, one middle school and one high school. In 2009 three tax propositions were passed to address existing schools life safety codes and to build two new schools. The three taxes are a half cent sales tax, a 20 year 9.25 mill tax, and a 20 year 14.4 mill tax. With the start of the 2012-2013 school year, Central Community School System opened our education complex consisting of two schools; Central Intermediate School for grades 3-5 and Central Middle School for grades 6-8. With the opening of these schools, CCSS no longer leases facilities to house one of the elementary school campuses. The Central Community School System is primarily described as a rural School district and the majority of its student population is from within the boundaries of the City of Central which has a population of approximately 25,000

CONTACTING THE CENTRAL COMMUNITY SCHOOL SYSTEM'S MANAGEMENT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOL SYSTEM

STATEMENT OF NET POSITION

JUNE 30, 2013

(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2012)

ASSETS

	Governmental Activities	
	2013	2012
Cash and Cash Equivalents	\$ 15,574,211	\$ 16,514,057
Receivables	1,803,002	1,802,772
Inventory	68,576	57,184
Restricted Assets:		
Cash	2,031,495	6,023,939
Deferred Bond Issuance Costs	384,836	403,455
Capital Assets:		
Land and Construction in Progress	2,957,525	42,270,291
Other Capital Assets (Net of Accumulated Depreciation)	57,632,836	16,741,913
Total Assets	<u>\$ 80,452,481</u>	<u>\$ 83,813,611</u>

LIABILITIES

Accounts, Salaries, and Other Payables	\$ 3,695,722	\$ 7,103,811
Interest Payable	391,834	404,987
Long-Term Liabilities:		
Due Within One Year	2,579,682	2,489,697
Due in More than One Year	68,037,776	66,187,450
Total Liabilities	74,705,014	76,185,945

NET POSITION

Net Investment in Capital Assets	9,850,917	9,182,943
Restricted for:		
General Fund	10,688	5,005
Debt Service Fund	4,517,249	4,499,808
Unrestricted (Deficit)	<u>(8,631,387)</u>	<u>(6,060,090)</u>
Total Net Position	<u>5,747,467</u>	<u>7,627,666</u>
Total Liabilities and Net Position	<u>\$ 80,452,481</u>	<u>\$ 83,813,611</u>

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

CENTRAL COMMUNITY SCHOOL SYSTEM

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012)

	Expenses	Program Revenues			Total Governmental Activities - Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	2013	2012
FUNCTIONS/PROGRAMS						
Governmental Activities:						
Instruction:						
Regular Programs	\$ 17,060,946	\$ -	\$ 118,025	\$ -	\$ (16,942,921)	\$ (16,734,493)
Special Education Programs	4,013,851	119,982	329,522	-	(3,564,347)	(3,389,543)
Vocational Programs	913,392	-	99,621	-	(813,771)	(650,233)
All Other Programs	3,408,652	255,183	1,120,893	-	(2,032,576)	(833,979)
Support Services:						
Pupil Support	2,695,170	-	322,028	-	(2,373,142)	(2,069,291)
Instructional Staff Support	2,124,151	-	937,701	-	(1,186,450)	(1,224,931)
General Administration	2,561,546	-	-	-	(2,561,546)	(1,590,967)
School Administration	2,381,884	-	3,750	-	(2,378,134)	(2,189,907)
Business Services	665,904	-	67,082	-	(598,822)	(630,723)
Plant Services	3,962,091	-	-	-	(3,962,091)	(4,138,962)
Student Transportation Services	3,427,718	-	-	-	(3,427,718)	(2,993,726)
Central Services	762,776	-	157,442	-	(605,334)	(596,713)
Food Services	2,669,637	673,473	1,366,198	-	(629,966)	(514,428)
Community Service Programs	-	-	-	-	-	(5,000)
Interest on Long-Term Debt	2,141,420	-	-	-	(2,141,420)	(2,205,150)
Total Governmental Activities	<u>\$ 48,789,138</u>	<u>\$ 1,048,638</u>	<u>\$ 4,522,262</u>	<u>\$ -</u>	<u>(43,218,238)</u>	<u>(39,768,046)</u>
Taxes:						
Property Taxes, Levied for General Purposes					4,372,444	4,271,607
Property Taxes, Levied for Debt Services					2,813,901	2,540,488
Sales and Use Taxes, Levied for General Purposes					5,704,911	5,860,228
Sales and Use Taxes, Levied for Debt Services					1,425,844	1,463,309
Grants and Contributions not Restricted to Specific Purposes:						
Minimum Foundation Program					26,050,988	24,361,463
Other					90,673	40,694
Interest and Investment Earnings					92,163	170,702
Net Loss on Disposal of Assets					(2,112)	-
Miscellaneous					789,227	352,351
Total General Revenues					<u>41,338,039</u>	<u>39,060,842</u>
Change in Net Position					(1,880,199)	(707,204)
Net Position - Beginning of Year					7,627,666	8,334,870
Net Position - End of Year					<u>\$ 5,747,467</u>	<u>\$ 7,627,666</u>

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

FUND FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOL SYSTEM

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2013
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2012)

<u>ASSETS</u>	<u>General Fund</u>	Debt Service Funds	
		Sales Tax Bonds	General Obligation Bonds
Cash and Cash Equivalents	\$ 12,540,650	\$ 59,992	\$ 2,229,199
Receivables	864,507	191,176	5,422
Inventory	-	-	-
Due from Other Funds	718,215	-	-
Restricted Assets:			
Cash and Cash Equivalents	-	2,031,460	-
Total Assets	\$ 14,123,372	\$ 2,282,628	\$ 2,234,621
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts, Salaries and Other Payables	\$ 3,294,308	\$ -	\$ -
Due to Other Funds	-	-	-
Total Liabilities	3,294,308	-	-
Fund Balances:			
Nonspendable:			
Inventory	-	-	-
Restricted For:			
Classroom Improvement Grants	10,688	-	-
Debt Service	-	2,282,628	2,234,621
Committed For:			
Construction Contracts	567,917	-	-
Assigned To:			
School Lunch Program	-	-	-
Other Post Employment Benefits	2,000,000	-	-
Unassigned	8,250,459	-	-
Total Fund Balances	10,829,064	2,282,628	2,234,621
Total Liabilities and Fund Balances	\$ 14,123,372	\$ 2,282,628	\$ 2,234,621

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

Statement C

Nonmajor Governmental Funds	Total Governmental Funds	
	2013	2012
\$ 744,370	\$ 15,574,211	\$ 16,514,057
741,897	1,803,002	1,802,772
68,576	68,576	57,184
20,270	738,485	1,870,276
35	2,031,495	6,023,939
<u>\$ 1,575,148</u>	<u>\$ 20,215,769</u>	<u>\$ 26,268,228</u>
\$ 401,414	\$ 3,695,722	\$ 7,103,811
738,485	738,485	1,870,276
1,139,899	4,434,207	8,974,087
68,576	68,576	57,184
-	10,688	5,005
-	4,517,249	4,499,808
49,821	617,738	2,783,643
316,852	316,852	249,946
-	2,000,000	2,000,000
-	8,250,459	7,698,555
<u>435,249</u>	<u>15,781,562</u>	<u>17,294,141</u>
<u>\$ 1,575,148</u>	<u>\$ 20,215,769</u>	<u>\$ 26,268,228</u>

CENTRAL COMMUNITY SCHOOL SYSTEM
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2013

(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2012)

	<u>2013</u>	<u>2012</u>
Total Fund Balances - Governmental Funds	\$ 15,781,562	\$ 17,294,141
Cost of Capital Assets	70,169,104	66,931,106
Less: Accumulated Depreciation	<u>(9,578,743)</u>	<u>(7,918,902)</u>
	60,590,361	59,012,204
Deferred Bond Issuance Costs	384,836	403,455
Elimination of Interfund Assets and Liabilities:		
Due from Other Funds	738,485	1,870,276
Due to Other Funds	<u>(738,485)</u>	<u>(1,870,276)</u>
	-	-
Long-Term Liabilities:		
Compensated Absences	(1,910,175)	(1,911,535)
Accumulated Unfunded Other Postemployment Benefits Payable	(15,920,922)	(11,967,438)
Bonds Payable	(52,786,361)	(54,798,174)
Accrued Interest Payable	<u>(391,834)</u>	<u>(404,987)</u>
	<u>(71,009,292)</u>	<u>(69,082,134)</u>
Net Position	<u>\$ 5,747,467</u>	<u>\$ 7,627,666</u>

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

CENTRAL COMMUNITY SCHOOL SYSTEM

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012)

	General Fund	Debt Service Funds	
		Sales Tax Bonds	General Obligation Bonds
Revenues:			
Local Sources:			
Taxes:			
Ad Valorem	\$ 4,372,444	\$ -	\$ 2,813,901
Sales and Use	5,704,911	1,425,844	-
Other	206,824	-	-
Tuition	255,183	-	-
Interest Earnings	64,704	12,358	11,456
Rentals, Leases and Royalties	421,811	-	-
Food Services	-	-	-
Other	330,574	-	-
State Sources:			
Unrestricted Grants-in-Aid	25,673,459	-	-
Restricted Grants-in-Aid	348,518	-	-
Federal Sources:			
Unrestricted - Indirect Cost Recoveries	-	-	-
Restricted Grants-in-Aid - Subgrants	55,386	-	-
Other - Commodities	-	-	-
Total Revenues	37,433,814	1,438,202	2,825,357
Expenditures:			
Instruction:			
Regular Programs	14,979,270	-	-
Special Education Programs	3,271,600	-	-
Vocational Programs	752,527	-	-
Other Instructional Programs	1,980,447	-	-
Special Programs	170,616	-	-
Support Services:			
Pupil Support	2,128,104	-	-
Instructional Staff Support	1,037,148	-	-
General Administration	916,548	15,164	83,187
School Administration	1,996,311	-	-
Business Services	634,530	-	-

(CONTINUED)

Statement E

Nonmajor Governmental Funds	Total Governmental Funds	
	2013	2012
\$ -	\$ 7,186,345	\$ 6,812,095
-	7,130,755	7,323,537
-	206,824	166,059
-	255,183	217,913
3,645	92,163	170,702
-	421,811	27,039
673,473	673,473	785,940
-	330,574	297,397
400,000	26,073,459	24,379,679
-	348,518	261,229
67,082	67,082	96,614
3,929,665	3,985,051	5,104,395
162,284	162,284	110,003
5,236,149	46,933,522	45,752,602
16,897	14,996,167	15,066,367
289,669	3,561,269	3,804,806
46,885	799,412	620,109
-	1,980,447	895,348
982,318	1,152,934	2,218,159
322,028	2,450,132	2,137,083
906,762	1,943,910	1,680,231
-	1,014,899	958,021
3,750	2,000,061	1,980,652
-	634,530	696,126

CENTRAL COMMUNITY SCHOOL SYSTEM

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

FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012)

	General Fund	Debt Service Funds	
		Sales Tax Bonds	General Obligation Bonds
Expenditures (Continued):			
Support Services (Continued):			
Plant Services	3,929,473	-	-
Transportation Services	3,427,718	-	-
Central Services	579,003	-	-
Food Services	7,722	-	-
Community Service Programs	-	-	-
Capital Outlay	541,904	-	-
Debt Service:			
Principal Retirement	-	850,000	1,155,000
Interest and Bank Charges	-	927,801	1,214,966
Cost of Issuance	-	-	-
Total Expenditures	36,352,921	1,792,965	2,453,153
Excess (Deficiency) of Revenues Over Expenditures	1,080,893	(354,763)	372,204
Other Financing Sources (Uses):			
Transfers In	67,082	-	-
Transfers Out	-	-	-
Other Transfers Out	(22,471)	-	-
Total Other Financing Sources	44,611	-	-
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	1,125,504	(354,763)	372,204
Fund Balances at Beginning of Year	9,703,560	2,637,391	1,862,417
Fund Balances at End of Year	\$ 10,829,064	\$ 2,282,628	\$ 2,234,621

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

Statement E
(Continued)

Nonmajor Governmental Funds	Total Governmental Funds	
	2013	2012
1,022	3,930,495	4,099,539
-	3,427,718	2,993,726
157,442	736,445	572,836
2,360,351	2,368,073	2,295,380
-	-	5,000
2,737,467	3,279,371	26,709,446
-	2,005,000	1,905,000
-	2,142,767	2,210,176
-	-	-
<u>7,824,591</u>	<u>48,423,630</u>	<u>70,848,005</u>
(2,588,442)	(1,490,108)	(25,095,403)
-	67,082	7,213,794
(67,082)	(67,082)	(7,213,794)
-	(22,471)	(18,216)
<u>(67,082)</u>	<u>(22,471)</u>	<u>(18,216)</u>
(2,655,524)	(1,512,579)	(25,113,619)
<u>3,090,773</u>	<u>17,294,141</u>	<u>42,407,760</u>
<u>\$ 435,249</u>	<u>\$ 15,781,562</u>	<u>\$ 17,294,141</u>

CENTRAL COMMUNITY SCHOOL SYSTEM
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2013

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012)

	2013	2012
Total Net Change in Fund Balances - Governmental Funds	\$ (1,512,579)	\$ (25,113,619)
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Outlays Which Were Capitalized	3,279,371	26,709,446
Depreciation Expense	(1,699,102)	(726,173)
Add accumulated depreciation on capital assets retired during the year	39,261	7,500
Less cost basis of capital assets retired during the year	(41,373)	(7,500)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.		
Repayment of Debt	2,005,000	1,905,000
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
(Increase) Decrease in Compensated Absences Payable	1,360	(179,310)
Amortization of Cost of Issuance	(18,619)	(14,018)
Amortization of Premium Received on Issuance of Sales Tax Revenue Bonds	6,813	6,489
Increase in Other Postemployment Benefits Obligation Net	(3,953,484)	(3,307,574)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		
Decrease in Accrued Interest Payable	13,153	12,555
Change in Net Position of Governmental Activities	\$ (1,880,199)	\$ (707,204)

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

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

FOR THE YEAR ENDED JUNE 30, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Local Sources:				
Taxes:				
Ad Valorem	\$ 4,210,000	\$ 4,377,350	\$ 4,372,444	\$ (4,906)
Sales and Use	5,250,000	5,700,350	5,704,911	4,561
Other	154,000	215,400	206,824	(8,576)
Tuition	210,000	244,000	255,183	11,183
Interest Earnings	41,000	64,255	64,704	449
Rentals, Leases, and Royalties	415,000	421,720	421,811	91
Other	174,000	329,710	330,574	864
State Sources:				
Unrestricted Grants-in-Aid	25,500,000	25,650,000	25,673,459	23,459
Restricted Grants-in-Aid	152,644	361,232	348,518	(12,714)
Federal Sources:				
Restricted Grants-in-Aid	50,000	50,000	55,386	5,386
Total Revenues	36,156,644	37,414,017	37,433,814	19,797
Expenditures:				
Instruction:				
Regular Programs	16,429,441	15,057,916	14,979,270	78,646
Special Education Programs	3,379,335	3,385,284	3,271,600	113,684
Vocational Programs	555,628	811,680	752,527	59,153
Other Instructional Programs	771,869	1,996,942	1,980,447	16,495
Special Programs	74,958	173,764	170,616	3,148
Support Services:				
Pupil Support	1,906,257	2,143,371	2,128,104	15,267
Instructional Staff Support	1,048,099	1,054,436	1,037,148	17,288
General Administration	984,210	973,760	916,548	57,212
School Administration	2,023,728	2,032,028	1,996,311	35,717
Business Services	744,307	667,891	634,530	33,361
Plant Services	3,587,198	4,125,678	3,929,473	196,205

(CONTINUED)

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

FOR THE YEAR ENDED JUNE 30, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget
Expenditures (Continued):				
Support Services (Continued):				
Transportation Services	3,154,000	3,448,135	3,427,718	20,417
Central Services	381,926	631,336	579,003	52,333
Food Service	-	8,395	7,722	673
Community Service Programs	5,000	500	-	500
Capital Outlay	753,750	545,820	541,904	3,916
Debt Service:				
Interest	-	1,500	-	1,500
Total Expenditures	35,799,706	37,058,436	36,352,921	705,515
Excess (Deficiency) of Revenues Over Expenditures	356,938	355,581	1,080,893	725,312
Other Financing Sources (Uses):				
Transfers In	50,000	67,085	67,082	(3)
Other Transfers Out	-	-	(22,471)	(22,471)
Total Other Financing Sources (Uses)	50,000	67,085	44,611	(22,474)
Excess of Revenues and Other Sources Over Expenditures Other Uses	406,938	422,666	1,125,504	702,838
Fund Balance at Beginning of Year	9,703,560	9,703,560	9,703,560	-
Fund Balance at End of Year	\$ 10,110,498	\$ 10,126,226	\$ 10,829,064	\$ 702,838

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

CENTRAL COMMUNITY SCHOOL SYSTEM

FIDUCIARY FUND

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2013
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2012)

	ASSETS	
	<u>2013</u>	<u>2012</u>
Cash	\$ <u>727,477</u>	\$ <u>690,025</u>
Total Assets	\$ <u><u>727,477</u></u>	\$ <u><u>690,025</u></u>
 LIABILITIES		
Amounts Held for School Activities	\$ <u>727,477</u>	\$ <u>690,025</u>
Total Liabilities	\$ <u><u>727,477</u></u>	\$ <u><u>690,025</u></u>

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

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

INTRODUCTION

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

The School System operates five schools within the community with a total enrollment of approximately 4,000 students. In conjunction with the regular educational programs, some of these schools offer special education and vocational education programs. In addition, the School Board provides transportation and school food services for the students.

(1) Summary of Significant Accounting Policies -

A. Basis of Presentation

The accompanying financial statements of the Central Community School System have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

B. Reporting Entity

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

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

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

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

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

Based on the previous criteria, the School System's management has determined that there are no component units at June 30, 2013.

C. Funds

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

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

Governmental Funds

Governmental funds are used to account for all of the School System's general activities. These funds focus on the sources, uses and balances of current financial resources.

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

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

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

Governmental Fund Types:

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

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

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

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

Fiduciary Fund Type:

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

D. Measurement Focus/Basis of Accounting

Government-Wide Financial Statements (GWFS)

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

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

The GWFS were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Program Revenues

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

Fund Financial Statements (FFS)

Governmental Funds

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

Fund financial statements report detailed information about the School System. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. The major funds of the School System are the General Fund and Debt Service Funds - Sales Tax Bonds and General Obligation Bonds for the year ended June 30, 2013.

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

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

Revenues

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

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

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

Substantially all other revenues are recorded when received.

Expenditures

Salaries are recorded as expenditures when earned. Nine-month employee salaries are earned over a 9-month period, but are paid over a 12-month period. Compensated absences are recognized as expenditures when leave is actually taken or when employees (or heirs) are paid for accrued leave upon retirement or death. All other expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Other Financing Sources (Uses)

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

E. Budget Practices

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

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

The proposed budgets for the fiscal year ended June 30, 2013, were made available for public inspection and comments from taxpayers. The budgets, which included proposed expenditures and the means of financing them, were published in the official journal fifteen days prior to the public hearing on the budget for the year ended June 30, 2013. At this meeting, the proposed budgets were legally adopted by the School Board.

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

F. Encumbrances

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

G. Cash, Cash Equivalents, and Investments

Under state law, the School System may deposit funds with a fiscal agent organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. Cash and cash equivalents include cash on hand, cash on deposit, certificates of deposit with original maturities less than 90 days, and money market accounts. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times be equal or exceed the amount on deposit with the fiscal agent.

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

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

H. Inventory

Inventory of the School Lunch Special Revenue Fund consists of food purchased by the School System and commodities granted by the United States Department of Agriculture through the Louisiana Department of Agriculture and Forestry. The commodities are recorded as revenues when received; however, all inventory items are recorded as expenditures when consumed. All purchased inventory items are valued at the lower of cost (first-in, first-out basis) or market, and commodities are assigned values based on information provided by the United States Department of Agriculture.

I. Capital Assets

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

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

The School System does not possess any material amounts of infrastructure capital assets, such as sidewalks and parking lots. Amounts expended for such items prior to June 30, 2007 were considered to be part of the cost of buildings or other immovable property such as stadiums. In the future, if such items are built or constructed, they will be capitalized and depreciated over their estimated useful lives.

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

J. Compensated Absences

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

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

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

Sabbatical leave may only be granted for medical leave and for professional and cultural improvement. Any employee with a teaching certificate is entitled, subject to approval by the School Board, to one semester of sabbatical leave after three years of continuous service or two semesters of sabbatical leave after six or more years of continuous service. Sabbatical leave benefits are recorded as expenditures in the period paid.

K. Long-Term Obligations

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

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

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

L. Net Position

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

M. Sales and Use Taxes

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

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

N. Use of Estimates

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

O. Summary Financial Information for 2012 and Reclassification

The financial statements include certain prior year summarized information in total. Such information does not include sufficient details to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the School System's financial statements for the year ended June 30, 2012, from which the summarized information was derived.

Certain items in the 2012 columns have been reclassified to conform to the presentation in the current year financial statements. Such reclassifications had no effect on previous reported excess of revenues and other sources over expenditures and other uses or change in net position.

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

P. Fund Equity

The School System has adopted the provisions of Governmental Accounting Standards Board Statement No. 54 which redefined how fund balances are presented in fund financial statements. In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable - Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of the state or federal laws, or externally imposed conditions by grantors or creditors.

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

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

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

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

Q. Current Year Adoption of New Standards

The School System adopted the following recently issued GASB Standards in the preparation of this financial statement:

GASB Statement No. 61 - The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34

GASB Statement No. 63 - Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position

The adoption of GASB 61 did not require any changes to the financial statements of the School System; however, GASB 63 required the School System to use the term Net Position instead of Net Assets.

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

(2) Cash and Cash Equivalents -

The School System maintains various deposit accounts for the current operations of certain individual funds of the School System. Each fund's portion of the cash is included in that fund's Cash and Cash Equivalent account.

Interest earned on pooled cash and investments is allocated to the participating funds based upon their combined participating balances.

At June 30, 2013, the carrying amount of the School System's Cash and Cash Equivalents and Investments (checking accounts, savings accounts, and certificates of deposits) was \$18,333,183 and the confirmed bank balances were \$18,600,395. Cash and Cash Equivalents and Investments are stated at cost, which approximates market.

The following is a summary of Cash and Cash Equivalents and Investments at June 30, 2013, classified by credit risk:

	<u>Governmental Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Deposits in Bank Accounts per Balance Sheets:			
Cash and Cash Equivalents	\$ 17,605,706	\$ 727,477	\$ 18,333,183
	<u> </u>	<u> </u>	<u> </u>
Reconciliation to Balance Sheets:			
Unrestricted	\$ 15,574,211	\$ 727,477	\$ 16,301,688
Restricted	<u>2,031,495</u>	<u>-</u>	<u>2,031,495</u>
	<u>\$ 17,605,706</u>	<u>\$ 727,477</u>	<u>\$ 18,333,183</u>

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the School System's deposits may not be returned to it. As of June 30, 2013, \$18,350,395 of the School System's bank balances of \$18,600,395 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's name.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement of the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the School System that the fiscal agent has failed to pay deposited funds upon demand.

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

(3) Ad Valorem Taxes -

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

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

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

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

	Authorized Millage	Levied Millage
Parishwide Taxes:		
Constitutional	5.00	4.23
Special	38.21	32.52
Debt Service	9.25	9.25
Debt Service	14.40	14.40

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

Total Ad Valorem Taxes Levied	\$ 7,323,115
Less: Louisiana Tax Commission Changes - Net	(91,981)
Refunds	(44,789)
Net Ad Valorem Taxes Collectible	\$ 7,186,345

Ad Valorem taxes receivable at June 30, 2013, totaled \$12,978.

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

(4) Receivables -

The receivables at June 30, 2013, are as follows:

	<u>Federal Grants</u>	<u>State Grants</u>	<u>Sales Taxes</u>	<u>Ad Valorem Taxes</u>	<u>Interest</u>	<u>Other</u>	<u>Total</u>
General Fund	\$ 3,312	\$ 68,478	\$764,705	\$ 7,907	\$ 573	\$ 19,532	\$ 864,507
Debt Service Fund:							
Sales Tax							
Bonds	-	-	191,176	-	-	-	191,176
General Obligation							
Bonds	-	-	-	5,071	351	-	5,422
Nonmajor Funds	<u>735,217</u>	<u>6,680</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>741,897</u>
Totals	<u>\$738,529</u>	<u>\$ 75,158</u>	<u>\$955,881</u>	<u>\$ 12,978</u>	<u>\$ 924</u>	<u>\$ 19,532</u>	<u>\$1,803,002</u>

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

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 718,215	\$ -
Nonmajor Governmental Funds:		
Capital Projects Funds:		
Proposition No. 1	20,270	-
Proposition No. 2	-	20,270
Special Revenue Funds:		
Improving America's Schools	-	521,253
Special Education	-	107,048
Other Federal	<u>-</u>	<u>89,914</u>
Total Nonmajor Governmental Funds	<u>20,270</u>	<u>738,485</u>
Total	<u>\$ 738,485</u>	<u>\$ 738,485</u>

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

	Transfers In	Transfers Out
General Fund	\$ 67,082	\$ -
Nonmajor Governmental Funds:		
Special Revenue Funds:		
Improving America's Schools	-	41,796
Special Education	-	25,286
Total Nonmajor Governmental Funds	-	67,082
Total	\$ 67,082	\$ 67,082

(6) Changes in Capital Assets -

Capital asset activity for the year ended June 30, 2013 is as follows:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
<u>Governmental Activities:</u>				
Capital Assets not being Depreciated:				
Land	\$ 2,931,206	\$ -	\$ -	\$ 2,931,206
Construction in Progress	39,339,085	3,202,097	(42,514,863)	26,319
Total Capital Assets not being Depreciated	42,270,291	3,202,097	(42,514,863)	2,957,525
Capital Assets being Depreciated:				
Buildings and Improvements	23,453,454	42,537,508	-	65,990,962
Furniture and Equipment	1,207,361	54,629	(41,373)	1,220,617
Total Capital Assets being Depreciated	24,660,815	42,592,137	(41,373)	67,211,579
Less: Accumulated Depreciation for:				
Buildings and Improvements	7,589,059	1,509,438	-	9,098,497
Furniture and Equipment	329,843	189,664	(39,261)	480,246
Total Accumulated Depreciation	7,918,902	1,699,102	(39,261)	9,578,743
Total Capital Assets being Depreciated, Net	16,741,913	40,893,035	(2,112)	57,632,836
Total Governmental Activities Capital Assets, Net	\$59,012,204	\$44,095,132	\$(42,516,975)	\$60,590,361

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

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

Depreciation expense of \$1,699,102 for the year ended June 30, 2013 was charged to the following governmental functions:

Instruction:

Regular Education	\$ 11,749
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Support Services:

General Administration (Including all Buildings)	1,517,177
School Administration	151,988
Plant Services	15,272
School Food Services	<u>2,916</u>

Total	\$ <u>1,699,102</u>
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The Capital Project Funds show total fund equity of \$49,821. A summary of commitments under construction contracts for the School System at June 30, 2013, follows:

	<u>Project Authorization</u>	<u>Expended to June 30, 2013</u>	<u>Unexpended Commitment</u>
Intermediate and Middle Schools –			
Driveway Improvements	\$ 240,949	\$ 26,319	\$ 214,630
Intermediate and Middle Schools	<u>403,108</u>	<u>-</u>	<u>403,108</u>
Total	<u>\$ 644,057</u>	<u>\$ 26,319</u>	<u>\$ 617,738</u>

At June 30, 2013 the unexpended commitments of \$617,738 are recorded in the Capital Projects Fund - Proposition No. 2 as fund balance committed to contracts to the extent of available fund balance of \$49,821 and in the General Fund as fund balance committed to contracts in the amount \$567,917.

(7) Accounts, Salaries, and Other Payables -

The payables at June 30, 2013, are as follows:

	<u>Accounts</u>	<u>Salaries Withholdings and Benefits</u>	<u>Total</u>
General Fund	\$ 321,609	\$2,972,699	\$3,294,308
Nonmajor Funds	<u>401,414</u>	<u>-</u>	<u>401,414</u>
Total	<u>\$ 723,023</u>	<u>\$2,972,699</u>	<u>\$3,695,722</u>

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

(8) Defined Benefit Pension Plans -

A. Plan Descriptions, Contribution Information and Funding Policies -

Every employee of the School System contributes to some type of retirement plan. Substantially, most employees are members of either Teachers' Retirement System of Louisiana (TRSL), or State of Louisiana School Employees' Retirement System (LSERS). In general, professional employees, including, but not limited to, classroom teachers, educators not working in the classroom, principals, accountants, bookkeepers, secretaries, paraprofessionals, and School Food Service employees are members of TRSL. LSERS members included employees who work more than 20 hours per week in the position of Bus Aide, Bus Driver, Custodian or Maintenance.

The following is a summary of eligibility factors, contribution methods, and benefit provisions.

	<u>Teachers' Retirement System of Louisiana - Regular Plan</u>	<u>Teachers' Retirement System of Louisiana - Plan A</u>	<u>State of Louisiana School Employees' Retirement System</u>
Eligibility to Participate	Employees that meet the legal definition of a "teacher" in accordance with Louisiana Revised Statutes 11:701(23)(a).	Employees paid with school food service funds in which the System has withdrawn from Social Security coverage.	Membership is mandatory for all employees under age 60 employed by a Louisiana Parish or City School Board who work more than 20 hours as a school bus driver, school

(CONTINUED)

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

	<u>Teachers' Retirement System of Louisiana - Regular Plan</u>	<u>Teachers' Retirement System of Louisiana - Plan A</u>	<u>State of Louisiana School Employees' Retirement System</u>
			janitor, school custodian, school maintenance employee, or school bus aide.
Authority Establishing Contribution Obligations and Benefits	State Statute	State Statute	State Statute
Plan Members' Contribution Rate (Percent of Covered Payroll)	8.00%	9.10%	7.50% - Hired before July 1, 2010 8.00% - Hired on or after July 1, 2010
School System's Contribution Rate (Percent of Covered Payroll)	24.50%	30.00%	30.80%
Period Required to Vest	5 years	5 years	10 years (Membership prior to January 1, 2010) 5 Years (Membership after December 31, 2009)
Benefits and Eligibility for Distribution (Full-time)	Benefit based on a percentage of the member's average salary	Benefit based on a percentage of the member's average salary	Final average compensation is based on when membership begins:

(CONTINUED)

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

Teachers' Retirement
System of Louisiana -
Regular Plan

for the 36 highest successive months using the following requirements:

Membership prior to July 1, 1999

<u>Years Service</u>	<u>Min. Age</u>	<u>Formula Percentage</u>
5	60	2.0%
20	Any Age	2.0%
25	55	2.5%
30	Any Age	2.5%
20	65	2.5%

Membership between July 1, 1999 and December 31, 2010

<u>Years Service</u>	<u>Min. Age</u>	<u>Formula Percentage</u>
5	60	2.5%
20*	Any Age	2.5%
25	55	2.5%
30	Any Age	2.5%

*Actuarially Reduced Benefit

Membership on or after January 1, 2011

Benefit based on 60 highest successive months which are subject to the 15% salary limitation.

Teachers' Retirement
System of Louisiana -
Plan A

for the 36 highest successive months using the following requirements:

Membership includes School Food Service Workers who were active members of the School Lunch Employees' Retirement System on July 1, 1983, when the System merged with TRSL.

<u>Years Service</u>	<u>Min. Age</u>	<u>Formula Percentage</u>
5	60	3.0%
25	55	3.0%
30	Any Age	3.0%

Plan A Members who did not contribute to retirement until their employers withdrew from Social Security coverage will receive:

- One percent for those years before withdrawal plus
- \$24 per year for each year that retirement was not paid

State of Louisiana
School Employees'
Retirement System

Membership prior to July 1, 2006: Benefit based on 36 highest successive months which are subject to the 10% salary limitation.

Membership on or after July 1, 2006 through June, 2010: Benefit based on 60 highest successive months which are subject to the 10% salary limitation.

Membership on or after July 1, 2010: Benefit based on 60 highest successive months which are subject to the 15% salary limitation.**
**Salary is limited by applicable percentage (10 or 15%) for each 12 month period.

Accrual Rate for Calculation of Benefits

- Member prior to July 1, 2010 – 3.33%
- Member on or after July 1, 2010 – 2.5%

(CONTINUED)

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

Teachers' Retirement
System of Louisiana -
Regular Plan

<u>Years Service</u>	<u>Min. Age</u>	<u>Formula Percentage</u>
5	60	2.5%
20*	Any Age	2.5%

*Actuarially Reduced Benefit

Teachers' Retirement
System of Louisiana -
Plan A

<u>Years Service</u>	<u>Min. Age</u>	<u>Formula Percentage</u>
10	60	3.0%
25	55	3.0%
30	Any Age	3.0%

State of Louisiana
School Employees'
Retirement System

Early Retirement:

Member Prior to July 1, 2010

<u>Years Service</u>	<u>Min. Age</u>	<u>Formula Percentage</u>
20*	Any Age	3.33%

Member on or after July 1, 2010

<u>Years Service</u>	<u>Min. Age</u>	<u>Formula Percentage</u>
20*	Any Age	2.5%

*Actuarially Reduced Benefit

Regular Service Retirement:

Member on or before June 30, 2010

<u>Years Service</u>	<u>Min. Age</u>	<u>Formula Percentage</u>
10	60	3.33%
20*	Any Age	3.33%
25	55	3.33%
30	Any Age	3.33%

*Actuarially Reduced Benefit

Member on or after July 1, 2010

<u>Years Service</u>	<u>Min. Age</u>	<u>Formula Percentage</u>
5	60	2.5%
20*	Any Age	2.5%

*Actuarially Reduced Benefit

Deferred Retirement Option

Yes

<u>Years Service</u>	<u>Min. Age</u>	<u>Formula Percentage</u>
20	65	2.5%
25	55	2.5%
30	Any Age	2.5%
10	60	2.0%
5*	60	2.5%

*Membership on or after January 1, 2011, allows for DROP participation if the member has five years of service credit at age 60 in conformance with the retirement eligibility provisions provided by Act No. 992 of the 2010 R.S.

Yes

<u>Years Service</u>	<u>Min. Age</u>	<u>Formula Percentage</u>
10	60	3.0%
25	55	3.0%
30	Any Age	3.0%

Yes

Member prior to July 1, 2010		
<u>Years Service</u>	<u>Min. Age</u>	<u>Formula Percentage</u>
10	60	3.33%
25	55	3.33%
30	Any Age	3.33%

Member on or after July 1, 2010

<u>Years Service</u>	<u>Min. Age</u>	<u>Formula Percentage</u>
5	60	2.5%

(CONTINUED)

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

	<u>Teachers' Retirement System of Louisiana - Regular Plan</u>	<u>Teachers' Retirement System of Louisiana - Plan A</u>	<u>State of Louisiana School Employees' Retirement System</u>
Provisions for:			
Cost of Living Adjustments (Normal Retirement)	Yes	Yes	Yes
Death (Duty, Non-Duty, Post Retirement)	Yes	Yes	Yes
Disability (Duty, Non-Duty)	Yes	Yes	Yes
Cost of Living Allowances	Yes	Yes	Yes

B. Trend Information -

Contributions required by State statute:

Fiscal Year	<u>Teachers' Retirement System of Louisiana - Regular Plan</u>		<u>Teachers' Retirement System of Louisiana - Plan A</u>		<u>State of Louisiana School Employees' Retirement System</u>	
	<u>Required Contribution</u>	<u>Percentage Contributed</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
2007	\$ 15,067	100%	\$ -	N/A	\$ -	N/A
2008	\$ 2,094,260	100%	\$ -	N/A	\$20,055	100%
2009	\$ 2,544,940	100%	\$ -	N/A	\$ 8,918	100%
2010	\$ 2,757,473	100%	\$ -	N/A	\$ 8,748	100%
2011	\$ 4,016,374	100%	\$ -	N/A	\$11,750	100%
2012	\$ 4,620,386	100%	\$ -	N/A	\$15,070	100%
2013	\$ 4,952,334	100%	\$ -	N/A	\$15,580	100%

Trend information showing the progress of the Systems in accumulating sufficient assets to pay benefits when due is presented in their annual financial reports. Copies of these reports may be obtained from the respective State retirement systems.

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

(9) Changes in Agency Fund Deposits Due Others -

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

	School Activity Fund
Balance - June 30, 2012	\$ 690,025
Additions	1,739,304
Deductions	<u>(1,701,852)</u>
Balance - June 30, 2013	<u>\$ 727,477</u>

(10) Long-Term Debt -

The following is a summary of the long-term obligation transactions for the year ended June 30, 2013:

	Bonded Debt	Compensated Absences	Post- Employment Benefits	Total
Long-Term Obligations - July 1, 2012	\$54,798,174	\$ 1,911,535	\$ 11,967,438	\$68,677,147
Additions:				
Increases	-	952,885	4,052,381	5,005,266
Deductions:				
Principal Payments	(2,005,000)	-	-	(2,005,000)
Amortization on Premium On Issuance of Bonds	(6,813)	-	-	(6,813)
Deductions	<u>-</u>	<u>(954,245)</u>	<u>(98,897)</u>	<u>(1,053,142)</u>
Long-Term Obligations - June 30, 2013	<u>\$52,786,361</u>	<u>\$ 1,910,175</u>	<u>\$15,920,922</u>	<u>\$70,617,458</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2013:

	Bonded Debt	Compensated Absences	Post- Employment Benefits	Total
Current Portion	\$ 2,102,138	\$ 477,544	\$ -	\$ 2,579,682
Long-Term Portion	<u>50,684,223</u>	<u>1,432,631</u>	<u>15,920,922</u>	<u>68,037,776</u>
Total	<u>\$52,786,361</u>	<u>\$ 1,910,175</u>	<u>\$15,920,922</u>	<u>\$70,617,458</u>

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

Bonded Debt

All School System bonds outstanding at June 30, 2013 in the amount of \$52,605,000 consist of general obligation bonds and sales tax revenue bonds with final maturities from 2029 to 2030 and interest rates from 2.00 percent to 6.00 percent. Bond principal and interest payable in the next fiscal year is \$2,095,000 and \$2,143,770, respectively. Bonded debt is comprised of the following individual issues which are payable from the debt service funds:

	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Final Payment Due</u>	<u>Interest to Maturity</u>	<u>Principal Outstanding</u>
General Obligation Bonds -					
Secured by Ad Valorem Taxes:					
Series 2009 -					
Issued September 1, 2009	\$10,000,000	4.0-4.5%	03/01/29	\$ 3,751,944	\$ 9,280,000
Series 2009A -					
Issued December 1, 2009	\$12,000,000	3.0-4.5%	03/01/29	4,262,059	11,135,000
Series 2010 -					
Issued March 1, 2010	\$10,000,000	3.0-4.1%	03/01/30	<u>3,690,845</u>	<u>9,335,000</u>
Total General Obligation Bonds Secured by Ad Valorem Taxes				11,704,848	29,750,000
Sales Tax Revenue Bonds -					
Secured by Sales Taxes:					
Series 2009 -					
Issued September 1, 2009	\$ 6,000,000	4.2-6.0%	01/01/29	2,235,037	5,415,000
Series 2010 -					
Issued March 1, 2010	\$10,000,000	3.25-4.25%	01/01/30	3,580,729	9,055,000
Series 2010 -					
Issued September 1, 2010	\$ 9,000,000	2.0-4.125%	01/01/30	<u>3,155,934</u>	<u>8,385,000</u>
Total Sales Tax Bonds Secured by Sales Taxes				<u>8,971,700</u>	<u>22,855,000</u>
Total Bonded Debt				<u>\$20,676,548</u>	<u>\$52,605,000</u>

All principal and interest requirements are funded in accordance with Louisiana law by the annual ad valorem tax levy on taxable property within the Central Community School District and the avails of a ½% sales and use tax within the Central Community School District within East Baton Rouge Parish. At June 30, 2013 the School System has accumulated \$4,517,249 in the Debt Service Funds for future debt requirements. The bonds are due, by years, as follows:

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

Year Ending June 30,	General Obligation Bonds:			Sales Tax Bonds:		
	Principal Payments	Interest Payments	Total	Principal Payments	Interest Payments	Total
2014	\$ 1,205,000	\$ 1,175,504	\$ 2,380,504	\$ 890,000	\$ 902,195	\$ 1,792,195
2015	1,275,000	1,134,341	2,409,341	940,000	873,310	1,813,310
2016	1,340,000	1,090,766	2,430,766	995,000	841,375	1,836,375
2017	1,405,000	1,040,492	2,445,492	1,035,000	803,879	1,838,879
2018	1,480,000	986,429	2,466,429	1,095,000	759,829	1,854,829
2019-2023	8,625,000	3,987,788	12,612,788	6,365,000	3,053,536	9,418,536
2024-2028	11,065,000	2,115,868	13,180,868	8,175,000	1,604,811	9,779,811
2029-2030	3,355,000	173,660	3,528,660	3,360,000	132,765	3,492,765
	29,750,000	11,704,848	41,454,848	22,855,000	8,971,700	31,826,700
Unamortized Premium	-	-	-	181,361	-	181,361
	<u>\$29,750,000</u>	<u>\$ 11,704,848</u>	<u>\$41,454,848</u>	<u>\$ 23,036,361</u>	<u>\$ 8,971,700</u>	<u>\$ 32,008,061</u>

Year Ending June 30,	Total Bonds		
	Principal Payments	Interest Payments	Total
2014	\$ 2,095,000	\$ 2,077,699	\$ 4,172,699
2015	2,215,000	2,007,651	4,222,651
2016	2,335,000	1,932,141	4,267,141
2017	2,440,000	1,844,371	4,284,371
2018	2,575,000	1,746,258	4,321,258
2019-2023	14,990,000	7,041,324	22,031,324
2024-2028	19,240,000	3,720,679	22,960,679
2029-2030	6,715,000	306,425	7,021,425
	52,605,000	20,676,548	73,281,548
Unamortized Premium	181,361	-	181,361
	<u>\$52,786,361</u>	<u>\$ 20,676,548</u>	<u>\$73,462,909</u>

In accordance with Louisiana Revised Statute 39:562, the School System is legally restricted from incurring long-term bonded debt funded by ad valorem taxes, in excess of thirty-five percent of the assessed value of taxable property. At June 30, 2013, the statutory limit is approximately \$64,800,000 and outstanding general obligation bonded debt funded by ad valorem taxes totals \$29,750,000.

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

Compensated Absences

At June 30, 2013, employees of the School System have accumulated and vested \$1,910,175 of employee leave benefits, which was computed in accordance with GASB Codification Section C60.

Post-Employment Benefits

Plan Description. The Central Community School System's medical benefits, authorized by the School System's Board, are provided through insured programs and are made available to employees upon actual retirement. Substantially all of the school system's employees become eligible for these benefits when they reach retirement age while working for the system. Benefits are available to employees upon retirement according to retirement eligibility provisions as follows: If date of hire is before 1/1/2011: (1) Age 60 with at least 5 years of service credit; (2) Age 55 with at least 25 years of service credit; (3) any age with at least 30 years of service credit; If date of hire is after 1/1/2011, age 60 with at least 5 years of service with the exception that some food service employees must have 30 years of service and be age 55. These benefits for retirees are similar to benefits for active employees provided through an insurance company. Premiums are paid jointly by the school system and retiree. Entitlement to benefits continues through Medicare to death.

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

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

Fund Policy. Until fiscal year ended June 30, 2010, the Central Community School System recognized the cost of providing post-employment, medical and life benefits (the School System's portion of the retiree medical and life benefit premiums) as an expense when the benefit premiums were due. Thus, the costs of the post-employment benefits were funded on a pay-as-you-go basis. Effective with the Fiscal Year beginning July 1, 2009, the Central Community School System implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions* (GASB 45).

In fiscal year ending June 30, 2013, the School System's portion of health care funding cost for retired employees totaled \$98,897. This amount was applied toward the Net OPEB Benefit Obligation as shown in the table included in the Annual Required Contribution section below. There were 445 active employees and 21 retirees and applicable dependents were covered by the plan during 2013.

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

Annual Required Contribution. The Central Community School System’s Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The Annual Required Contribution (ARC) is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (AAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The total ARC for the fiscal year beginning July 1, 2011 is \$3,521,793 as set forth below:

Normal Cost	\$ 2,812,641
30-year UAL amortization amount	<u>709,152</u>
Annual required contribution (ARC)	<u><u>\$ 3,521,793</u></u>

Net Post-employment Benefit Obligation (Asset). The table below shows the Central Community School System’s Net Other Post-employment Benefit (OPEB) Obligation (Asset) for fiscal year ended June 30, 2013:

1. Net OPEB Obligation (Asset) - Beginning of Year	\$11,967,438
2. Annual Required Contribution	3,521,793
3. Interest on Net OPEB Obligation (Asset)	418,860
4. ARC Adjustment	<u>(111,728)</u>
5. OPEB Cost [2] + [3] - [4]	4,052,381
6. Contribution	-
7. Current Year Retiree Premium Paid	<u>98,897</u>
8. Change in Net OPEB Obligation [5] - [6] - [7]	<u>3,953,484</u>
9. Net OPEB Obligation (Asset) – End of Year [1] + [8]	<u><u>\$15,920,922</u></u>

The following table shows Central Community School System’s annual post employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (PEB) liability (asset):

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net PEB Liability (Asset)
June 30, 2010	\$ 4,296,723	3.27%	\$ 4,156,069
June 30, 2011	\$ 4,521,285	0.38%	\$ 8,659,864
June 30, 2012	\$ 3,354,040	1.39%	\$11,967,438
June 30, 2013	\$ 3,953,484	2.44%	\$15,920,922

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

Funded Status and Funding Progress. In the fiscal year ended June 30, 2013, the Central Community School System made no contributions to its post employment benefits plan. The plan was not funded at all, has no assets, and hence has a funded ratio of zero. As of June 30, 2012, which is the end of the fiscal year of the latest actuarial valuation, the Actuarial Accrued Liability (AAL) was \$13,499,258 which is defined as that portion, as determined by a particular actuarial cost method (the Central Community School System uses the Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost. Since the plan was not funded in fiscal year 2012/2013, the entire actuarial accrued liability of \$13,499,258 was unfunded.

Actuarial Accrued Liability (AAL)	\$ 13,499,258
Actuarial Value of Plan Assets (AVPA)	<u>-</u>
Unfunded Act. Accrued Liability (UAAL)	<u>\$ 13,499,258</u>
Funded Ratio (AVPA ÷ UAAL)	0%
Covered Payroll (active plan members)	\$ 18,972,479
UAAL as a percentage of covered payroll	71%

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

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

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

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

Actuarial Value of Plan Assets. There are no assets as the School System has not established a separate trust to hold the separate plan assets as of June 30, 2013. It is anticipated that in future valuations a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45.

Turnover Rate. A years-of-service related turnover scale based on actual experience as determined by the actuary for the Teachers' Retirement System. The rates for each age are below:

<u>Years of Service</u>	<u>Percent Turnover</u>
20	10.0%
25	13.0%
30	13.0%
35	9.0%
40	6.0%
45	4.0%
50	3.0%
55	4.0%
60	4.0%
65	4.0%
70	4.0%

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

Investment Return Assumption (Discount Rate). GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 3.5% annual investment return has been used in this valuation. This is a conservative estimate of the rate of return used in the course of its financial activity.

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

Health Care Cost Trend Rate. Rates were developed using the baseline projection of the SOA Long-Run Medical Cost Trend Model including observation and extrapolation of plan experience. The plan assumes a medical inflation rate of 10% beginning in 2012, decreasing to a rate of 4.2% in 2095. Other input variables included the following: rate of inflation 2.5%, rate of growth in real income/GDP per capita 1.7%, income multiplier for health spending 1.4, extra trend due to technology and other factors 1.1%, health share of GDP resistance point 25.0%, and year for limiting cost growth to GDP growth 2075. Participation of future retirees in the plan was estimated at 90% with 40% of the retirees' spouses electing coverage in the plan. Husbands were assumed to be three years older than wives.

Mortality Rate: RP-2000 Combined Health tables, males and female. One year set back.

Method of Determining Value of Benefits. The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The rates for active and retired were "age" adjusted and were derived from the premiums trended to the valuation date and adjusted to the risk characteristics of the group.

(11) Litigation and Claims -

At June 30, 2013, the School System is involved in several lawsuits. It is the opinion of the legal adviser for the School System that the ultimate resolution of these lawsuits will not involve any material liability to the School System in excess of insurance coverage and amounts recorded in these financial statements.

(12) Fund Balance - General Fund - Assigned To Other Post Employment Benefits -

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

(13) Fund Balance - General Fund - Restricted for Classroom Improvement Grants -

Excellence in Education - Classroom Improvements - In the current year, the School System received payments from the State of Louisiana in connection with the State's settlement of its lawsuit with the tobacco industry. These funds can only be spent on classroom improvements as required by the State. Accordingly, the unspent monies at June 30, 2013 of \$10,688 are reflected as a restriction of fund balance.

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

(14) Current Accounting Pronouncements -

The Governmental Accounting Standards Board issued GASB Statement No. 65 - "Items Previously Reported as Assets and Liabilities." This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined the elements included in financial statements, including deferred outflows of resources and deferred inflows of resources. In addition, Concepts Statement 4 provides that reporting a deferred outflow of resources or a deferred inflow of resources should be limited to those instances identified by the Board in authoritative pronouncements that are established after applicable due process. This Statement amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement 4. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. This Statement will be required to be adopted by the School System for fiscal year ending June 30, 2014.

The Governmental Accounting Standards Board issued GASB Statement No. 66 - "Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62." The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. As a result, governments should base their decisions about fund type classification on the nature of the activity to be reported, as required in Statement 54 and Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This Statement also amends Statement 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, and

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

result in guidance that is consistent with the requirements in Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively. This Statement will be required to be adopted by the School System for fiscal year ending June 30, 2014.

In June 2012, the Governmental Accounting Standards Board issued GASB Statement No. 68 - "Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27." The principal objective of this Statement is to improve the usefulness of information for decisions made by the various users of the general purpose external financial reports (financial reports) of governments whose employees - both active employees and inactive employees - are provided with pensions. One aspect of that objective is to provide information about the effects of pension-related transactions and other events on the elements of the basic financial statements of state and local governmental employers. This information will assist users in assessing the relationship between a government's inflows of resources and its total cost (including pension expense) of providing government services each period. Another aspect of that objective is to provide users with information about the government's pension obligations and the resources available to satisfy those obligations. An additional objective of this Statement is to improve the information provided in government financial reports about pension-related financial support provided by certain nonemployer entities that make contributions to pension plans that are used to provide benefits to the employees of other entities. Statement No. 67, *Financial Reporting for Pension Plans*, establishes standards of financial reporting for defined benefit pension plans and defined contribution pension plans that are used to provide pensions that are within the scope of this Statement. The two Statements are closely related in some areas, and certain provisions of this Statement refer to Statement 67. This Statement will be required to be adopted by the School System for fiscal year ending June 30, 2015.

Management is currently evaluating the effects of the new GASB pronouncements scheduled for implementation for fiscal year ending June 30, 2014.

SCHEDULES REQUIRED BY STATE LAW

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

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Independent Accountant's Report
on Applying Agreed-Upon Procedures

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

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Central Community School System 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 Central Community School System 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). Management of Central Community School System is responsible for its performance and statistical data. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of 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 1)

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 at 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
 - Nonpublic Transportation Revenue

The original schedule provided to us for testing did not reconcile to the accounting record's account balances. The total General Fund Equipment Expenditures provided by management on the original Schedule 1 reported a balance of \$68,012 when the actual amount was \$77,272. The expenditures for Schedule 1 were decreased by \$9,261 from the original schedule provided to us and the corrected balances are reflected in this report.

In addition, the original report provided to us for testing did not agree with the revenue balances included in the accounting records for Penalties/Interest on Ad Valorem Taxes or for gross sales taxes. The revenues for Schedule 1 were increased by \$5,669,316 from the original schedule provided to us and the corrected balances are reflected in this report.

Education Levels of Public School Staff (Schedule 2)

2. We will reconcile the total number of full-time classroom teachers per the schedule "Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers" (Schedule 4) to the combined total number of full-time classroom teachers per this schedule and to school board supporting payroll records as of October 1, 2012.

We obtained the completed Schedule 2 and Schedule 4 and were able to reconcile the total on these schedules to each other. We were not able to reconcile the information on Schedule 2 to the School System's supporting payroll records as of October 1, 2012 since the supporting schedule was not provided to us that included a detail of the teachers by educational level as of October 1, 2012. The supporting information had been superseded.

3. We will reconcile the combined total of principals and assistant principals per the schedule "Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers" (Schedule 4) to the combined total of principals and assistant principals per this schedule.

We obtained the completed Schedule 2 and Schedule 4 and were able to reconcile the total on these schedules to each other. We were not able to reconcile the information on Schedule 2 to the School System's supporting payroll records as of October 1, 2012 since the supporting schedule was not provided to us that included a detail of the principals and assistant principals by educational level as of October 1, 2012. The supporting information had been superseded.

4. We will obtain a list of full-time teachers, principals, and assistant principals by classification as of October 1, 2012 and as reported on the schedule. We will trace 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.

We were not able to perform this procedure since the detailed schedule was not provided to us that included a listing of teachers, assistant principals, and principals by level of education and possessing certificates as of October 1, 2012. The supporting information had been superseded.

Number and Type of Public Schools (Schedule 3)

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

(No Differences Noted)

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

6. We will obtain a list of full-time teachers, principals, and assistant principals by classification as of October 1, 2012 and as reported on the schedule and trace the same sample used in Procedure 4 to the individual's personnel file and determine if the individual's experience was properly classified on the schedule.

We were not able to perform this procedure since the detailed schedule was not provided to us that included a listing of teachers, assistant principals, and principals by experience levels as of October 1, 2012. The supporting information had been superseded.

Public School Staff Data: Average Salaries (Schedule 5)

7. We will obtain 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 trace a random sample of 25 teachers to the individual's personnel file and determine if the individual's salary, extra compensation, and the full-time equivalents were properly included on the schedule.

We were provided a completed Schedule 5, however, management was not able to provide us with a detailed listing of teachers, salary or full time equivalent percentages per teacher for us to trace a random sample of 25 teachers to the individual's personnel file and determine if the individual's salary, extra compensation, and the full-time equivalents were properly included on the schedule. The supporting information had been superseded.

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

Management did not provide us with a detailed schedule so we were not able to recalculate the average salaries and full time equivalents reported in the schedule. The supporting information had been superseded.

Class Size Characteristics (Schedule 6)

9. We obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule 3 data, as obtained in Procedure 5. Our procedures required us to trace a random sample of 10 classes to the October 1, 2012 roll books for those classes and determine if the class was properly classified on the schedule.

Management was unable to obtain a detailed listing of classes from the Louisiana Department of Education for the school we selected to test so we were unable to trace a random sample of 10 classes to a detailed listing of classes for the school selected as of October 1, 2012. As a result, we were unable to perform the required testing on Schedule 6.

Louisiana Educational Assessment Program (LEAP) (Schedule 7)

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 Central Community School System.

(No Differences Noted)

Graduation Exit Exam (Schedule 8)

11. Our procedures required us to obtain test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by Central Community School System.

The GEE was discontinued for the June 30, 2013 fiscal year. As a result, Schedule 8 reports the last two years of historical data. There is no data to obtain, report, or reconcile for 2013.

iLeap Tests (Schedule 9)

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 Central Community School System.

(No Differences Noted)

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Central Community School System, 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.

Respectfully submitted,

Harold J. Bourgeois, CPA

Denham Springs, Louisiana
December 23, 2013

CENTRAL COMMUNITY SCHOOL SYSTEM

GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES
AND CERTAIN LOCAL REVENUE SOURCES

FOR THE YEAR ENDED JUNE 30, 2013

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$ 13,446,031	
Other Instructional Staff Activities	1,011,362	
Employee Benefits	5,580,990	
Purchased Professional and Technical Services	330,067	
Instructional Materials and Supplies	657,117	
Instructional Equipment	22,643	
Total Teacher and Student Interaction Activities		21,048,210

Other Instructional Activities		128,893
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Pupil Support Activities	2,128,104	
Less: Equipment for Pupil Support Activities	-	
Net Pupil Support Activities		2,128,104

Instructional Staff Services	1,037,148	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		1,037,148

School Administration	1,996,311	
Less: Equipment for School Administration	-	
Net School Administration		1,996,311

Total General Fund Instructional Expenditures (Total Column B)		<u>\$ 26,338,666</u>
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Total General Fund Equipment Expenditures (Object 730; Function Series 1000-4000)		<u>\$ 77,272</u>
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(CONTINUED)

CENTRAL COMMUNITY SCHOOL SYSTEM

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

FOR THE YEAR ENDED JUNE 30, 2013

Certain Local Revenue Sources

Local Taxation Revenue:

Ad Valorem Taxes	
Constitutional Ad Valorem Taxes	\$ 503,278
Renewable Ad Valorem Tax	3,869,166
Debt Service Ad Valorem Tax	2,813,901
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	201,189
Result of Court Ordered Settlement (Ad Valorem)	-
Penalties/Interest on Ad Valorem Taxes	12,095
Taxes Collected Due to Tax Incremental Financing (TIF)(Ad Valorem)	-
Sales and Use Taxes	
Sales and Use Taxes - Gross	7,130,755
Sales/Use Taxes - Court Settlement	-
Penalties/Interest on Sales/Use Taxes	-
Sales/Use Taxes Collected Due to TIF	-
Total Local Taxation Revenue	<u>\$ 14,530,384</u>

Local Earnings on Investment in Real Property:

Earnings from 16th Section Property	\$ 411,630
Earnings from Other Real Property	-
Total Local Earnings on Investment in Real Property	<u>\$ 411,630</u>

State Revenue in Lieu of Taxes:

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

Nonpublic Textbook Revenue \$ 19,115

Nonpublic Transportation Revenue \$ -

See auditor's report.

CENTRAL COMMUNITY SCHOOL SYSTEM
EDUCATION LEVELS OF PUBLIC SCHOOL STAFF

AS OF OCTOBER 1, 2012

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%	0	0%	0	0%	0	0%
Bachelor's Degree	206	72%	0	0%	0	0%	0	0%
Master's Degree	70	24%	0	0%	8	57%	0	0%
Master's Degree + 30	9	3%	0	0%	5	36%	0	0%
Specialist in Education	2	1%	0	0%	0	0%	0	0%
Ph. D. or Ed. D.	0	0%	0	0%	1	7%	0	0%
Total	288	100%	0	0%	14	100%	0	0%

See auditor's report.

CENTRAL COMMUNITY SCHOOL SYSTEM

NUMBER AND TYPE OF PUBLIC SCHOOLS

FOR THE YEAR ENDED JUNE 30, 2013

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.

CENTRAL COMMUNITY SCHOOL SYSTEM

EXPERIENCE OF PUBLIC PRINCIPALS, ASSISTANT PRINCIPALS, AND
FULL-TIME CLASSROOM TEACHERS

AS OF OCTOBER 1, 2012

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	-	-	-	1	1	3	3	8
Principals	-	-	-	-	2	-	4	6
Classroom Teachers	21	28	92	42	29	34	42	288
Total	21	28	92	43	32	37	49	302

See auditor's report.

CENTRAL COMMUNITY SCHOOL SYSTEM

PUBLIC SCHOOL STAFF DATA: AVERAGE SALARIES

FOR THE YEAR ENDED JUNE 30, 2013

	<u>All Classroom Teachers</u>	<u>Classroom Teachers Excluding ROTC, Rehired Retirees and Flagged Salary Reductions</u>
Average Classroom Teachers' Salary Including Extra Compensation	\$48,677	\$48,331
Average Classroom Teachers' Salary Excluding Extra Compensation	\$47,630	\$47,339
Number of Teacher Full-time Equivalent (FTEs) used in Computation of Average Salaries	284	276

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

See auditor's report.

CENTRAL COMMUNITY SCHOOL SYSTEM

CLASS SIZE CHARACTERISTICS

AS OF OCTOBER 1, 2012

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	20.6%	148	79.4%	569	0.0%	-	0.0%	-
Elementary Activity Classes	19.8%	17	80.2%	69	0.0%	-	0.0%	-
Middle/Jr. High	29.0%	95	60.9%	199	9.8%	32	0.3%	1
Middle/Jr. High Activity Classes	3.6%	1	3.6%	1	10.7%	3	82.1%	23
High	43.5%	188	26.6%	115	29.2%	126	0.7%	3
High Activity Classes	75.3%	61	12.3%	10	9.9%	8	2.5%	2
Combination	0.0%	-	0.0%	-	0.0%	-	0.0%	-
Combination Activity Classes	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.

See auditor's report.

CENTRAL COMMUNITY SCHOOL SYSTEM

LOUISIANA EDUCATIONAL ASSESSMENT PROGRAM (LEAP)

FOR THE YEAR ENDED JUNE 30, 2013

District Achievement Level Results	English Language Arts						Mathematics					
	2013		2012		2011		2013		2012		2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	35	11%	29	10%	24	9%	38	12%	37	13%	22	8%
Mastery	132	41%	97	34%	77	29%	94	29%	90	31%	72	26%
Basic	127	40%	141	49%	142	52%	146	46%	129	45%	141	52%
Approaching Basic	21	7%	17	6%	22	8%	26	8%	25	9%	29	11%
Unsatisfactory	4	1%	4	1%	6	2%	15	5%	7	2%	7	3%
Total	319	100%	288	100%	271	100%	319	100%	288	100%	271	100%

District Achievement Level Results	Science						Social Studies					
	2013		2012		2011		2013		2012		2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	26	8%	43	15%	8	3%	11	3%	8	3%	13	5%
Mastery	84	26%	74	26%	57	21%	86	27%	80	28%	65	24%
Basic	165	52%	145	50%	164	60%	193	60%	172	60%	170	62%
Approaching Basic	41	13%	25	9%	38	14%	24	8%	21	7%	18	7%
Unsatisfactory	3	1%	1	0%	5	2%	5	2%	7	2%	6	2%
Total	319	100%	288	100%	272	100%	319	100%	288	100%	272	100%

District Achievement Level Results	English Language Arts						Mathematics					
	2013		2012		2011		2013		2012		2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	15	4%	15	5%	14	5%	7	2%	21	7%	8	3%
Mastery	77	25%	94	33%	61	23%	27	9%	23	8%	15	6%
Basic	177	57%	131	46%	127	48%	207	67%	184	65%	163	62%
Approaching Basic	38	12%	42	15%	49	19%	51	16%	39	14%	50	19%
Unsatisfactory	5	2%	2	1%	13	5%	18	6%	18	6%	28	10%
Total	312	100%	284	100%	264	100%	310	100%	285	100%	264	100%

District Achievement Level Results	Science						Social Studies					
	2013		2012		2011		2013		2012		2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	8	2%	19	7%	1	0%	5	1%	-	0%	4	2%
Mastery	81	26%	77	27%	53	20%	58	18%	57	20%	42	16%
Basic	175	56%	132	46%	125	48%	206	66%	165	58%	133	50%
Approaching Basic	37	12%	46	16%	60	23%	30	10%	47	16%	66	25%
Unsatisfactory	12	4%	11	4%	25	9%	15	5%	16	6%	19	7%
Total	313	100%	285	100%	264	100%	314	100%	285	100%	264	100%

See auditor's report.

CENTRAL COMMUNITY SCHOOL SYSTEM

GRADUATION EXIT EXAM

FOR THE YEAR ENDED JUNE 30, 2013

District Achievement Level Results	English Language Arts						Mathematics					
	2013		2012		2011		2013		2012		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 10												
Advanced					4	1%					56	16%
Mastery					56	17%					84	25%
Basic					175	51%					134	39%
Approaching Basic					73	21%					39	12%
Unsatisfactory					33	10%					28	8%
Total					341	100%					341	100%

District Achievement Level Results	Science						Social Studies					
	2013		2012		2011		2013		2012		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 11												
Advanced			26	9%	25	10%			11	4%	2	1%
Mastery			76	27%	52	22%			53	19%	34	14%
Basic			130	47%	112	47%			178	63%	163	68%
Approaching Basic			45	16%	39	16%			28	10%	34	14%
Unsatisfactory			4	1%	13	5%			11	4%	8	3%
Total			281	100%	241	100%			281	100%	241	100%

See auditor's report.

CENTRAL COMMUNITY SCHOOL SYSTEM

ILEAP TESTS

FOR THE YEAR ENDED JUNE 30, 2013

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	55	20%	43	15%	38	13%	25	9%
Mastery	95	34%	72	25%	96	34%	111	40%
Basic	119	42%	124	44%	130	46%	125	44%
Approaching Basic	12	4%	33	12%	16	6%	17	6%
Unsatisfactory	1	0%	10	4%	2	1%	4	1%
Total	282	100%	282	100%	282	100%	282	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	23	8%	22	8%	16	6%	10	4%
Mastery	80	29%	45	17%	61	22%	64	23%
Basic	120	44%	142	52%	135	49%	149	54%
Approaching Basic	40	15%	42	15%	57	21%	34	13%
Unsatisfactory	11	4%	23	8%	5	2%	17	6%
Total	274	100%	274	100%	274	100%	274	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	6	2%	19	6%	12	4%	22	7%
Mastery	61	20%	28	9%	58	19%	44	15%
Basic	156	52%	182	61%	157	52%	133	44%
Approaching Basic	60	20%	42	14%	63	21%	77	25%
Unsatisfactory	19	6%	31	10%	12	4%	26	9%
Total	302	100%	302	100%	302	100%	302	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	14	5%	17	6%	7	3%	2	1%
Mastery	65	23%	40	14%	71	25%	53	18%
Basic	137	47%	163	56%	139	48%	152	53%
Approaching Basic	64	22%	48	17%	44	15%	50	17%
Unsatisfactory	8	3%	20	7%	27	9%	31	11%
Total	288	100%	288	100%	288	100%	288	100%

(CONTINUED)

CENTRAL COMMUNITY SCHOOL SYSTEM
ILEAP TESTS
FOR THE YEAR ENDED JUNE 30, 2013

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2012		2012		2012		2012	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	45	15%	49	17%	34	11%	8	3%
Mastery	124	42%	92	31%	139	47%	161	55%
Basic	116	39%	129	43%	114	39%	111	37%
Approaching Basic	11	4%	20	7%	9	3%	13	4%
Unsatisfactory	-	0%	6	2%	-	0%	2	1%
Total	296	100%	296	100%	296	100%	295	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2012		2012		2012		2012	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	9	3%	25	9%	17	6%	14	5%
Mastery	75	27%	48	17%	83	30%	69	25%
Basic	142	51%	150	53%	130	46%	141	50%
Approaching Basic	43	15%	36	13%	47	17%	40	14%
Unsatisfactory	12	4%	22	8%	4	1%	17	6%
Total	281	100%	281	100%	281	100%	281	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2012		2012		2012		2012	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	12	4%	11	4%	9	3%	44	15%
Mastery	66	23%	45	15%	62	21%	47	16%
Basic	143	49%	171	59%	134	46%	120	42%
Approaching Basic	50	17%	43	15%	69	24%	50	17%
Unsatisfactory	21	7%	22	7%	16	6%	29	10%
Total	292	100%	292	100%	290	100%	290	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2012		2012		2012		2012	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	18	6%	27	9%	11	4%	13	5%
Mastery	63	21%	57	19%	89	30%	75	25%
Basic	152	51%	165	55%	132	44%	144	48%
Approaching Basic	52	18%	34	12%	51	17%	48	16%
Unsatisfactory	13	4%	15	5%	15	5%	18	6%
Total	298	100%	298	100%	298	100%	298	100%

(CONTINUED)

CENTRAL COMMUNITY SCHOOL SYSTEM
ILEAP TESTS
FOR THE YEAR ENDED JUNE 30, 2013

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2013		2013		2013		2013	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	59	17%	42	12%	35	10%	21	6%
Mastery	104	31%	110	32%	114	34%	120	35%
Basic	149	44%	142	42%	159	47%	163	48%
Approaching Basic	19	6%	32	10%	24	7%	26	8%
Unsatisfactory	8	2%	13	4%	7	2%	9	3%
Total	339	100%	339	100%	339	100%	339	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2013		2013		2013		2013	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	28	9%	15	5%	8	3%	23	8%
Mastery	84	27%	81	26%	90	29%	55	18%
Basic	157	52%	166	54%	156	51%	174	57%
Approaching Basic	30	10%	32	11%	48	16%	35	11%
Unsatisfactory	7	2%	12	4%	4	1%	19	6%
Total	306	100%	306	100%	306	100%	306	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2013		2013		2013		2013	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	13	4%	60	21%	22	7%	51	17%
Mastery	81	28%	59	20%	92	32%	60	20%
Basic	159	54%	143	49%	125	42%	144	49%
Approaching Basic	35	12%	21	7%	49	17%	31	11%
Unsatisfactory	5	2%	9	3%	7	2%	9	3%
Total	293	100%	292	100%	295	100%	295	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2013		2013		2013		2013	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	26	9%	26	9%	9	3%	15	5%
Mastery	75	25%	60	20%	76	25%	67	22%
Basic	151	51%	177	59%	151	50%	166	56%
Approaching Basic	44	15%	20	7%	56	19%	37	12%
Unsatisfactory	2	0%	15	5%	9	3%	15	5%
Total	298	100%	298	100%	301	100%	300	100%

See auditor's report.

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Improving America's Schools Fund includes the following programs:

Title I - Grants to Local Educational Agencies

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

Title II - Education for Economy Security Act

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

Special Education Fund - Individuals with Disabilities Education Act

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

Other Federal Fund –

The Other Federal Fund is used to account for all other Federal Grant funds. Those programs include the Education Jobs Fund grant, Vocational Education (Carl Perkins) grant, the Capital Area Human Resources Prevention grant, the Mathematics and Science Partnership grant, the Enhancing Education Through Technology grant, and the Temporary Assistance for Needy Families (T.A.N.F.) grant.

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

CAPITAL PROJECTS FUND

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

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

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

CENTRAL COMMUNITY SCHOOL SYSTEM

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2013
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2012)

ASSETS	Special Revenue Funds				Total
	Improving America's Schools	Special Education	Other Federal	School Food Service	
Cash	\$ -	\$ -	\$ -	\$ 316,882	\$ 316,882
Receivables	526,991	113,134	96,688	5,084	741,897
Inventory	-	-	-	68,576	68,576
Due From Other Funds	-	-	-	-	-
Restricted Asset:					
Cash	-	-	-	-	-
Total Assets	<u>\$ 526,991</u>	<u>\$ 113,134</u>	<u>\$ 96,688</u>	<u>\$ 390,542</u>	<u>\$ 1,127,355</u>
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts, Salaries and Other Payables	\$ 5,738	\$ 6,086	\$ 6,774	\$ 5,114	\$ 23,712
Due to Other Funds	<u>521,253</u>	<u>107,048</u>	<u>89,914</u>	<u>-</u>	<u>718,215</u>
Total Liabilities	526,991	113,134	96,688	5,114	741,927
Fund Equity:					
Fund Balances - Nonspendable:					
Inventory	-	-	-	68,576	68,576
Committed For:					
Construction Contracts	-	-	-	-	-
Assigned To:					
School Lunch Program	<u>-</u>	<u>-</u>	<u>-</u>	<u>316,852</u>	<u>316,852</u>
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>385,428</u>	<u>385,428</u>
Total Liabilities and Fund Equity	<u>\$ 526,991</u>	<u>\$ 113,134</u>	<u>\$ 96,688</u>	<u>\$ 390,542</u>	<u>\$ 1,127,355</u>

See auditor's report.

Capital Projects Fund			Total Nonmajor Governmental Funds	
Proposition No. 1	Proposition No. 2	Total	2013	2012
\$ -	\$ 427,488	\$ 427,488	\$ 744,370	\$ 2,516,997
-	-	-	741,897	760,466
-	-	-	68,576	57,184
20,270	-	20,270	20,270	20,270
-	35	35	35	4,001,092
<u>\$ 20,270</u>	<u>\$ 427,523</u>	<u>\$ 447,793</u>	<u>\$ 1,575,148</u>	<u>\$ 7,356,009</u>
\$ 20,270	\$ 357,432	\$ 377,702	\$ 401,414	\$ 2,394,960
-	20,270	20,270	738,485	1,870,276
20,270	377,702	397,972	1,139,899	4,265,236
-	-	-	68,576	57,184
-	49,821	49,821	49,821	2,783,643
-	-	-	316,852	249,946
-	49,821	49,821	435,249	3,090,773
<u>\$ 20,270</u>	<u>\$ 427,523</u>	<u>\$ 447,793</u>	<u>\$ 1,575,148</u>	<u>\$ 7,356,009</u>

CENTRAL COMMUNITY SCHOOL SYSTEM

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2012)

	Special Revenue Funds				Total
	Improving America's Schools	Special Education	Other Federal	School Food Service	
Revenues:					
Local Sources:					
Interest Earnings	\$ -	\$ -	\$ -	\$ -	\$ -
Food Services	-	-	-	673,473	673,473
State Sources:					
Unrestricted Grants in Aid	-	-	-	400,000	400,000
Federal Sources:					
Unrestricted - Indirect					
Cost Recoveries	41,796	25,286	-	-	67,082
Restricted Grants-in-Aid					
- Subgrants	1,415,590	792,612	517,549	1,203,914	3,929,665
Other-Commodities	-	-	-	162,284	162,284
Total Revenues	<u>1,457,386</u>	<u>817,898</u>	<u>517,549</u>	<u>2,439,671</u>	<u>5,232,504</u>
Expenditures:					
Instruction:					
Regular Programs	-	-	16,897	-	16,897
Special Education Programs	-	289,669	-	-	289,669
Vocational Programs	-	-	46,885	-	46,885
Special Programs	532,301	-	450,017	-	982,318
Support Services:					
Pupil Support	15,600	306,428	-	-	322,028
Instructional Staff Support	736,973	169,789	-	-	906,762
School Administration	-	-	3,750	-	3,750
Business Services	-	-	-	-	-
Plant Services	-	-	-	1,022	1,022
Central Services	130,716	26,726	-	-	157,442
Food Services	-	-	-	2,360,351	2,360,351
Capital Outlay	-	-	-	-	-
Total Expenditures	<u>1,415,590</u>	<u>792,612</u>	<u>517,549</u>	<u>2,361,373</u>	<u>5,087,124</u>

(CONTINUED)

Capital Projects Fund			Total Nonmajor Governmental Funds	
Proposition No. 1	Proposition No. 2	Total	2013	2012
\$ -	\$ 3,645	\$ 3,645	\$ 3,645	\$ 48,048
-	-	-	673,473	785,940
-	-	-	400,000	400,000
-	-	-	67,082	96,614
-	-	-	3,929,665	5,047,433
-	-	-	162,284	110,003
-	3,645	3,645	5,236,149	6,488,038
-	-	-	16,897	215,294
-	-	-	289,669	669,871
-	-	-	46,885	49,181
-	-	-	982,318	2,130,666
-	-	-	322,028	244,688
-	-	-	906,762	513,690
-	-	-	3,750	114,005
-	-	-	-	755
-	-	-	1,022	520,453
-	-	-	157,442	-
-	-	-	2,360,351	2,289,413
-	2,737,467	2,737,467	2,737,467	10,306,529
-	2,737,467	2,737,467	7,824,591	17,054,545

CENTRAL COMMUNITY SCHOOL SYSTEM

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2012)

	Special Revenue Funds				Total
	Improving America's Schools	Special Education	Other Federal	School Food Service	
Excess (Deficiency) of Revenues Over Expenditures	41,796	25,286	-	78,298	145,380
Other Financing Sources (Uses):					
Transfers In	-	-	-	-	-
Transfers Out	(41,796)	(25,286)	-	-	(67,082)
Total Other Financing Sources (Uses)	(41,796)	(25,286)	-	-	(67,082)
Excess (Deficiency) of Expenditures and Other Uses Over Revenues and Other Sources	-	-	-	78,298	78,298
Fund Balances at Beginning of Year	-	-	-	307,130	307,130
Fund Balances at End of Year	\$ -	\$ -	\$ -	\$ 385,428	\$ 385,428

Schedule 11
(Continued)

Capital Projects Fund			Total Nonmajor Governmental Funds	
Proposition No. 1	Proposition No. 2	Total	2013	2012
-	(2,733,822)	(2,733,822)	(2,588,442)	(10,566,507)
-	-	-	-	3,515,527
-	-	-	(67,082)	(4,098,366)
-	-	-	(67,082)	(582,839)
-	(2,733,822)	(2,733,822)	(2,655,524)	(11,149,346)
-	2,783,643	2,783,643	3,090,773	14,240,119
<u>\$ -</u>	<u>\$ 49,821</u>	<u>\$ 49,821</u>	<u>\$ 435,249</u>	<u>\$ 3,090,773</u>

CENTRAL COMMUNITY SCHOOL SYSTEM

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

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
Revenues:				
Federal Sources:				
Federal Grants	\$ 1,488,383	\$ 1,906,572	\$ 1,457,386	\$ (449,186)
Total Revenues	1,488,383	1,906,572	1,457,386	(449,186)
Expenditures:				
Instruction:				
Special Programs	478,192	603,148	532,301	70,847
Support Service:				
Pupil Support	23,779	25,338	15,600	9,738
Instructional Staff Support	872,790	1,088,398	736,973	351,425
School Administration	70,200	-	-	-
Central Services	-	135,001	130,716	4,285
Total Expenditures	<u>1,444,961</u>	<u>1,851,885</u>	<u>1,415,590</u>	<u>436,295</u>
Excess of Revenues Over Expenditures	43,422	54,687	41,796	(12,891)
Other Financing Sources (Uses):				
Transfers Out	<u>(43,422)</u>	<u>(54,687)</u>	<u>(41,796)</u>	<u>12,891</u>
Total Other Financing Sources (Uses)	<u>(43,422)</u>	<u>(54,687)</u>	<u>(41,796)</u>	<u>12,891</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	-	-	-	-
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See auditor's report.

CENTRAL COMMUNITY SCHOOL SYSTEM

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

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
Revenues:				
Federal Sources:				
Federal Grants	\$ 760,211	\$ 1,206,951	\$ 817,898	\$ (389,053)
Total Revenues	<u>760,211</u>	<u>1,206,951</u>	<u>817,898</u>	<u>(389,053)</u>
Expenditures:				
Instruction:				
Special Education Programs	306,113	430,467	289,669	140,798
Support Services:				
Pupil Support Services	278,756	370,654	306,428	64,226
Instructional Staff Support	175,342	292,533	169,789	122,744
Central Services	-	75,324	26,726	48,598
Total Expenditures	<u>760,211</u>	<u>1,168,978</u>	<u>792,612</u>	<u>376,366</u>
Excess of Revenues Over Expenditures	-	37,973	25,286	(12,687)
Other Financing Sources (Uses):				
Transfers Out	-	(35,254)	(25,286)	9,968
Total Other Financing Sources (Uses)	<u>-</u>	<u>(35,254)</u>	<u>(25,286)</u>	<u>9,968</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	-	2,719	-	(2,719)
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ 2,719</u>	<u>\$ -</u>	<u>\$ (2,719)</u>

See auditor's report.

CENTRAL COMMUNITY SCHOOL SYSTEM

SPECIAL REVENUE FUND - FEDERAL GRANT FUND

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

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
Revenues:				
Federal Sources:				
Federal Grants	\$ 42,432	\$ 515,823	\$ 517,549	\$ 1,726
Total Revenues	42,432	515,823	517,549	1,726
Expenditures:				
Instruction:				
Regular Programs	2,420	17,000	16,897	103
Vocational Programs	40,012	48,806	46,885	1,921
Special Programs	-	450,017	450,017	-
Support Services:				
School Administration	-	-	3,750	(3,750)
Total Expenditures	42,432	515,823	517,549	(1,726)
Excess of Revenues Over Expenditures	-	-	-	-
Other Financing Sources (Uses):				
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Excess of Revenues and Other Sources Over Expenditures and Other Uses	-	-	-	-
Fund Balance at Beginning of Year	-	-	-	-
Fund Balance at End of Year	\$ -	\$ -	\$ -	\$ -

See auditor's report.

CENTRAL COMMUNITY SCHOOL SYSTEM

SCHOOL FOOD SERVICE FUND

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

FOR THE YEAR ENDED JUNE 30, 2013

	Original Budget	Final Budget	Actual	Variance with Budget
Revenues:				
Local Sources:				
Food Services	\$ 745,000	\$ 745,000	\$ 673,473	\$ (71,527)
State Sources:				
Unrestricted Grants in Aid	400,000	400,000	400,000	-
Federal Sources:				
Federal Grants	1,100,000	1,100,000	1,203,914	103,914
Other-Commodities	-	136,438	162,284	25,846
	<u>2,245,000</u>	<u>2,381,438</u>	<u>2,439,671</u>	<u>58,233</u>
Expenditures:				
Support Service:				
Plant Services	2,150	14,650	1,022	13,628
Food Services	2,195,795	2,293,953	2,360,351	(66,398)
Capital Outlay	4,000	4,000	-	4,000
	<u>2,201,945</u>	<u>2,312,603</u>	<u>2,361,373</u>	<u>(48,770)</u>
Excess of Revenues Over Expenditures	43,055	68,835	78,298	9,463
Fund Balance at Beginning of Year	<u>307,130</u>	<u>307,130</u>	<u>307,130</u>	<u>-</u>
Fund Balance at End of Year	\$ <u><u>350,185</u></u>	\$ <u><u>375,965</u></u>	\$ <u><u>385,428</u></u>	\$ <u><u>9,463</u></u>

See auditor's report.

FIDUCIARY FUND

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

CENTRAL COMMUNITY SCHOOL SYSTEM

FIDUCIARY FUND

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2013
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2012)

	<u>School Activity</u>	
	<u>2013</u>	<u>2012</u>
ASSETS		
Cash	\$ <u>727,477</u>	\$ <u>690,025</u>
Total Assets	\$ <u><u>727,477</u></u>	\$ <u><u>690,025</u></u>
LIABILITIES		
Amounts Held for School Activities	\$ <u>727,477</u>	\$ <u>690,025</u>
Total Liabilities	\$ <u><u>727,477</u></u>	\$ <u><u>690,025</u></u>

See auditor's report.

CENTRAL COMMUNITY SCHOOL SYSTEM
SCHOOL ACTIVITY FUND
SCHEDULE OF CHANGES IN AMOUNTS HELD FOR SCHOOL ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2013

<u>School</u>	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
Bellingrath Hills School	\$ 71,210	\$ 156,093	\$ 153,330	\$ 73,973
Tanglewood Elementary	147,227	186,581	142,751	191,057
Central Intermediate	54,576	261,447	245,367	70,656
Central Middle School	41,808	259,615	217,345	84,078
Central High School	<u>375,204</u>	<u>875,568</u>	<u>943,059</u>	<u>307,713</u>
Total	<u>\$ 690,025</u>	<u>\$ 1,739,304</u>	<u>\$ 1,701,852</u>	<u>\$ 727,477</u>

See auditor's report.

CENTRAL COMMUNITY SCHOOL SYSTEM
SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS
 FOR THE YEAR ENDED JUNE 30, 2013

Dr. James W. Gardner, President	\$ 9,000
* Willard M. Easley, Vice President	-
Sharon Watts Browning	7,800
Dr. G. David Walker	7,800
Ruby W. Foil	7,800
Jim Lloyd	7,800
* Roxanne Atkinson	<u>-</u>
Total	<u>\$ 40,200</u>

Term of Current Board Expires December 31, 2014.

* - Elected not to receive compensation in the fiscal year ended June 30, 2013.

See auditor's report.

CENTRAL COMMUNITY SCHOOL SYSTEM

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2013

<u>Federal Grantor/ Pass - Through Grantor/ Program Name</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Federal Expenditures</u>
<u>United States Department of Agriculture</u>			
Passed Through Louisiana Department of Agriculture and Forestry:			
Food Distribution Program (Commodities) [1]	10.555	N/A	\$ 162,284
Passed Through Louisiana Department of Education:			
Summer Food Service Program [1]	10.559	N/A	5,084
National Breakfast Program [1]	10.553	N/A	265,039
National School Lunch Program [1]	10.555	N/A	<u>933,791</u>
Total United States Department of Agriculture			1,366,198
<u>United States Department of Education</u>			
Passed Through Louisiana Department of Education:			
Title I - Grants to Local Educational Agencies [2]	84.010	N/A	1,308,342
Title II – Teacher and Principal Training and Recruiting	84.367A	N/A	148,876
Title IV – Safe and Drug Free Schools and Communities	84.367A	N/A	168
Individuals with Disabilities Educational Act Special Education IDEA [3]	84.027A	N/A	794,690
IDEA – Preschool [3]	84.173A	N/A	23,208
Vocational Education – (Carl Perkins)	84.048A	N/A	46,885
Advanced Placement Test Fee Program Grant	84.330	N/A	<u>3,750</u>
Total United States Department of Education			2,325,919

(CONTINUED)

CENTRAL COMMUNITY SCHOOL SYSTEM

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

<u>Federal Grantor/ Pass - Through Grantor/ Program Name</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Federal Expenditures</u>
<u>United States Department of Health and Human Services</u>			
Passed Through Louisiana Department of Health and Hospitals:			
Capital Area Human Resources Prevention Grant	93.959	N/A	16,897
Passed Through Louisiana Department of Education:			
The Cecil J. Picard LA 4 Early Childhood Program - Temporary Assistance for Needy Families (T.A.N.F.) [4]	93.558	N/A	<u>450,017</u>
Total United States Department of Health and Human Services			466,914
<u>United States Department of Defense</u>			
Reserve Officers' Training Corps	None	N/A	<u>55,386</u>
Total United States Department of Defense			<u>55,386</u>
Total Expenditures of Federal Awards			<u>\$ 4,214,417</u>

- [1] Child Nutrition Cluster
- [2] Title I, Part A Cluster
- [3] Special Education Cluster (IDEA)
- [4] TANF Cluster

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

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2013

Note A - Significant Accounting Policies -

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Central Community School System and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Note B - Food Distribution Program -

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2013, the Central Community School System had food commodities totaling \$29,250 in inventory.

Note C - Subrecipients -

Of the federal awards presented in the schedule, the Central Community School System provided federal awards to a subrecipient as follows:

<u>Program Name</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipient</u>
Title I - Grants to Local Educational Agencies	84.010	\$ 11,602

See auditor's report.

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

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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*

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the budgetary comparison statement of the general fund, the fiduciary fund statement and the aggregate remaining fund information of the Central Community School System ("School System"), Central, Louisiana, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Central Community School System's basic financial statements, and have issued our report thereon dated December 23, 2013.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses identified as items 2013-01, 2013-04, and 2013-05.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies identified as items 2013-02, 2013-03, 2013-06, and 2013-07.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the School System in a separate letter dated December 23, 2013.

Central Community School System's Response to Findings

The School System's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The School System's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Respectfully submitted,

Hannu J. Lougeois, CPA

Denham Springs, Louisiana
December 23, 2013

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited Central Community School System's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Central Community School System's ("the School System") major federal programs for the year ended June 30, 2013. Central Community School System's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School System's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *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 School System's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each of the Other Major Federal Programs

In our opinion, the Central Community School System complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the Central Community School System is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Central Community School System's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Central Community School System's internal control over compliance.

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

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose; however, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

Hannu J. Bourgeois, CPA

Denham Springs, Louisiana
December 23, 2013

CENTRAL COMMUNITY SCHOOL SYSTEM

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2013

A. As required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, the following is a summary of the results of our audit:

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

• Material weaknesses identified?	<u> x </u>	Yes	<u> </u>	No
• Significant deficiencies identified?	<u> x </u>	Yes	<u> </u>	None Reported
Noncompliance material to financial statements noted?	<u> </u>	Yes	<u> x </u>	No

Federal Awards

Internal control over major programs:

• Material weaknesses identified?	<u> </u>	Yes	<u> x </u>	No
• Significant deficiencies identified?	<u> </u>	Yes	<u> x </u>	None Reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	<u> </u>	Yes	<u> x </u>	No
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Federal Grantor/
Pass - Through Grantor/
Program Name

CFDA
Number

United States Department of Education

Passed Through Louisiana Department
of Education:

Title I - Grants to Local Educational Agencies [1]	84.010
Special Education IDEA [2]	84.027A
IDEA- Preschool [2]	84.173A

- The threshold for distinguishing Types A and B programs was \$300,000.
- The School Board was determined not to be a low-risk auditee.

[1] Title I, Part A Cluster
[2] Special Education Cluster

CENTRAL COMMUNITY SCHOOL SYSTEM

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

B. Findings - Internal Control Over Financial Reporting

Finding 2013-01 Lack of Preparation of Reconciliations and Review Thereof:

Criteria:

Timely reconciliations of general ledger balances with supporting schedules are necessary to determine if all accounting transactions are properly recorded and balances are accurate to ensure that balances reported on the financial statements are correct.

Condition:

Although we noted improvements in the current year, during the prior audits and in the current year audit, we noted reconciliations were not being completed timely and accurately for the various accounts comprising many of the major accounting cycles of the School System's various funds including but not limited to cash, accounts receivable, accounts payable, accrued liabilities, revenues, expenditures, and other financing sources (uses). We provided assistance with various accounting adjustments to correct account balances of the original trial balance provided to us to begin our audit.

The following net adjustments were required to the original trial balance provided to us for audit that resulted from the School System not having timely and accurate reconciliations across all funds:

- Cash and Cash Equivalents was increased by net adjustments of \$6,993
- Receivables was decreased by net adjustments of \$150,127
- Payables was decreased by net adjustments of \$1,851,124
- Revenues was increased by net adjustments of \$15,270
- Expenditures excluding Capital Outlay was decreased by net adjustments of \$21,348
- Capital Outlay expenditures was decreased by net adjustments of \$1,695,154

We noted the finance staff made some improvements during the current fiscal year by reducing the quantity and size of the proposed audit adjustments. As identified above, the largest adjustments were in accounts payable, and capital outlay expenditures. These adjustments resulted mainly from the School System not timely and accurately reconciling the related accounts and transactions.

Other matters related to lack of proper reconciliations are also reported as findings 2013-05 and 2013-06 below.

Effect:

Timely and accurate reconciliations are necessary to properly monitor the financial condition of the School System's finances. Also, there is a likelihood that an error or omission may occur in the financial statements as a result of not reconciling the accounting records timely.

CENTRAL COMMUNITY SCHOOL SYSTEM

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

Recommendation:

We again recommend that formal reconciliations be prepared on all of the various accounts that comprise the major accounting cycles of the System's various funds and make all necessary adjustments prior to the start of the audit. These reconciliations should be done on at least a monthly basis. A formal reconciliation form or checklist should be developed for each account that should be completed and initialed by the preparer and then reviewed and initialed by the chief financial officer. Any un-reconciled outages should be investigated and resolved accordingly. It is imperative that these reconciliations be done on a timely basis. By implementing these procedures, the overall accuracy and timeliness of financial reporting will be vastly improved as well as timely financial reporting to the Board to assist them in monitoring of the budget. For the year-end closing process, it was noted that the School System had developed a checklist for all areas where reconciliations and adjustments are necessary including the individual responsible for the area. Although management had the checklist, the reconciliations and closing process was not done in a timely fashion for the current year. We recommend that the School System follow the procedures and complete the check list in a timelier manner so that proper reconciliations are available for audit.

Management's Response:

Central Community School System's management made a few improvements during the 2012-2013 fiscal year. We successfully implemented a process for clearing checks daily. We changed our process for recording food service income to record each deposit separately to help with the reconciliation process.

We were not able to reconcile accounts monthly during the 2012-2013 fiscal year, however, we were allowed to hire an additional staff member for the 2013-2014 fiscal year and many improvements have been made. Central Community School System's administration continues to monitor the progress of the finance department.

Finding 2013-02 Segregation of Duties related to Payroll and Payroll Processing:

Criteria:

Duties and responsibilities within the various accounting cycles should be segregated amongst the various accounting personnel to minimize any opportunity for errors, irregularities or improprieties within the accounting functions. The basic premise is that no one individual should have access to all phases of a transaction.

Condition:

During the current year audit, we noted that the payroll specialist sets up new employees into the payroll system, modifies employee settings in the payroll records for changes in deductions and salary adjustments, reconciles all payroll liability accounts on the general ledger, and processes the payroll from input to creation of the direct deposit ACH disbursement file. It was noted during the

CENTRAL COMMUNITY SCHOOL SYSTEM

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

current year audit that the chief financial officer reviews and approves all payroll batches. Additionally, they have implemented dual approvals for ACH transfers with their bank account. The payroll specialist uploads the batch and the chief financial officer has to release the batch for processing (or the grants accountant in the chief financial officer's absence).

Also during the current year audit testing of payroll expense, we noted two instances where two employees' salary was calculated and processed incorrectly. In one instance, an employee used three more sick days than what was available and was required to repay the excess sick days salary paid through future salary deductions as a payroll adjustment. The reimbursement of the excess sick days taken was calculated based on the employee being a nine month employee when this employee was a ten month employee. This resulted in a higher daily rate used to withhold the salary for reimbursement which resulted in the employee repaying \$78 more than what was due. Management intends to refund the employee the amount. In the other instance, an employee's coaching-extracurricular compensation was calculated using the wrong daily rate. This extra compensation is calculated using a manual spreadsheet and a formula error caused the wrong daily rate to be used. The wrong rate used caused the employee to be overpaid \$123.

Effect:

A lack of properly designed internal controls including segregation of duties could result in errors, irregularities or improprieties occurring and not being detected.

Recommendation:

While the School System has made improvements, we recommend that the System continue to look at ways to implement additional segregation of duties in regard to payroll processing. One possible suggestion would be to have someone other than the payroll specialist perform the initial set up and subsequent changes of employees profile information in the payroll system. We also recommend that the School System try to automate payroll calculations where possible. If automation of a payroll calculation is not possible, manual calculations should be reviewed by a second party.

Management's Response:

Central Community School System's management continues to review the payroll process. We have implemented changes during the 2012-2013 fiscal year. The HR Director was adding new employees records, we have since shifted this responsibility to our new finance staff member. We implemented the use of dual control on our bank account for the release of ACH payroll batches. Management is currently reviewing the possibility of purchasing an electronic time and attendance system to eliminate manual errors on leave time. We will continue to explore our options for segregation of payroll maintenance records.

CENTRAL COMMUNITY SCHOOL SYSTEM

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

Finding 2013-03 Timely Recording of Cash Deposits in the General Ledger:

Criteria:

Accounting transactions should be recorded in the general ledger as soon as the transaction occurs for proper financial reporting and for monitoring of account balances and resources available.

Condition:

During the current year audit and in the prior year audit, we noted that deposits are being made into the bank account during the month but the transactions are recorded into the general ledger later in the month or during the reconciliation process for cash. Since the main operating account bank reconciliation was not completed in a timely manner, there were several deposits recorded at one time.

Effect:

By not recording deposits in a timely manner, the general ledger may not properly reflect the proper financial condition of the School System each day and the amount of resources available for operations.

Recommendation:

We recommend that all accounting transactions be recorded in the general ledger at the time the transaction occurs. This is necessary for the general ledger to properly reflect the proper financial conditions of the School System each day and the amount of resources available for operations.

Management's Response:

Central Community School System's management made improvements during 2012-2013 recording deposits timely. There is still room for improvement. With the hiring of an additional staff member during the 2013-2014 fiscal year many improvements have been made and will continue.

Finding 2013-04 Financial Statement Closing Process:

Criteria:

The financial statement closing process can be more efficient if a checklist is prepared of all the areas where reconciliations and adjustments are necessary including a list of individuals who are responsible for each area and deadlines for completion.

CENTRAL COMMUNITY SCHOOL SYSTEM

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

Condition:

In the prior year audit, we noted the School System did not have a formal financial closing process procedure developed. During the current year audit, it was noted that the School System developed a checklist for all areas where reconciliations and adjustments are necessary including the individual responsible for the area. Although management had the checklist, the reconciliations and closing process was not done in a timely fashion for the current year.

Effect:

The effect of not following through with the check list and meeting deadlines on the financial closing process can contribute to the School System experiencing delays in the completion of the financial statement audit in a timely manner.

Recommendation:

We recommend the School System continue to improve its financial closing process by following through with the checklist and meeting its deadlines.

Management's Response:

Central Community School System will continue to make improvements in the process of the financial statement closing. The additional staff member hired during the 2013-2014 fiscal year is allowing for many improvements to be made.

Finding 2013-05 Bank Reconciliations:

Criteria:

Bank account reconciliations should be performed timely and include documentation to support the reconciling items such as a listing of outstanding checks and outstanding deposits. The bank balance on the bank statements needs to be reconciled to the general ledger balance. State law at LSA RS 10:4-406(d)(2) allows thirty days after a bank statement is mailed for a bank customer to dispute transactions and be brought to the banks attention for resolution.

Condition:

During our current year audit and in our prior year audit, we noted the operating cash account was not being reconciled timely. In the current year, the main operating account and the non-operating accounts were not reconciled timely during the year. It was noted that the non-operating bank accounts were reconciled after year-end.

CENTRAL COMMUNITY SCHOOL SYSTEM

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

Also, in the current year, we noted some old outstanding items on two school activity funds bank reconciliations. On the Central High School activity fund bank reconciliation, we noted checks greater than a year still outstanding. On the Tanglewood Elementary activity fund bank reconciliation, we noted a deposit in transit dated May 8, 2013 for \$1,691.50 still outstanding on the June 30, 2013 bank reconciliation.

Effect:

Completing bank account reconciliations timely is necessary to be able to identify any unauthorized activity on the accounts and to request the bank to research the unusual transaction within the thirty days allowed by law to resolve any disputes. In addition, accounting information provided by management may not be accurate without a timely reconciliation. Further, management may not have all the necessary accurate information to properly manage its resources. Also, old stale dated outstanding checks may need to be turned over to the State Treasurer Unclaimed Property to comply with the law or the items should be researched to determine why not negotiated.

Recommendation:

Monthly preparation of bank reconciliations in a timely manner and a review thereof by the chief financial officer plays a crucial role in ensuring the accuracy of the monthly financial statements and detection of unauthorized transactions. It is imperative that all cash accounts be reconciled not only to the bank balance but also to the general ledger balances. It is imperative that these reconciliations and corresponding review thereof be done on a timely basis at the end of each month. This review should also focus on any unusual or stale items which include items outstanding for a long period of time. Any such items should be investigated and fully resolved. In addition, old outstanding items need to be researched to determine why the item has not been negotiated with the bank and make appropriate adjustments or turn over the cash to the State Treasurer Unclaimed Property fund.

Management's Response:

Central Community School System's management continues to work on resolving the timeliness of bank reconciliations. The Central Community School Board allowed us to hire an additional staff member in the 2013-2014 fiscal year to help with the work load in the finance department. This person is responsible for reconciling all accounts as well as reviewing school activity funds.

Finding 2013 - 06 Capital Outlay and Depreciation Schedule Reconciliations:

Criteria:

During the current year and in the prior year, the School System had several construction projects that included new schools and renovations to existing facilities. As a project is completed, the total costs of the project needs to be capitalized and added to the depreciation schedule. One way to track the

CENTRAL COMMUNITY SCHOOL SYSTEM

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

total commitment and costs of a project is to maintain a worksheet that includes the approved contract for construction and engineering and also include the actual costs incurred for construction, engineering and other costs. These worksheets, if completed, can facilitate the audit process as all transactions related to a particular project are included in one schedule.

In addition, the School System should maintain a detailed schedule of capital assets and accumulated depreciation and that schedule should include all assets that meet the capitalization policy. All capital outlay expenses should be reconciled to the current year additions to the schedule.

Condition:

During the current year audit, it was noted that the School System prepared the construction schedules and depreciation schedules. Although management updated the schedules, the initial schedules received required some adjustments and corrections in order to get them to reconcile to the general ledger and the contract commitments information were incomplete. We assisted management with the adjustments that were required to determine the value of the projects to capitalize and to also determine the value of the projects that remain incomplete and the contract commitments related to those projects. In addition, we assisted with the reconciliation of capital outlay expense accounts that reconciled with the capital outlay additions.

Effect:

Management was not able to provide us with complete and accurate information on construction activity by project and a reconciliation of capital outlay expense accounts made it difficult to audit the status of each project, to trace completed project costs being capitalized to the depreciation schedules, and to agree capital outlay expenses with the additions to the depreciation schedules for the audit.

Recommendation:

While management has made some improvements, we continue to recommend for management to update each capital project schedule and reconcile the schedules to the general ledger monthly. In addition, we recommend for management to update the capital assets depreciation schedule and reconcile that schedule with the capital outlay expenditures and have these schedules available for audit.

Management's Response:

Central Community School System's management continues to review and make progress. We were able to hire an additional staff person in the finance department during the 2013-2014 fiscal year. We continue to make improvements.

CENTRAL COMMUNITY SCHOOL SYSTEM

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

Finding 2013-07 Incorrect Reporting of Cafeteria Plan Wages

Criteria:

A cafeteria plan is a separate written plan maintained by an employer for employees that meets the specific requirements of and regulations of section 125 of the Internal Revenue Code. It provides participants an opportunity to receive certain benefits on a pretax basis. Employer contributions to the cafeteria plan are usually made pursuant to salary reduction agreements between the employer and the employee in which the employee agrees to contribute a portion of his or her salary on a pretax basis to pay for the qualified benefits. Salary reduction contributions are not actually or constructively received by the participant. Therefore, those contributions are not considered wages for federal income tax purposes and payroll tax purposes. Payroll taxes include Social Security taxes and Medicare taxes.

Condition:

During the current year, it was noted that qualified section 125 cafeteria plan employee benefit withholdings had been incorrectly set up in the School System's payroll software as taxable for Medicare tax purposes. The School System was incorrectly withholding Medicare tax on the employee portion of the withholdings and was accruing and paying the employer portion of the tax. The School System corrected their payroll software so that effective January 1, 2013, cafeteria plan employee benefit withholding was no longer being taxed for Medicare tax purposes.

Effect:

By having the qualified section 125 cafeteria plan employee benefit withholdings incorrectly set up as taxable for Medicare tax purposes, the School System was incorrectly withholding Medicare tax from participating employees' wages and incorrectly paying the employer portion of Medicare tax.

Recommendation:

The School System has already corrected their payroll software to correctly handle the cafeteria plan benefits. We recommend that the School System look back at least at the three prior years to determine how much of the incorrectly collected and paid Medicare taxes can be refunded.

Management's Response:

Central Community School System's management is in the process of reviewing the past three years and will make a decision on what should be done to resolve past withholdings and expenses.

CENTRAL COMMUNITY SCHOOL SYSTEM

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

C. Findings - Compliance

None

CENTRAL COMMUNITY SCHOOL SYSTEM
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2013

A. Findings - Internal Control Over Financial Reporting

Finding 2012-01 Lack of Preparation of Reconciliations and Review Thereof:

Criteria:

Timely reconciliations of general ledger balances with supporting schedules are necessary to determine if all accounting transactions are properly recorded and balances are accurate to ensure that balances reported on the financial statements are correct.

Condition:

During the prior three annual audits, we noted an overall lack of preparation of timely reconciliations of the various accounts comprising many of the major accounting cycles of the School System's various funds including but not limited to cash, accounts receivable, accounts payable, accrued liabilities, revenues, expenditures, and other financing sources (uses). We provided assistance with various accounting adjustments to correct account balances of the original trial balance provided to us to begin our audit.

During the prior year audit, the following net adjustments were required to the original trial balance provided to us for audit that resulted from the School System not having timely and accurate reconciliations across all funds:

- Cash and Cash Equivalents were increased by net adjustments of \$1,540,741
- Receivables were decreased by net adjustments of \$206,116
- Payables were increased by net adjustments of \$1,341,122
- Revenues were increased by net adjustments of \$121,917
- Expenditures excluding Capital Outlay were increased by net adjustments of \$547,924
- Capital Outlay expenditures were increased by net adjustments of \$5,053,072
- Other Financing Sources (Uses) were increased by net adjustments of \$6,066,049

As identified above, the largest adjustments were in cash, accounts payable, capital outlay expenditures, and other financing sources (uses). These adjustments resulted mainly from the School System not timely and accurately reconciling the related accounts and transactions. In addition, other adjustments to capital outlay resulted in reclassification of costs recorded as capital outlay that did not meet the threshold of \$5,000.

Other matters related to lack of proper reconciliations were also reported as findings 2012-05, 2012-06 and 2012-07 below.

CENTRAL COMMUNITY SCHOOL SYSTEM

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

Effect:

The lack of timely and accurate reconciliations resulted in lack of management's ability to properly monitor the financial condition of the School System's finances. Also, there is a likelihood that an error or omission may occur in the financial statements as a result of not reconciling the accounting records timely.

Recommendation:

We recommended that formal reconciliations be prepared on all of the various accounts that comprise the major accounting cycles of the System's various funds and make all necessary adjustments prior to the start of the audit. These reconciliations should be done on at least a monthly basis. A formal reconciliation form or checklist should be developed for each account that should be completed and initialed by the preparer and then reviewed and initialed by the chief financial officer. Any unreconciled outages should be investigated and resolved accordingly. It is imperative that these reconciliations be done on a timely basis. By implementing these procedures, the overall accuracy and timeliness of financial reporting will be vastly improved as well as timely financial reporting to the Board to assist them in monitoring of the budget. In addition, we recommended that formal policies and procedures over the accounting cycles and year end accounting close be developed so that proper reconciliations are available for audit.

We also recommended that management evaluate staffing requirements to determine if they have adequate staffing to perform the required monthly reconciliations on a timely basis.

Management's Response:

Central Community School System's management has made a few improvements where the bank accounts are concerned. We clear checks daily and review the bank accounts regularly. Management also redistributed workloads to try and accommodate the issue of reconciliations. Previously management made a request to the Human Resources committee for additional staffing, however they suggested we hire part time help. Part time help has proven to be ineffective. We continue to work on improving in this area. A review of the bank accounts shows that the food service income needs to be recorded by each deposit, not by each week's revenue. We are currently trying to address how to handle recording revenue daily. Our payroll Specialist and Accountant are working together on ways to reconcile the bank account more smoothly and timely.

CENTRAL COMMUNITY SCHOOL SYSTEM

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

Corrective Action Taken:

Central Community School System's management has made some improvements where the bank accounts are concerned. Checks are cleared daily and bank accounts are reviewed regularly. Management also redistributed workloads to try and accommodate the issue of reconciliations. The payroll specialist reconciled payroll liability accounts during the year, but other accounts were still not reconciled. As of July 1, 2013, they were able to hire an additional finance staff member and her duties will include many of the reconciliations. They continue to work on improving in this area.

Additional Recommendation:

In the current year audit, we again noted accounts that were not properly reconciled and adjusted. See current year finding 2013-01.

Finding 2012-02 Segregation of Duties related to Payroll:

Criteria:

Duties and responsibilities within the various accounting cycles should be segregated amongst the various accounting personnel to minimize any opportunity for errors, irregularities or improprieties within the accounting functions. The basic premise is that no one individual should have access to all phases of a transaction.

Condition:

During the prior year audit, we noted that the payroll clerk sets up new employees into the payroll system, modifies employee settings in the payroll records for changes in deductions and salary adjustments, reconciles all payroll liability accounts on the general ledger, and processes the entire payroll from input to cash disbursement by sending a file to the bank to release the payroll by direct deposit. It was noted during the prior year audit that the School System made improvements by implementing a mitigating procedure in payroll processing. The chief financial officer started reviewing and approving payroll files before an ACH file is generated and sent to the bank for each payroll.

Effect:

A lack of properly designed internal controls including segregation of duties could result in errors, irregularities or improprieties occurring and not being detected.

CENTRAL COMMUNITY SCHOOL SYSTEM

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

Recommendation:

While the School System had made improvements, we recommended that the System continue to look at ways to implement additional segregation of duties in regard to payroll processing. One possible suggestion would be to have human resources perform the initial set up and subsequent changes of employees profile information in the payroll system.

Management's Response:

Central Community School System's management continues to review the payroll process. As mentioned above, the finance director now reviews and approves the payroll files before the ACH file is generated and sent to the bank. Additionally, we are working with our bank to set up dual approvals for ACH transfers. Upon reviewing the recommendations above, management of finance and human resources have established plans to have an employee in human resources perform the initial set up of employees in the payroll system.

Corrective Action Taken:

Central Community School System's management continues to review the payroll process. The chief financial officer reviews and approves all payroll batches. Additionally, a dual approval procedure for ACH transfers with their bank account was implemented. The payroll specialist uploads the batch and the chief financial officer has to release the batch for processing (or the grants accountant in the chief financial officer's absence). An accountant was hired on July 1, 2013 whose duties include entering the initial set up of new employees in the system and to also reconcile all payroll liability accounts.

Additional Recommendation:

See finding 2013-02 for additional recommendation for segregation of duties in regard to payroll processing.

Finding 2012-03 Timely Recording of Cash Deposits in the General Ledger:

Criteria:

Accounting transactions should be recorded in the general ledger as soon as the transaction occurs for proper financial reporting and for monitoring of account balances and resources available.

CENTRAL COMMUNITY SCHOOL SYSTEM

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

Condition:

During the prior year audit, we noted that deposits were being made into the bank account during the month but the transaction is recorded into the general ledger later in the month or during the reconciliation process for cash. During the prior year, it was noted that the School System started recording deposits for the school food services on a weekly basis but the entry combines deposits from all schools. Each school makes multiple deposits throughout the week. The process makes it difficult to reconcile deposits on the bank statement to the general ledger recordings. Also during work on bank reconciliations in the prior year, it was noted that the School System was not recording the deposits related to Medicaid reimbursements until the reconciliation process for cash. Since the main operating account bank reconciliation was not completed in a timely manner, there were several months Medicaid reimbursements deposits recorded at one time.

Recommendation:

We recommended that all accounting transactions be recorded in the general ledger at the time the transaction occurs. This is necessary for the general ledger to properly reflect the proper financial conditions of the School System each day and the amount of resources available for operations. For school food services deposits, the School System needed to record deposits individually or in smaller batches by school to enable easier bank reconciliation of school food service receipts.

Management's Response:

Central Community School System's management is continually reviewing job duties to possibly rearrange workloads so that journal entries recording cash receipts may be entered in a timely manner. At this time we are finding it difficult to get entries done daily. We are also reviewing the process of how we record the school food services to more closely mimic the bank statement to make reconciliation easier. See additional information in response to 2012-01.

Corrective Action Taken:

We noted that Central Community School System's management made changes to the daily recording of cash deposits. Food Service deposits are now being made individually to help in reconciling the operating account. Although the deposits are now being broken up individually, it was noted that the bank reconciliation process was not completed in a timely fashion during the year. During the bank reconciliation process at the end of the year, it was noted that some deposits made during the year were recorded during this process.

CENTRAL COMMUNITY SCHOOL SYSTEM

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

Additional Recommendation:

See finding 2013-03 for additional recommendation for timely recording of cash deposits in the general ledger.

Finding 2012-04 Financial Statement Closing Process:

Criteria:

The financial statement closing process can be more efficient if a checklist is prepared of all the areas where reconciliations and adjustments are necessary including a list of individuals who are responsible for each area and deadlines for completion.

Condition:

During the prior year audits, we noted the School System did not have a formal financial closing process procedure developed.

Effect:

The lack of having a formal financial closing process and assignments of responsibility for each area of the financial statement closing process contributed to the School System experiencing delays in the completion of the financial statement audit in a timely manner.

Recommendation:

We continued to recommend for the School System to develop a formal financial statement closing process that contains a checklist prepared for all the areas where reconciliations and adjustments are necessary including a list of individuals who are responsible for each area and deadlines for completion. We also recommended that management evaluate staffing requirements to determine if they have adequate staffing to carry out the formal financial statement closing process once it is developed.

Management's Response:

Central Community School System has made improvements from previous years in regards in using journal entry forms and logs. Additionally we have segregated the entry of journal entries. It was recommended that we use part time help. Part time help has proven to be ineffective and costly due to lack of understanding of our system.

CENTRAL COMMUNITY SCHOOL SYSTEM

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

Corrective Action Taken:

The School System has developed procedures and check lists for all the areas where reconciliations and adjustments are necessary including a list of individuals who are responsible for each area. Although procedures and check lists for the financial closing process have been established, the actual process was not done timely for the 2012-13 fiscal year. With the hiring of an additional finance staff member as of July 1, 2013, management expects this to improve for the current year because they will be able to spread out the workload and her duties will include year-end reconciliations.

Additional Recommendation:

See finding 2013-04 for additional recommendation in regard to timely reconciliations.

Finding 2012-05 Bank Reconciliations:

Criteria:

Bank account reconciliations should be performed timely and include documentation to support the reconciling items such as a listing of outstanding checks and outstanding deposits. The bank balance on the bank statements needs to be reconciled to the general ledger balance. State law at LSA RS 10:4-406(d)(2) allows thirty days after a bank statement is mailed for a bank customer to dispute transactions and be brought to the banks attention for resolution.

Condition:

During our prior year audits, we noted the operating cash account was not being reconciled timely. In the prior year, the main operating account was not reconciled during the year. We assisted in the reconciling process. Also, in the prior year, it was noted that not all school activity funds bank reconciliations were being performed on a timely basis. One example was that on the June 30, 2012 bank reconciliation for Central High School, the prepared by and reviewed by date was noted as October 1, 2012.

Effect:

In a prior year, failing to complete timely reconciliations on the System's bank accounts resulted in several unauthorized withdrawals on the accounts going unnoticed for several months. In addition, accounting information provided by management may not be accurate without a timely reconciliation. Further, management may not have all the necessary accurate information to properly manage its resources.

CENTRAL COMMUNITY SCHOOL SYSTEM

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

Recommendation:

Monthly preparation of bank reconciliations in a timely manner and a review thereof by the chief financial officer play a crucial role in ensuring the accuracy of the monthly financial statements and detection of unauthorized transactions. It is imperative that all cash accounts be reconciled not only to the bank balance but also to the general ledger balances. It is imperative that these reconciliations and corresponding review thereof be done on a timely basis at the end of each month. This review should also focus on any unusual or stale items which include items outstanding for a long period of time. Any such items should be investigated and fully resolved.

We also recommended that management evaluate staffing requirements to determine if they have adequate staffing to perform the required timely bank reconciliations.

Management's Response:

Central Community School System's management continues to work on resolving the timeliness of bank reconciliations. We are evaluating the distribution of job duties to ensure effectiveness, timeliness and segregation of duties. Our payroll specialist and accountant are working together to implement a more efficient way of reconciling the bank account. However their progress is held up due to the time constraints of the director of finance not having time to enter bank transactions so that reconciliation may be completed as sighted in finding 2012-03. Additionally, we have hired temporary help to assist in reconciliations however this has proven time and again to be costly and a waste of time due to the temporary employees not having enough knowledge of the system and the current staff not having enough time to train them.

Corrective Action Taken:

Central Community School System's management continues to work on resolving the timeliness of bank reconciliations. They are evaluating the distribution of job duties to ensure effectiveness, timeliness and segregation of duties. A new finance staff member was hired as of July 1, 2013, and management expects this to improve for the 2013-2014 fiscal year because the duties of this new finance staff member include the bank reconciliations.

Additional Recommendation:

See finding 2013-05 for continued recommendation in regard to timely bank reconciliations.

CENTRAL COMMUNITY SCHOOL SYSTEM

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

Finding 2012 - 06 Schedule of School Activity Account Balances Missing a Savings Account:

Criteria:

Schedules prepared by management and provided for audit should include all balances for accurate financial statement reporting.

Condition:

During the prior year audit, the schedule of cash balances held in each school's activity funds did not include a savings account held by the High School. Our audit procedures indicated the account was missing from the listing. We added the balance in the account to the final listing that is reported in the financial statements.

Effect:

Information or balances left off of schedules provided for audit could result in the amount not being noticed and financial information reported incorrectly.

Recommendation:

We continued to recommend that the cash balances included on the schedule of activity funds held at each school should be reviewed and approved by management. An analysis should be performed to compare the balances on the current year schedule with the balances on the prior year schedule to determine if all account balances are included.

Management's Response:

Central Community School System's management has corrected our schedule for the 2011-2012 year end and now includes all bank accounts so that the savings account will not be missed again next year.

Corrective Action Taken:

Central Community School System's management verified the 2012-13 schedules were correct prior to the audit. The savings account previously mentioned was closed during the year and the funds were deposited into the school's operating account.

CENTRAL COMMUNITY SCHOOL SYSTEM

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

Finding 2012 - 07 Capital Outlay and Depreciation Schedule Reconciliations:

Criteria:

During the prior year audits, the School System had several construction projects that included new schools and renovations to existing facilities. As a project is completed, the total costs of the project needs to be capitalized and added to the depreciation schedule. One way to track the total commitment and costs of a project is to maintain a worksheet that includes the approved contract for construction and engineering and also include the actual costs incurred for construction, engineering and other costs. These worksheets, if completed, can facilitate the audit process as all transactions related to a particular project are included in one schedule.

In addition, the School System should maintain a detailed schedule of capital assets and accumulated depreciation and that schedule should include all assets that meet the capitalization policy. All capital outlay expenses should be reconciled to the current year additions to the schedule.

Condition:

During the prior year audit, the construction worksheets for each project that management provided were not complete and were missing transactions related to a particular project. In addition, the information did not agree with the general ledger balances and the contract commitments information was incomplete. Management's lack of being able to provide us with updated and complete and accurate information on construction activity by project made it difficult to audit the status of each project and trace completed project costs being capitalized to the depreciation schedules. We assisted management with the completion of the construction worksheets to determine the value of the projects to capitalize and to also determine the value of the projects that remain incomplete and the contract commitments related to those projects.

In addition, during the prior year audit, management was not able to provide us with an updated depreciation schedule and a reconciliation of capital outlay expense accounts that reconciled with the capital outlay additions. We noted that management recorded expenditures to the capital outlay accounts that were not within the School System's capitalization policy of at least \$5,000 per item purchased. Several adjustments were required to the capital outlay accounts to correct the account balances for expenditures included in capital outlay expense in error. We also had to assist management with the completion of the depreciation schedules after the required adjustments were recorded.

CENTRAL COMMUNITY SCHOOL SYSTEM

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

Effect:

Management was not able to provide updated schedules for audit that included all transactions by project that was reconciled to the general ledger. In addition, management was not able to provide update depreciation schedules and a reconciliation of capital outlay expenses that agreed with the additions to the depreciation schedules for the audit.

Recommendation:

We continued to recommend for management to update each capital project schedule and reconcile the schedules to the general ledger monthly. In addition, we recommended for management to update the capital assets depreciation schedule and reconcile that schedule with the capital outlay expenditures and have these schedules available for audit.

We also recommended that management evaluate staffing requirements to determine if they have adequate staffing to prepare the capital project schedules and reconciliations timely.

Management's Response:

Central Community School System's management has taken the recommendations into consideration and continues to work on implementing monthly reconciliation procedures. The issues here relate back to other findings 2012-01 and 2012-05 in that reconciliations continue to be a problem as they have been since the beginning of our existence due to our shortage of staffing. Part time help has proven to be ineffective and costly.

Corrective Action Taken:

Central Community School System's management continues to make improvements in this area. During the 2012-2013 fiscal year, it was noted that the School System prepared the capital project schedules and depreciation schedules. Although management updated the schedules, the initial schedules received required some adjustments and corrections in order to get them to reconcile to the general ledger. In addition with the hiring of the additional finance staff member as of July 1, 2013, management expects this to improve for the 2013-2014 fiscal year because with additional ability to spread out the workload.

CENTRAL COMMUNITY SCHOOL SYSTEM

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

Additional Recommendation:

See finding 2013-06 for continued recommendation.

B. Findings - Compliance

None

CENTRAL COMMUNITY SCHOOL SYSTEM
CENTRAL, LOUISIANA

MANAGEMENT LETTER

JUNE 30, 2013

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

In planning and performing our audit of the basic financial statements of the Central Community School System, Central, Louisiana, as of and for the year ended June 30, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the School System's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School System's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School System's internal control.

However, during our audit we became aware of matters that are opportunities for strengthening internal control and operating efficiency. The following summarizes our comments and suggestions regarding the matters. This letter does not affect our report dated December 23, 2013, on the basic financial statements of the Central Community School System, Central, Louisiana.

CURRENT YEAR FINDINGS:

Finding 2013M-1 Errors in Performance and Statistical Schedules Provided Required by R.S. 24:514:

Finding:

The Board of Elementary and Secondary Education and R.S. 24:514 require that management of the Central Community School Systems prepare certain performance and statistical schedules and present them in the annual financial statements. We are required to perform certain enumerated tests on these schedules as outlined in our report included in the financial statements. We noted the following matters during the current year on the following statistical schedules:

Schedule 1: The original schedule provided to us for testing did not reconcile to the accounting record's account balances. The total General Fund Equipment Expenditures provided by management on the original Schedule 1 reported a balance of \$68,012 when the actual amount was \$77,272. The expenditures for Schedule 1 were decreased by \$9,261 from the original schedule provided to us and the corrected balances were reflected in the report.

In addition, the original report provided to us for testing did not agree with the revenue balances included in the accounting records for Penalties/Interest on Ad Valorem Taxes or for gross sales taxes. The revenues for Schedule 1 were increased by \$5,669,316 from the original schedule provided to us and the corrected balances were reflected in the report.

Schedule 2: We obtained Schedule 2 and a detailed schedule of teachers, assistant principals and principals; however, the detailed schedule provided to us and the data included in Schedule 2 was as of the date the reports were prepared instead as of October 1, 2012. Our procedures require us to obtain a listing as of October 1, 2012 of teachers, assistant principals and principals by education level and if the employee holds a teacher certificate. Management was not able to provide us with the listing as of October 1, 2012 for us to complete our procedures so we were not able to determine if Schedule 2 was correctly completed.

Schedule 4: We obtained Schedule 4 and a detailed schedule of teachers, assistant principals and principals; however, the detailed schedule provided to us and the data included in Schedule 4 was as of the date the reports were prepared instead as of October 1, 2012. Our procedures require us to obtain a listing as of October 1, 2012 of teachers, assistant principals and principals categorized by years of experience. Management was not able to provide us with the listing as of October 1, 2012 for us to complete our procedures so we were not able to determine if Schedule 4 was correctly completed.

Schedule 5: We were provided a completed Schedule 5, however, management was not able to provide us with a detailed listing of teachers, salary or full time equivalent percentages per teacher for us to trace a random sample of 25 teachers to the individual's personnel file and determine if the individual's salary, extra compensation, and the full-time equivalents were properly included on the schedule as required by our agreed upon procedures. We were not able to determine the correctness of Schedule 5 due to the missing detail.

Recommendation:

We once again recommend for management to review the information on the schedules provided to us to determine the balances or other information included on the schedules is accurate and prepared according to instructions provided by the Louisiana Department of Education. We also recommend for management to make sure the detailed data to support the schedules is maintained or obtained timely and accurately for us to be able to complete our agreed upon procedures and in accordance with the Schedule's instructions.

Management's Response:

Central Community School System's management continues to review the recommendations and see where we can improve upon our year end process. Our system of tracking information for schedules 2-6 does not retain historical information and causes issue for us in trying to reproduce schedules.

Listing of Prior Year Findings Not Resolved in the Current Year:

See the following prior year findings below that have not been resolved during the current year:

- Finding 2010M-1 Governmental Accounting Standards Board Statement No. 45 - "Accounting and Financial Reporting by Employers for Postretirement Benefits Other Than Pensions" - Creation of Irrevocable Trust Fund

Listing of Prior Year Findings that were Resolved in the Current Year:

See the following prior year findings below that have been resolved during the current year:

- Finding 2011M-2 Internal Audits of School Activity Funds
- Finding 2008M-4: Sheriff Payment to Retirement System

PRIOR YEAR FINDINGS:

Finding 2012M-1 Errors in Performance and Statistical Schedules Provided Required by R.S. 24:514:

Finding:

The Board of Elementary and Secondary Education and R.S. 24:514 require that management of the Central Community School Systems prepare certain performance and statistical schedules and present them in the annual financial statements. We are required to perform certain enumerated tests on these schedules as outlined in our report included in the financial statements. We noted the following matters during the current year on the following statistical schedules:

Schedule 1: The original schedule provided to us for testing did not reconcile to the accounting record's account balances. The original schedule did not include a total of \$5,910 of general fund instructional expenditures that were included in the general ledger. In addition, total General Fund Equipment Expenditures was incorrect as the balance excluded various adjustments to the accounting records. The total General Fund Equipment Expenditures provided by management on the original Schedule 1 provided had a balance of \$114,033 when the actual amount was \$5,598. The expenditures for Schedule 1 were decreased by \$108,435 from the original schedule provided to us and the corrected balances are reflected in the financial statement report.

In addition, the original report provided to us for testing did not agree with the revenue balances included in the accounting records for constitutional ad valorem tax, renewable ad valorem tax, debt service ad valorem tax, up to 1% collections by sheriff on taxes other than school taxes, and sales taxes. The revenues for Schedule 1 were decreased by \$56,438 from the original schedule provided to us and the corrected balances are reflected in the financial statement report.

Schedule 6: The original schedule 6 that we received for testing did not reconcile with the supporting documentation. Schedule 6 included in the financial statement report agrees with the supporting documents. Also, the related percentage information was revised to reflect the correct calculations after the schedule was corrected. Two classes were reported as being held in a combination school when the School System does not have any combination schools as reported in Schedule 3. The following table illustrates the differences between the original information we received and the final schedule reported:

	Total Number of Classes		Difference
	Original Schedule	Reported Schedule	
Elementary	609	609	-
Elementary Activity Classes	75	75	-
Middle	329	329	-
Middle Activity Classes	28	28	-
High	426	427	1
High Activity Classes	74	75	1
Combination	1	-	(1)
Combination Activity Classes	1	-	(1)
Total Classes	1,543	1,543	0

Schedule 7: The original schedule 7 that we received for testing did not agree with the supporting documentation for the 2012 balances. Schedule 7 included in the financial statement report agrees with the supporting documentation.

Schedule 8: The original schedule 8 that we received for testing did not agree with the supporting documentation for the 2012 balances. Schedule 8 included in the financial statement report agrees with the supporting documentation.

Schedule 9: The original schedule 9 that we received for testing did not agree with the supporting documentation for the 2012 balances. Schedule 9 included in the financial statement report agrees with the supporting documentation.

Recommendation:

We recommended for management to review the information on the schedules provided to us to determine the balances or other information included on the schedules is accurate and prepared according to instructions provided by the Louisiana Department of Education.

Management's Response:

Central Community School System's management continues to review the recommendations and see where we can improve upon our year end process.

Corrective Action Taken:

In the current year, we noted that Schedules 7, 8, and 9 which contained differences in the prior year agreed to the supporting detail for the year ended June 30, 2013. Management was not able to obtain the supporting detail on Schedule 6 in the current year from the Louisiana Department of Education so we were not able to complete our procedures on Schedule 6.

Additional Current Year Finding and Recommendation:

See current year management letter finding 2013M-1 for exceptions with completing our procedures on the 2013 schedules and current year recommendation.

Finding 2011M-2 Internal Audits of School Activity Funds:

Finding:

During the prior year audit, we noted the Central Community School System's central office did not have any procedures in place to perform internal audits of the various school activity funds nor did the central office actually perform any internal audits of the various school activity funds for the prior year.

Recommendation:

We recommended for the School System to develop procedures to perform internal audits on school activity funds collections and payments. The Louisiana Legislative Auditor has suggested procedures to assist in performing these internal audits and they are available for download from the Legislative Auditor website. These internal audits would identify weaknesses and provide opportunities for improving internal controls over school activity funds at the various schools.

Corrective Action Taken:

During the current year, management contracted for agreed upon procedures to be performed that were similar to an internal audit being performed on Central High School. The results of those agreed upon procedures are in a separate report issued to the Board.

Additional Recommendation:

We commend management for taking steps in completing procedures to determine if Central High School is following the procedures adopted by the Board on its school activity funds. We recommend for management to continue completing these procedures on the various schools within the system each year.

Updated Management's Response:

Central Community School System's management will review the recommendations and improve upon our process for internal audits. During the 2013-2014 fiscal year we were able to increase our staff which should help in resolving this issue.

Finding 2010M-1 Governmental Accounting Standards Board Statement No. 45 (GASB 45) – “Accounting and Financial Reporting by Employers for Postretirement Benefits Other Than Pensions” - Creation of Irrevocable Trust Fund

Finding:

The Central Community School System implemented the requirements of Government Accounting Standards Board GASB Statement No. 45 “Accounting and Financial Reporting by Employers for Postretirement Benefits Other Than Pensions” for fiscal year ending June 30, 2010. This Statement’s objective is to establish uniform standards of financial reporting by state and local government entities for other postemployment benefits (OPEB) including post-employment healthcare benefits. Also, this Statement provides standards for measurement, recognition, and display of the OPEB expenses and related liabilities, note disclosures, and required supplementary information.

An actuary was contracted during 2010 in order to determine the liability to record on the School System’s government-wide financial statements. According to the results of the actuarial evaluation, the June 30, 2010 accumulated unfunded other postemployment benefit liability is estimated at \$4,156,069. GASB 45 suggests the creation of an irrevocable trust fund to accumulate funds for the payment of these accumulated OPEB liabilities. An actuarial valuation is required every two years according to the provisions of GASB 45 so the School System will need to have a new calculation performed for fiscal year ending June 30, 2012. The School System has not taken steps to create this irrevocable trust fund as of June 30, 2010. The purpose of the irrevocable trust fund is to pay the OPEB liability into the trust fund which should create an investment return and reduce the OPEB accumulated liability.

Recommendation:

Now that the liability for other postemployment benefits has been determined, we recommended for the School System to begin the process of evaluating the creation of an irrevocable trust fund as suggested in GASB 45. We also recommended for the School System to contract with a qualified actuary to obtain an updated valuation of its OPEB liability for fiscal year ending June 30, 2012 as required by GASB 45.

Management’s Response:

Central Community School System is currently in contact with an Actuary to contract for services to be performed before June 30, 2012. Our Finance Committee is aware of this issue and continues to monitor this situation and will advise the Board on what actions recommended be taken.

Corrective Action Taken:

For the fiscal year ended June 30, 2012, the School System contracted with a qualified actuary and received an updated valuation of its OPEB liability. The results of the actuarial valuation reflects an accumulated unfunded Other Postemployment Benefit Liability at June 30, 2012, of approximately \$11,967,000.

Additional Recommendation:

We continue to recommend for the School System to begin the process of evaluating the creation of an irrevocable trust fund as suggested in GASB 45. In addition, we recommend for management to contract with an Actuary to recalculate the OPEB liability for the June 30, 2014 fiscal year end in accordance with the requirement of GASB 45.

Updated Management's Response:

Central Community School System's Finance Committee is aware of this issue and continues to monitor this situation. Our Finance Committee continues to review options to both decrease the liability and the feasibility of creating an irrevocable trust.

Finding 2008M-4: Sheriff Payment to Retirement System:

Finding:

During the June 30, 2009 year-end audit, we noted the School System was successful in obtaining a court order to require the East Baton Rouge Sheriff to withhold 2008 property taxes from the East Baton Rouge Parish School Board that are equal to the cash paid to the East Baton Rouge Parish School Board of approximately one-half of the 2007 Central Community School System's property taxes. The Sheriff was required to deposit these funds into a Registry of Court account with the East Baton Rouge Parish Clerk of Court. Each year, the Sheriff withholds the assessor pension and other retirement system funds from the first property tax settlement paid to each district. The total assessor pension and other retirement system withholdings for the 2007 property tax assessment was \$104,283 (\$16,823 in assessor pension fund and \$87,460 in other retirement system withholdings). The Sheriff paid this \$87,460 to the Teachers Retirement System and one half or \$43,730 was applied to East Baton Rouge Parish School Board and the other one half or \$43,730 was applied to the Central Community School System.

2009 Corrective Action Taken / Additional Recommendation:

During the year ending June 30, 2009, the matter with the East Baton Rouge Parish School System was settled and the Central Community School System collected the ad-valorem tax that was on deposit with the East Baton Rouge Parish Clerk of Court's Registry of Court Account. We noted the amount contributed to the retirement system by the Sheriff was not transferred as a credit for the Central Community School System instead of the East Baton Rouge Parish School System. We again recommended for management to contact the Teachers Retirement System of Louisiana to request for this credit to be transferred.

Management's Response:

Central Community School System experienced a change in management during the 2010-2011 fiscal year; therefore changes that were intended by the previous Director of Finance were not implemented before his departure. The new management is working diligently to implement any changes the auditors have recommended to improve upon our procedures

Additional Recommendation:

During the prior year audits, we noted the Central Community School System had still not received credit from the Teachers Retirement System of the amount credited to the East Baton Rouge Parish School System in the previous years. We again recommended for management to contact the Teachers Retirement System of Louisiana to request for this credit to be transferred.

2013 Corrective Action Taken:

Management was able to obtain the remaining credit due to the Central Community School System during 2013.

This report is intended for the use of management, and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the Central Community School System, Central, Louisiana, is a matter of public record.

Respectfully submitted,

Hannu J. Bourgeois, CPA

Denham Springs, Louisiana
December 23, 2013