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CENTRAL COMMUNITY SCHOOL SYSTEM

**REPORT ON AUDIT OF BASIC
FINANCIAL STATEMENTS**

JUNE 30, 2009

CENTRAL, LOUISIANA

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/13/10

CENTRAL COMMUNITY SCHOOL SYSTEM

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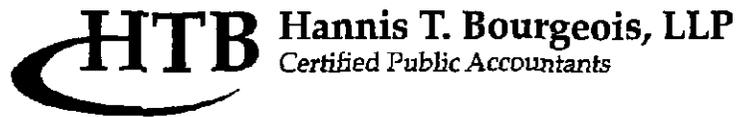
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December 18, 2009

INDEPENDENT AUDITOR'S REPORT

Central Community School System
Central, Louisiana

We have audited the accompanying financial statements of the governmental activities, the major fund (general 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 and for the year ended June 30, 2009, which collectively comprise the Central Community School System's basic financial statements, as listed in the table of contents. We have also audited the financial statements of each of the School System's nonmajor governmental funds combining statements, each special revenue funds budgetary comparison statements and the fiduciary fund presented as supplementary schedules as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the management of the Central Community School System. Our responsibility is to express opinions on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Central Community School System's June 30, 2008 financial statements and, in our report dated March 15, 2009, we expressed unqualified opinions on the respective 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 as well as the aggregate nonmajor governmental funds and the budgetary comparison for the special revenue funds.

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, and the provisions of Office of Management and Budget 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 the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the 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, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the nonmajor governmental funds combining statements, each special revenue funds budgetary comparison statements and the fiduciary fund of the Central Community School System as of June 30, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 18, 2009, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 8 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Central Community School System's basic financial statements. The schedules required by state law, and the schedule of compensation paid to board members are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of the Central Community School System. The schedule of compensation paid to board members and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The schedules required by state law have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Respectfully submitted,

Hennis J. Bourgeois, CPA

CENTRAL COMMUNITY SCHOOL SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2009

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, 2009. 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 2008-2009 fiscal year include the following:

- ❖ Settlement in the amount of \$7,047,636 was reached between the East Baton Rouge Parish School System and the Central Community School System. The first was the settlement of 2007 advalorem tax ownership in the net amount of \$1,647,636 and the second was the settlement of accumulated fund balance issues with EBR in the amount of \$5,400,000.
- ❖ Net assets increased by \$7,636,678 for the year ended June 30, 2009. As discussed below, the increase in net assets was the result of an increase in total assets of \$7,114,105 coupled with a decrease in total liabilities of \$522,573.
- ❖ Total assets increased by \$7,114,105 attributed to the following elements:

	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>Amount Increase (Decrease)</u>
Cash and Cash Equivalents	\$ 554,775	\$ 1,673,044	\$ (1,118,269)
Investments	1,301,243	154,382	1,146,861
Receivables	8,699,391	1,443,126	7,256,265
Inventory	47,912	-	47,912
Capital Assets, Net of Accumulated Depreciation	<u>4,926,917</u>	<u>5,145,581</u>	<u>(218,664)</u>
Total Assets	<u>\$ 15,530,238</u>	<u>\$ 8,416,133</u>	<u>\$ 7,114,105</u>

CENTRAL COMMUNITY SCHOOL SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2009

The main reason for the increase in assets was due to a settlement with East Baton Rouge Parish School System in the amount of \$7,047,636. This amount was recorded as a receivable at year end and was collected shortly after the start of the next fiscal year.

- ❖ Total Liabilities Decreased \$522,573 due to the following items:

	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>Amount Increase (Decrease)</u>
Accounts, Salaries, and Other Payables	\$ 1,936,421	\$ 1,794,236	\$ 142,185
Long-Term Liabilities	<u>1,229,888</u>	<u>1,894,646</u>	<u>(664,758)</u>
Total Liabilities	<u>\$ 3,166,309</u>	<u>\$ 3,688,882</u>	<u>\$ (522,573)</u>

Total liabilities decreased primarily because of the repayment of a revenue anticipation loan in the amount of \$750,000. Accounts, Salaries and Other payables increased slightly due to additional staff members needed for increased student enrollment. Increased student enrollment is also the reason for the slight increase in general accounts payables because additional supplies were needed.

- ❖ General revenues increased by \$13,058,607 from fiscal year 2008 to fiscal year 2009. Primary increases and decreases are discussed below:
 - The full amount of property taxes collected was received where as only half of the property taxes collected in the prior year were received. The half of the property taxes collected during the 2008 fiscal year that were not received during the 2008 fiscal year were recognized as a receivable during the 2009 fiscal year. This was part of the settlement with East Baton Rouge Parish School System. These taxes due to the Central Community School System were in the amount of \$ 1,647,636.
 - Sales and use tax revenue decreased slightly by \$6,923. The downturn in the general economy is believed to have contributed to this slight decrease in revenue.
 - Earnings on investments decreased \$12,805 due to an increase in the receivable balance and a decrease in the available cash to earn interest on.
 - The largest revenue source is the Minimum Foundation Program (MFP) distribution from the State, amounting to \$19,763,184. This amount has increased in the amount of \$3,943,932. The primary reason for this increase is due to increased enrollment in the school system.
 - Final settlement of litigation concerning accumulated fund balances with the East Baton Rouge School Board increased current general revenues by \$5,400,000.

CENTRAL COMMUNITY SCHOOL SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2009

- ❖ Expenses have increased in the amount \$5,694,167. The primary reason for this increase is due to increased enrollment which required additional staff to be hired.

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 Assets and the Statement of Activities, provide consolidated financial information, and render a government-wide perspective of the School Board's financial condition. They present an aggregate view of the School Board's finances. These statements seek to answer the question, "How did the School Board do financially during the 2008/2009 fiscal year?" These statements include *all assets and liabilities* using the *accrual basis* of accounting used by most private-sector enterprises. The *accrual basis* takes into account all of the Board's current year revenues and expenses regardless of when paid or received.

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

To provide more in-depth reporting of the School Board's financial position and the results of operations, fund basis financial information is presented in the "Fund Financial Statements" section beginning on page 11. The Fund Financial Statements, which should be familiar to those who have read previous governmental financial statements, report governmental activities on more of a current rather than long-term basis, indicating sources and uses of funding, as well as resources available for spending in future periods. This is referred to as the current resource measurement focus.

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

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

CENTRAL COMMUNITY SCHOOL SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2009

GOVERNMENTAL ACTIVITIES

As reported in the *Statement of Activities* on page 10, the cost of the School Board's governmental activities for the year ended June 30, 2009 was \$33,391,896. However, not all of this cost was borne by the taxpayers of the Central Community School District. Of this amount, \$786,268 was paid by those who used or benefited from the services rendered (e.g., charges for school lunches and summer school tuition) and \$3,908,799 was paid through various federal and state grants. Consequently, the net cost of \$28,696,829 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, 2009. 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, 2009 and 2008

	2009		2008	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction:				
Regular Education Programs	\$ 13,432,006	\$ 12,922,504	\$ 11,156,664	\$ 10,481,965
Special Education Programs	2,710,430	2,224,113	2,065,444	1,885,629
Other Instructional Programs	2,407,218	1,017,550	1,974,521	985,715
Support Services:				
Student Services	1,235,095	1,013,079	1,100,271	927,709
Instructional Staff Support	1,353,077	1,023,234	956,229	929,262
General and School Administration	2,921,817	2,887,061	2,538,932	2,538,513
Business Services	468,798	371,398	448,848	397,434
Plant Services	3,954,788	3,929,765	2,265,980	2,264,100
Student Transportation	2,377,415	2,298,102	2,036,822	1,887,892
Central Services	601,610	595,625	464,218	464,218
Food Services	1,909,842	394,598	1,732,415	456,141
Small Equipment (Not Reported by Function)	-	-	927,017	927,017
Interest on Long-Term Debt	19,800	19,800	30,368	30,368
Totals	\$ 33,391,896	\$ 28,696,829	\$ 27,697,729	\$ 24,175,963

CENTRAL COMMUNITY SCHOOL SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2009

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, 2009, its combined fund balance was \$8,666,900 as compared to its combined fund balance of \$1,476,316 as of June 30, 2008, a difference of \$7,190,584. The General Fund, the main operational arm of the School Board, saw its total fund balance increase by \$7,253,663. While General Fund Revenues increased by \$7,800,150, General Fund Expenditures increased by \$6,492,814, and Other Financing Sources (Uses) (Transfers to Other Funds) increased by \$4,622,050, thereby increasing current year Excess of Revenues and Other Sources over Expenditures and Other Uses from \$1,324,277 to \$7,253,663. The drastic increase in Other Financing Sources (Uses) (Transfer to Other Funds) is due to the remainder of the settlement from East Baton Rouge Parish School System in the amount of \$5,400,000.

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 September 08, 2008.

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 \$7,675,468 better than had been budgeted. The primary reason for this drastic difference is the settlements received from the East Baton Rouge Parish School Board in the total amount of \$7,047,636.

CAPITAL ASSETS AND DEBT

Capital Assets. At June 30, 2009, the Central Community School System had a \$4,926,917 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. An additional \$140,438 in capital assets meeting the capitalization thresholds were purchased during the current fiscal year.

CENTRAL COMMUNITY SCHOOL SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2009

Long-Term Debt. At June 30, 2009, the School System had no outstanding bonded indebtedness as compared to \$750,000 debt at June 30, 2008.

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 \$56,821,058 at June 30, 2009.

Other long-term obligations include compensated absences. At June 30, 2009, this balance was \$1,229,888.

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. Present student enrollment is approximately 3,363 up from approximately 2,650 at inception. The Central Community School System consists of three elementary schools, one middle school and one high school. The middle school is in dire need of repair and on May 2, 2009 three tax propositions were passed to alleviate this problem and address life safety codes at the other existing facilities. Proposition No. 1 is a half cent sales and use tax dedicated to pay for the construction of a new Central Middle School and to acquire property for expansion needs of the school system. Proposition No. 2 is a 20 year 9.25 mill tax dedicated to pay for renovations that address life safety code issues at the school system's existing facilities. Proposition No. 3 is a 20 year, 14.4 mill tax dedicated to pay for the construction, furnishing and equipping of a new elementary school and, if necessary, the acquisition of land for the new school and to pay for improvements to school facilities and equipment. CCSS currently leases one of the elementary school campuses but this campus will no longer be leased after the construction of the two new schools. 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 Mr. Brian Kidwell, Director of Finance, at the Central Community School System, 13421 Hooper Road Suite 6, 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. Mr. Brian Kidwell's email address is bkidwell@centralcss.org

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOL SYSTEM

STATEMENT OF NET ASSETS

JUNE 30, 2009

(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2008)

ASSETS

	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
Cash and Cash Equivalents	\$ 554,775	\$ 1,673,044
Investments	1,301,243	154,382
Receivables	8,699,391	1,443,126
Inventory	47,912	-
Capital Assets:		
Land	132,607	132,607
Other Capital Assets (Net of Accumulated Depreciation)	<u>4,794,310</u>	<u>5,012,974</u>
 Total Assets	 <u>\$ 15,530,238</u>	 <u>\$ 8,416,133</u>

LIABILITIES

Accounts, Salaries, and Other Payables	\$ 1,936,421	\$ 1,794,236
Long-Term Liabilities:		
Due Within One Year	307,472	1,036,161
Due in More than One Year	<u>922,416</u>	<u>858,485</u>
 Total Liabilities	 3,166,309	 3,688,882

NET ASSETS

Invested in Capital Assets, Net of Related Debt	4,926,917	5,145,581
Unrestricted (Deficit)	<u>7,437,012</u>	<u>(418,330)</u>
 Total Net Assets	 <u>12,363,929</u>	 <u>4,727,251</u>
 Total Liabilities and Net Assets	 <u>\$ 15,530,238</u>	 <u>\$ 8,416,133</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, 2009

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Capital Grants and Contributions	Total Governmental Activities - Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions		2009	2008
Governmental Activities:						
Instruction:						
Regular Programs	\$ 13,432,006	\$ -	\$ 509,502	\$ -	\$ (12,922,504)	\$ (10,481,965)
Special Education Programs	2,710,430	39,053	447,264	-	(2,224,113)	(1,885,629)
Vocational Programs	563,978	-	29,350	-	(534,628)	(547,283)
All Other Programs	1,843,240	76,421	1,283,897	-	(482,922)	(438,432)
Support Services:						
Pupil Support	1,235,095	-	222,016	-	(1,013,079)	(927,709)
Instructional Staff Support	1,353,077	-	329,843	-	(1,023,234)	(929,262)
General Administration	1,281,972	2,073	32,263	-	(1,247,636)	(964,353)
School Administration	1,639,845	-	420	-	(1,639,425)	(1,574,160)
Business Services	468,798	-	97,400	-	(371,398)	(397,434)
Plant Services	3,954,788	-	25,023	-	(3,929,765)	(2,264,100)
Student Transportation Services	2,377,415	-	79,313	-	(2,298,102)	(1,887,892)
Central Services	601,610	-	5,985	-	(595,625)	(464,218)
Food Services	1,909,842	668,721	846,523	-	(394,598)	(456,141)
Small Equipment Below Capitalization						
Policy - Not Reported By Function	-	-	-	-	-	(927,017)
Interest on Long-Term Debt	19,800	-	-	-	(19,800)	(30,368)
Total Governmental Activities	\$ 33,391,896	\$ 786,268	\$ 3,908,799	\$ -	(28,696,829)	(24,175,963)
Taxes:						
Property Taxes, Levied for General Purposes					5,391,356	1,788,371
Sales and Use Taxes, Levied for General Purposes					5,333,294	5,340,217
Grants and Contributions not Restricted to Specific Purposes:						
Minimum Foundation Program					19,763,184	15,819,252
Interest and Investment Earnings					27,991	40,796
Net Gain (Loss) on Sale of Assets					-	57,542
Settlement of Litigation					5,400,000	-
Miscellaneous					417,682	228,722
Total General Revenues and Special Items					36,333,507	23,274,900
					7,636,678	(901,063)
Extraordinary Item:						
Transfer of Net Book Value and Title of Fixed Assets from EBRPSS					-	5,503,773
Change in Net Assets					7,636,678	4,602,710
Net Assets - Beginning of Year					4,727,251	124,541
Net Assets - End of Year					\$ 12,363,929	\$ 4,727,251

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, 2009
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2008)

<u>ASSETS</u>	General Fund	Nonmajor Governmental Funds	Total Governmental Funds	
			2009	2008
Cash and Cash Equivalents	\$ 554,775	\$ -	\$ 554,775	\$ 1,673,044
Investments	1,301,243	-	1,301,243	154,382
Receivables	8,030,626	668,765	8,699,391	1,443,126
Inventory	-	47,912	47,912	-
Due from Other Funds	724,555	-	724,555	667,816
Total Assets	<u>\$ 10,611,199</u>	<u>\$ 716,677</u>	<u>\$ 11,327,876</u>	<u>\$ 3,938,368</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts, Salaries and Other Payables	\$ 1,920,594	\$ 15,827	\$ 1,936,421	\$ 1,794,236
Due to Other Funds	-	724,555	724,555	667,816
Total Liabilities	1,920,594	740,382	2,660,976	2,462,052
Fund Balances:				
Reserved:				
Inventory	-	47,912	47,912	-
Unreserved:				
Undesignated	8,690,605	(71,617)	8,618,988	1,476,316
Total Fund Balances	8,690,605	(23,705)	8,666,900	1,476,316
Total Liabilities and Fund Balances	<u>\$ 10,611,199</u>	<u>\$ 716,677</u>	<u>\$ 11,327,876</u>	<u>\$ 3,938,368</u>

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

CENTRAL COMMUNITY SCHOOL SYSTEM

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS

JUNE 30, 2009

(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2008)

	<u>2009</u>	<u>2008</u>
Total Fund Balances - Governmental Funds	\$ 8,666,900	\$ 1,476,316
Cost of Capital Assets	11,283,151	11,142,713
Less: Accumulated Depreciation	<u>(6,356,234)</u>	<u>(5,997,132)</u>
	4,926,917	5,145,581
Elimination of Interfund Assets and Liabilities:		
Due from Other Funds	724,555	667,816
Due to Other Funds	<u>(724,555)</u>	<u>(667,816)</u>
	-	-
Long-Term Liabilities:		
Compensated Absences	(1,229,888)	(1,144,646)
Revenue Anticipation Loan	<u>-</u>	<u>(750,000)</u>
	<u>(1,229,888)</u>	<u>(1,894,646)</u>
Net Assets	<u>\$ 12,363,929</u>	<u>\$ 4,727,251</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, 2009
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds	
			2009	2008
Revenues:				
Local Sources:				
Taxes:				
Ad Valorem	\$ 5,391,356	\$ -	\$ 5,391,356	\$ 1,788,371
Sales and Use	5,333,294	-	5,333,294	5,340,217
Other	93,179	-	93,179	43,730
Tuition	76,421	-	76,421	14,595
Interest Earnings	27,991	-	27,991	40,796
Rentals, Leases and Royalties	22,472	-	22,472	-
Food Services	-	668,721	668,721	523,669
Other	343,157	-	343,157	246,527
State Sources:				
Unrestricted Grants-in-Aid	19,433,184	330,000	19,763,184	15,819,252
Restricted Grants-in-Aid	1,009,580	-	1,009,580	1,028,955
Federal Sources:				
Unrestricted - Indirect Cost Recoveries	-	97,400	97,400	51,414
Restricted Grants-in-Aid - Subgrants	77,922	2,642,944	2,720,866	1,784,931
Other - Commodities	-	80,953	80,953	56,667
Total Revenues	31,808,556	3,820,018	35,628,574	26,739,124
Expenditures:				
Instruction:				
Regular Programs	13,270,652	109,996	13,380,648	10,531,940
Special Education Programs	2,254,064	447,264	2,701,328	1,952,612
Vocational Programs	534,666	27,433	562,099	517,784
Other Instructional Programs	574,722	-	574,722	630,642
Special Programs	528,907	735,534	1,264,441	731,348
Support Services:				
Pupil Support	1,008,441	222,016	1,230,457	1,035,470
Instructional Staff Support	1,051,721	296,463	1,348,184	900,710

(CONTINUED)

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

FOR THE YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds	
			2009	2008
Expenditures (Continued):				
Support Services (Continued):				
General Administration	898,334	32,263	930,597	603,487
School Administration	1,630,436	420	1,630,856	1,479,651
Business Services	467,876	-	467,876	437,114
Plant Services	3,950,252	3,693	3,953,945	2,259,661
Transportation Services	2,377,415	-	2,377,415	2,036,822
Central Services	594,792	5,985	600,777	452,271
Food Services	6,242	1,898,165	1,904,407	1,672,512
Capital Outlay	133,973	6,465	140,438	927,017
Debt Service:				
Principal Retirement	750,000	-	750,000	-
Interest and Bank Charges	19,800	-	19,800	30,368
Total Expenditures	<u>30,052,293</u>	<u>3,785,697</u>	<u>33,837,990</u>	<u>26,199,409</u>
Excess (Deficiency) of Revenues Over Expenditures	1,756,263	34,321	1,790,584	539,715
Other Financing Sources (Uses):				
Sale of Capital Assets	-	-	-	73,936
Proceeds from Issuance of Debt	-	-	-	750,000
Transfers In	97,400	-	97,400	51,414
Transfers Out	-	(97,400)	(97,400)	(51,414)
Settlement of Litigation	5,400,000	-	5,400,000	-
Total Other Financing Sources (Uses)	<u>5,497,400</u>	<u>(97,400)</u>	<u>5,400,000</u>	<u>823,936</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	7,253,663	(63,079)	7,190,584	1,363,651
Fund Balances at Beginning of Year	<u>1,436,942</u>	<u>39,374</u>	<u>1,476,316</u>	<u>112,665</u>
Fund Balances at End of Year	<u>\$ 8,690,605</u>	<u>\$ (23,705)</u>	<u>\$ 8,666,900</u>	<u>\$ 1,476,316</u>

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

CENTRAL COMMUNITY SCHOOL SYSTEM

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

FOR THE YEAR ENDED JUNE 30, 2009

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)

	2009	2008
Total Net Change in Fund Balances - Governmental Funds	\$7,190,584	\$1,363,651
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.		
Transfer of Net Book Value and Title of Fixed Assets from EBRPSS	-	5,503,773
Capital Outlays Which Were Capitalized	140,438	-
Depreciation Expense	(359,102)	(358,192)
Add accumulated depreciation on capital assets retired during the year	-	299
Less cost basis of capital assets retired during the year	-	(16,693)
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.		
Proceeds from Issuance of Debt	-	(750,000)
Repayment of Debt	750,000	-
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	(85,242)	(1,140,128)
Change in Net Assets of Governmental Activities	\$ 7,636,678	\$ 4,602,710

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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:				
Local Sources:				
Taxes:				
Ad Valorem	\$ 3,350,000	\$ 3,420,000	\$ 5,391,356	\$ 1,971,356
Sales and Use	5,250,000	5,190,405	5,333,294	142,889
Other	-	-	93,179	93,179
Tuition	78,000	78,000	76,421	(1,579)
Interest Earnings	30,000	30,000	27,991	(2,009)
Rentals, Leases, and Royalties	20,790	20,790	22,472	1,682
Other	583,475	595,617	343,157	(252,460)
State Sources:				
Unrestricted Grants-in-Aid	19,400,000	19,700,000	19,433,184	(266,816)
Restricted Grants-in-Aid	637,146	813,181	1,009,580	196,399
Federal Sources:				
Restricted Grants-in-Aid	50,000	50,000	77,922	27,922
Total Revenues	<u>29,399,411</u>	<u>29,897,993</u>	<u>31,808,556</u>	<u>1,910,563</u>
Expenditures:				
Instruction:				
Regular Programs	13,224,063	13,513,473	13,270,652	242,821
Special Education Programs	2,153,442	2,331,737	2,254,064	77,673
Vocational Programs	465,674	563,405	534,666	28,739
Other Instructional Programs	642,855	602,902	574,722	28,180
Special Programs	591,872	609,624	528,907	80,717
Support Services:				
Pupil Support	1,082,405	1,035,528	1,008,441	27,087
Instructional Staff Support	948,062	912,181	1,051,721	(139,540)
General Administration	742,308	737,775	898,334	(160,559)
School Administration	1,623,267	1,739,115	1,630,436	108,679
Business Services	467,296	474,953	467,876	7,077
Plant Services	3,966,770	4,062,664	3,950,252	112,412

(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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Expenditures (Continued):				
Support Services (Continued):				
Transportation Services	4,600,000	2,300,000	2,377,415	(77,415)
Central Services	577,046	591,596	594,792	(3,196)
Food Service	7,375	4,675	6,242	(1,567)
Capital Outlay	258,820	259,020	133,973	125,047
Debt Service:				
Principal Retirement	750,000	750,000	750,000	-
Interest	40,000	19,800	19,800	-
Total Expenditures	<u>32,141,255</u>	<u>30,508,448</u>	<u>30,052,293</u>	<u>456,155</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,741,844)	(610,455)	1,756,263	2,366,718
Other Financing Sources (Uses):				
Sale of Capital Assets	29,000	38,650	-	(38,650)
Transfers In	150,000	150,000	97,400	(52,600)
Settlement of Litigation	-	-	5,400,000	5,400,000
Total Other Financing Sources (Uses)	<u>179,000</u>	<u>188,650</u>	<u>5,497,400</u>	<u>5,308,750</u>
Excess (Deficiency) of Revenues and Other Sources Over Expendi- tures and Other Uses	(2,562,844)	(421,805)	7,253,663	7,675,468
Fund Balance at Beginning of Year	<u>1,436,942</u>	<u>1,436,942</u>	<u>1,436,942</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ (1,125,902)</u>	<u>\$ 1,015,137</u>	<u>\$ 8,690,605</u>	<u>\$ 7,675,468</u>

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

CENTRAL COMMUNITY SCHOOL SYSTEM

FIDUCIARY FUND

STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2009

(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2008)

	ASSETS	
	<u>2009</u>	<u>2008</u>
Cash	\$ 429,058	\$ 412,358
Total Assets	<u>\$ 429,058</u>	<u>\$ 412,358</u>

	LIABILITIES	
Amounts Held for School Activities	\$ 429,058	\$ 412,358
Total Liabilities	<u>\$ 429,058</u>	<u>\$ 412,358</u>

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

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

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 3,700 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*, issued in June 1999.

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

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

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.

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) Statements No. 14 and No. 37, the Financial Reporting Entity, established criteria for determining which component units should be considered part of the Central Community School System for financial reporting purposes. The basic criteria are as follows:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the School System to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the School System.
2. Organizations for which the School System does not appoint a voting majority but are fiscally dependent on the School System.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the School System's management has determined that there are no component units at June 30, 2009.

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 as Governmental Funds and are discussed below.

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

Governmental Funds

Governmental funds are used to account for all of the School System's general activities. These funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the School System. The following are the School System's primary governmental funds:

Governmental Fund Types:

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

Special Revenue Funds - The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

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

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*.

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

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 only major fund of the School System is the General Fund for the year ended June 30, 2009.

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:

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

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 and state revenue sharing) 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 Board 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 and Special Revenue Funds.

The proposed budgets for the fiscal year ended June 30, 2009, 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, 2009. At this meeting, the proposed budgets were legally adopted by the School Board.

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

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.

Investments include funds on deposit in the Louisiana Asset Management Pool, Inc., a nonprofit corporation formed by an initiative of the Louisiana State Treasurer and organized under the laws of the State of Louisiana, which operates the local government investment pool.

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

H. 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 7 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's capitalizes equipment that have an original purchase price of \$5,000 or greater.

I. Compensated Absences

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

All school board employees earn from 8 to 10 days of sick leave each year, depending upon the number of months employed and 2 days personal leave days each year. Sick leave may be accumulated without limitation. Upon retirement or death, unused accumulated sick leave of up to twenty-five days is paid to the employee or to the employee's estate at the employee's current rate of pay. Under the Louisiana Teachers Retirement System, the total unused accumulated sick leave, including the twenty-five days paid, is used in the retirement benefit

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

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.

J. Fund Balance Reserves

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. At June 30, 2009, there are no restricted fund balances.

K. Net Assets

Net assets represent the difference between assets and liabilities in the GWFS. "Net assets invested in capital assets, net of related debt" 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 assets are 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.

L. 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.

CENTRAL COMMUNITY SCHOOL SYSTEM
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

M. 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.

N. Reclassifications

Certain amounts presented in the 2008 columns have been reclassified from prior year's presentation to conform to the current year classifications.

(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, 2009, the carrying amount of the School System's Cash and Cash Equivalents and Investments (checking accounts, savings accounts, and certificates of deposits) was \$983,833 and the confirmed bank balances were \$1,517,317. 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, 2009, classified by credit risk:

	Governmental Funds	Fiduciary Funds	Total
Deposits in Bank Accounts per Balance Sheets:			
Cash and Cash Equivalents	\$ 554,775	\$ 429,058	\$ 983,833

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

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, 2009, \$1,267,317 of the School System's bank balances of \$1,517,317 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 3, 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.

(3) Investments -

Investments held at June 30, 2009 consist of \$1,301,243 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. LAMP is administered by the Louisiana Asset Management Pool, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA - R.S. 33:2955.

GASB Statement No. 40 Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, concentration of credit risk interest rate risk, and foreign currency risk for all public entity investments.

LAMP is a 2a7-like investment pool. The following facts are relevant for a 2a7 like investment pools:

- Credit Risk: LAMP is rated AAAM by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

- Interest rate risk: 2a7-like investment pools are excluded from this disclosure requirement, per paragraph 15 of the GASB 40 statement.
- Foreign currency risk: Not applicable to 2a7-like pools.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulator oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

(4) 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.

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

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

	<u>Authorized Millage</u>	<u>Levied Millage</u>
Parishwide Taxes:		
Constitutional	5.00	4.58
Special	38.21	35.21

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	\$ 3,792,641
Add: Amount withheld by tax collector and paid to the East Baton Rouge Parish School System	1,695,821
Excess taxes collected over prior year receivable	1,337
Less: Louisiana Tax Commission Changes – Net	(54,738)
Estimated Uncollectible	(33,647)
Refunds	<u>(10,058)</u>
Net Ad Valorem Taxes Collectible	<u>\$ 5,391,356</u>

Ad Valorem taxes receivable at June 30, 2009, totaled \$1,720,350. Included in this amount is \$1,643,679 which is the net settlement of the litigation concerning prior year ad valorem taxes from the East Baton Rouge School Board.

(5) Receivables -

The receivables at June 30, 2009, are as follows:

	<u>Federal Grants</u>	<u>State Grants</u>	<u>Sales Taxes</u>	<u>Ad Valorem Taxes</u>	<u>Interest</u>	<u>East Baton Rouge School Board</u>	<u>Other</u>	<u>Total</u>
General Fund	\$ 15,061	\$ 195,092	\$ 675,921	\$ 1,720,350	\$ 9,332	\$ 5,400,000	\$ 14,870	\$ 8,030,626
Nonmajor Funds	<u>667,054</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,711</u>	<u>668,765</u>
Totals	<u>\$ 682,115</u>	<u>\$ 195,092</u>	<u>\$ 675,921</u>	<u>\$ 1,720,350</u>	<u>\$ 9,332</u>	<u>\$ 5,400,000</u>	<u>\$ 16,581</u>	<u>\$ 8,699,391</u>

CENTRAL COMMUNITY SCHOOL SYSTEM
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

(6) Interfund Receivables, Payables - Transfers In, Transfers Out -	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 724,555	\$ -
Special Revenue Funds:		
Improving America's Schools	-	323,258
Special Education	-	288,972
Other Federal	-	44,182
School Food Service	<u>-</u>	<u>68,143</u>
Total Special Revenue Funds	<u>-</u>	<u>724,555</u>
Total	<u>\$ 724,555</u>	<u>\$ 724,555</u>
	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 97,400	\$ -
Special Revenue Funds:		
Improving America's Schools	-	50,666
Special Education	-	39,312
Other Federal Funds	<u>-</u>	<u>7,422</u>
Total Special Revenue Funds	<u>\$ 97,400</u>	<u>\$ 97,400</u>

CENTRAL COMMUNITY SCHOOL SYSTEM
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

(7) Changes in Capital Assets -

Capital asset activity for the year ended June 30, 2009 is as follows:

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2009</u>
<u>Governmental Activities:</u>				
Capital Assets not being Depreciated:				
Land	\$ <u>132,607</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>132,607</u>
Total Capital Assets not being Depreciated	132,607	-	-	132,607
Capital Assets being Depreciated:				
Buildings and Improvements	10,868,089	-	-	10,868,089
Furniture and Equipment	<u>142,017</u>	<u>140,438</u>	<u>-</u>	<u>282,455</u>
Total Capital Assets being Depreciated	11,010,106	140,438	-	11,150,544
Less: Accumulated Depreciation for:				
Buildings and Improvements	5,883,586	348,909	-	6,232,495
Furniture and Equipment	<u>113,546</u>	<u>10,193</u>	<u>-</u>	<u>123,739</u>
Total Accumulated Depreciation	<u>5,997,132</u>	<u>359,102</u>	<u>-</u>	<u>6,356,234</u>
Total Capital Assets being Depreciated, Net	<u>5,012,974</u>	<u>(218,664)</u>	<u>-</u>	<u>4,794,310</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 5,145,581</u>	<u>\$ (218,664)</u>	<u>\$ -</u>	<u>\$ 4,926,917</u>

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, 2009

Depreciation expense of \$359,102 for the year ended June 30, 2009 was charged to the following governmental functions:

Instruction:

Regular Education	\$ 4,410
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Support Services:

General Administration (Including all Buildings)	349,909
School Administration	1,875
Plant Services	529
Data Processing Services	1,035
School Food Services	<u>1,344</u>
Total	<u>\$ 359,102</u>

(8) Accounts, Salaries, and Other Payables -

The payables at June 30, 2009, are as follows:

	<u>Accounts</u>	<u>Salaries Withholdings and Benefits</u>	<u>Total</u>
General Fund	\$ 84,706	\$ 1,835,888	\$ 1,920,594
Nonmajor Funds	<u>15,827</u>	<u>-</u>	<u>15,827</u>
Total	<u>\$ 100,533</u>	<u>\$ 1,835,888</u>	<u>\$ 1,936,421</u>

(9) Defined Benefit Pension Plans -

A. Plan Descriptions, Contribution Information and Funding Policies -

Substantially all employees of the School Board are members of two statewide retirement systems. In general, professional employees (such as teachers and principals) and lunchroom workers are members of the Louisiana Teachers Retirement System (TRS); other employees, such as custodial personnel and bus drivers, are members of the Louisiana School Employees Retirement Systems (LSERS).

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

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 parish 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 janitor, school custodian, school maintenance employee, or school bus aide.
Authority Contribution Obligations and Benefits Establishing	State Statute	State Statute	State Statute
Plan Members' Contribution Rate (Percent of Covered Payroll)	8.00%	9.10%	7.50%
School Board's Contribution Rate (Percent of Covered Payroll)	15.50%	15.50%	17.80%
Period Required to Vest	10 years	10 years	10 years

(CONTINUED)

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

	<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>																																							
Benefits and Eligibility for Distribution (Full-time)	Benefit based on a percentage of the member's average salary for the 36 highest successive months using the following requirements:	Benefit based on a percentage of the member's average salary for the 36 highest successive months using the following requirements:	At least 30 years of creditable service regardless of age, 25 years of creditable service and is at least age 55, or 10 years of creditable service and is at least age 60, 2 1/2% of average compensation for the three highest consecutive years of service times the number of years of service, plus an additional 1/2% of average final compensation times the years of creditable service in excess of 20 years, plus a supplementary allowance of \$24 per annum or \$2 per month for each year of service, not to exceed average final compensation.																																							
	<table border="0"> <thead> <tr> <th align="center"><u>Years Service</u></th> <th align="center"><u>Min. Age</u></th> <th align="center"><u>Formula Percentage</u></th> </tr> </thead> <tbody> <tr> <td align="center">10</td> <td align="center">60</td> <td align="center">2.0%</td> </tr> <tr> <td></td> <td align="center">Any</td> <td></td> </tr> <tr> <td align="center">20</td> <td align="center">Age</td> <td align="center">2.0%</td> </tr> <tr> <td align="center">25</td> <td align="center">55</td> <td align="center">2.5%</td> </tr> <tr> <td></td> <td align="center">Any</td> <td></td> </tr> <tr> <td align="center">30</td> <td align="center">Age</td> <td align="center">2.5%</td> </tr> <tr> <td align="center">20</td> <td align="center">65</td> <td align="center">2.5%</td> </tr> </tbody> </table>	<u>Years Service</u>	<u>Min. Age</u>	<u>Formula Percentage</u>	10	60	2.0%		Any		20	Age	2.0%	25	55	2.5%		Any		30	Age	2.5%	20	65	2.5%	<table border="0"> <thead> <tr> <th align="center"><u>Years Service</u></th> <th align="center"><u>Min. Age</u></th> <th align="center"><u>Formula Percentage</u></th> </tr> </thead> <tbody> <tr> <td align="center">10*</td> <td align="center">60</td> <td align="center">3.0%</td> </tr> <tr> <td align="center">25</td> <td align="center">55</td> <td align="center">3.0%</td> </tr> <tr> <td></td> <td align="center">Any</td> <td></td> </tr> <tr> <td align="center">30</td> <td align="center">Age</td> <td align="center">3.0%</td> </tr> </tbody> </table> <p>*Less than 10 years at age 70 if member entered School Lunch Employees' Retirement System when Parish withdrew from Social Security.</p>	<u>Years Service</u>	<u>Min. Age</u>	<u>Formula Percentage</u>	10*	60	3.0%	25	55	3.0%		Any		30	Age	3.0%	
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10	60	2.0%																																								
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10*	60	3.0%																																								
25	55	3.0%																																								
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30	Age	3.0%																																								
Deferred Retirement Option	Yes, same eligibility requirements as above regular retirement.	Yes, same eligibility requirements as above regular retirement.	Yes, 10 years at age 60, 25 years at 55, or any age with 30 years of creditable service.																																							

(CONTINUED)

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

	<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:

<u>Fiscal Year</u>	<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%

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.

(10) Post-Retirement Health Care and Life Insurance Benefits -

In addition to the pension benefits described in Note (9), the Central Community School System provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the School System's employees become eligible for these benefits if they reach normal retirement age while working for the School System. These benefits for retirees and

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the employee and the School System. The School System recognizes the cost of providing these benefits as expenditure when the monthly premiums are due. For the fiscal year ended June 30, 2009, the cost of providing these benefits for 365 active employees is \$1,866,689. The School System began operations during the fiscal year ending June 30, 2008, and there were no retirees benefits paid.

(11) Changes in Agency Fund Deposits Due Others -

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

	<u>School Activity Fund</u>
Balance - June 30, 2008	\$ 412,358
Additions	1,394,952
Deductions	<u>(1,378,252)</u>
Balance - June 30, 2009	<u>\$ 429,058</u>

(12) Long-Term Debt -

The following is a summary of the long-term obligation transactions for the year ended June 30, 2009:

	<u>Bonded Debt</u>	<u>Compensated Absences</u>	<u>Total</u>
Long-Term Obligations - July 1, 2008	\$ 750,000	\$ 1,144,646	\$ 1,894,646
Additions	-	2,285,346	2,285,346
Deductions	<u>(750,000)</u>	<u>(2,200,104)</u>	<u>(2,950,104)</u>
Long-Term Obligations - June 30, 2009	<u>\$ -</u>	<u>\$ 1,229,888</u>	<u>\$ 1,229,888</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, 2009:

	<u>Compensated Absences</u>
Current Portion	\$ 307,472
Long-Term Portion	<u>922,416</u>
Total	<u>\$ 1,229,888</u>

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

Bonded Debt

On September 26, 2007, the School System entered into a loan agreement with the Louisiana Local Government Environmental Facilities and Community Development Authority for the issuance of \$1,150,000 Series 2007 Revenue Bonds for the purpose of providing working capital for the first year of operating the School System. The first draw in the amount of \$750,000 was made on that date. Interest was due quarterly (fixed at 5.28%) with all outstanding principal originally due on October 25, 2008. Subsequent to the prior year end, the School System extended the due date of the bond to January 15, 2009. The Bond was paid in full on that date, reducing the bond liability at June 30, 2009 to \$0.

Compensated Absences

At June 30, 2009, employees of the School System have accumulated and vested \$1,229,888 of employee leave benefits, which was computed in accordance with GASB Codification Section C60.

(13) Litigation and Claims -

In connection with the secession of the School System from the East Baton Rouge Parish School Board (EBRPSS), there was a settlement of a legal issue that was pending before the Louisiana Supreme Court dealing with the collection of the 2007 ad-valorem taxes within the geographic limits of the Central Community School System (CCSS).

In 2007, the EBRPSS sued the East Baton Rouge Parish Tax Assessor alleging that the 2007 property tax roll should have listed the EBRPSS on the tax roll instead of the CCSS as the entity entitled to collect the 2007 property taxes within the geographic limits of the CCSS. The EBRPSS argued that it operated the schools within the CCSS from January 2007 to May 2007 so it was entitled to the property taxes. The Louisiana 19th Judicial District Court awarded one-half of the 2007 ad-valorem taxes to EBRPSS and one-half to the CCSS. The CCSS appealed the decision of the District Court to the First Circuit Court who decided the funds belonged to the CCSS but stated the EBRPSS may have a claim to be reimbursed for costs associated with operating the schools within the CCSS from January 2007 to May 2007. The EBRPSS filed a writ application with the Louisiana Supreme Court requesting a review of the First Circuits decision which was denied. In January 2009, the CCSS filed a Writ of Mandamus and was granted an order to require the East Baton Rouge Sheriff to recover payments totaling \$1,645,259 from the EBRPSS 2008 property taxes and deposit the funds into a Registry of Court account. The \$1,645,259 represents the cash payments made to the EBRPSS for one-half of the CCSS property taxes from December 2007 through April 2008. These payments are net of the Sheriff withholding of the retirement and assessor pension fund and include \$1,580 in interest payments. CCSS entered into a settlement agreement whereby \$1,647,636 in the registry of the court was released to CCSS on June 30, 2009.

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

In addition to the above described matter and settlement, in 2008, the CCSS sued the EBRPSS claiming a portion of the accumulated fund balance that the EBRSS held belonged to the CCSS upon separation of the two systems. The accumulated fund balance in dispute was derived from a sales tax collected over several years for the purpose of building new schools and where a new school was scheduled to be built within the boundaries of the CCSS prior to its creation and separation from the EBRPSS. This matter was under appeal at the Louisiana Supreme Court at June 30, 2008. The issue was settled in favor of the Central Community School System during the current year for a total of \$5,400,000. The agreement states there will be no further legal action between the two parties.

(14) Current Accounting Pronouncements -

In June 2004, the Government Accounting Standards Board issued GASB Statement No. 45 "Accounting and Financial Reporting by Employers for Postretirement Benefits and Other Than Pensions." This Statements' 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. This Statement provides standards for measurement, recognition, and display of the OPEB expenses and related liabilities, note disclosures, and required supplementary information. This statement will require an actuarial valuation of the OPEB liability on at least a biennial basis. This Statement will be required to be adopted by the School Board for the fiscal year ending June 30, 2010.

In February 2009, the Government Accounting Standards Board issued GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions." The objective of this Statement is to improve usefulness, including the understandability, of governmental fund balance information. This Statement provides more clearly defined categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. It also clarifies the existing governmental fund type definitions to improve the comparability of governmental fund financial statements and help financial statement users to better understand the purposes for which governments have chosen to use particular funds for financial reporting. This Statement will be required to be adopted by the Central Community School System for the fiscal year ending June 30, 2011.

(15) Subsequent Event -

On May 2, 2009, the voters within the district of the Central Community School System approved the issuance of \$10,000,000 of twenty (20) year general obligation School Bonds. The proceeds of these bonds will be used to pay the cost of renovating existing schools to address life safety code issues and/or constructing, furnishing and equipping a new elementary school including, if necessary, land acquisition, title to which shall be in the public. These bonds will be payable from the annual levy and collection of unlimited ad valorem taxes on all taxable property within the District. These bonds were issued on September 1, 2009 with scheduled maturities through 2029.

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

On May 2, 2009, the voters within the district of the Central Community School System approved the issuance of \$6,000,000 of twenty (20) year Sales Tax Bonds. The proceeds of these bonds will be used to pay the cost of constructing, furnishing and equipping a new middle school, including, if necessary, land acquisition, pursuant to Sub-Part F, Part III, Chapter 4, Title 39 for the Louisiana Revised Statutes of 1950, as amended, and other constitutional and statutory authority. These bonds will be payable from and secured by an irrevocable pledge and dedication of the net avails or proceeds of the Issuer's 2% sales and use tax approved at an election held on March 31, 2007 and 0.5% sales and use tax approved at an election held on May 2, 2009. These bonds were issued on September 1, 2009 with scheduled maturities through 2029.

On May 2, 2009, the voters within the district of the Central Community School System approved the issuance of \$12,000,000 of twenty (20) year general obligation School Bonds. The proceeds of these bonds will be used to pay the cost of renovating existing schools to address life safety code issues and/or constructing, furnishing and equipping a new elementary school including, if necessary, land acquisition, title to which shall be in the public. These bonds will be payable from the annual levy and collection of unlimited ad valorem taxes on all taxable property within the District. These bonds were issued on December 1, 2009 with scheduled maturities through 2029

(16) - Revenues and Expenditures - Actual Compared to Budget and Deficit Fund Balance

The Central Community School System had actual expenditures and/or other uses over budgeted expenditures and/or other uses by 5% or more for the year ended June 30, 2009 as follows:

<u>Fund Name</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Federal Grant Fund	\$ 170,344	\$ 187,478	\$ 17,134
School Food Service Fund	\$ 1,727,355	\$ 1,908,323	\$ 180,968

State law requires that budgets be amended when actual revenues are less than budgeted revenues or actual expenditures exceed budgeted expenditures by 5% or more.

In addition, the overspending in the School Food Service Fund of the appropriated budget resulted in a deficit fund balance of \$23,705. It is management's intention that this deficit will be eliminated during the next fiscal year through increased revenues and/or expenditure reductions to stay within budgeted appropriations.

SCHEDULES REQUIRED BY STATE LAW

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

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December 18, 2009

Independent Accountant's Report
on Applying Agreed-Upon Procedures
to the Central Community School System

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). This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in 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 was based on the unadjusted balances. Due to required audit adjusting entries, the schedule was corrected to agree with the final audited balances.

Education Levels of Public School Staff (Schedule 2)

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

The original schedule provided to us contained the incorrect number of full-time classroom teachers, therefore not agreeing with the amount of teachers reported to the Louisiana Department of Education on October 1, 2008. We were later provided the schedule based on the correct date per the instructions.

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

The original schedule provided to us contained the incorrect number of full-time classroom teachers, therefore not agreeing with the amount of teachers reported to the Louisiana Department of Education on October 1, 2008. We were later provided the schedule based on the correct date per the instructions.

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

We were able to agree the sample of 25 teachers to the proper classification of the final schedule provided to us.

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 National School Lunch Program (CFDA 10.555) application.

(No Differences Noted)

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

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

The original schedule provided to us contained the incorrect number of full-time classroom teachers, therefore not agreeing with the amount of teachers reported to the Louisiana Department of Education on October 1, 2008. We were later provided the schedule based on the correct date per the instructions. We were able to agree the sample of 25 teachers to the proper classification on the final schedule provided to us.

Public Staff Data (Schedule 5)

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

The original schedule provided to us contained the incorrect number of full-time classroom teachers, therefore not agreeing with the amount of teachers reported to the Louisiana Department of Education on October 1, 2008. We were later provided the schedule based on the correct date per the instructions. We were able to agree the sample of 25 teachers to the proper salary, extra compensation, and full-time equivalents on the final schedule provided to us.

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

(No Differences Noted)

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. We then traced a random sample of 10 classes to the October 1 roll books for those classes and determined if the class was properly classified on the schedule.

Of the 10 classes selected to trace to the rollbooks, 4 of the classes did not agree to the amount of students provided to the Louisiana Department of Education on October 1, 2008.

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

The Graduation Exit Exam for the 21st Century (Schedule 8)

11. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by Central Community School System.

(No Differences Noted)

The 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 the specified elements, accounts, or items. 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

CENTRAL COMMUNITY SCHOOL SYSTEM

GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES
AND CERTAIN LOCAL REVENUE SOURCES

FOR THE YEAR ENDED JUNE 30, 2009

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$ 11,485,164	
Other Instructional Staff Activities	855,678	
Employee Benefits	3,267,116	
Purchased Professional and Technical Services	146,937	
Instructional Materials and Supplies	1,311,647	
Instructional Equipment	99,329	
Total Teacher and Student Interaction Activities		17,165,871

Other Instructional Activities		96,469
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Pupil Support Activities	1,008,441	
Less: Equipment for Pupil Support Activities	-	
Net Pupil Support Activities		1,008,441

Instructional Staff Services	1,051,721	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		1,051,721

School Administration	1,641,280	
Less: Equipment for School Administration	(10,844)	
Net School Administration		1,630,436

Total General Fund Instructional Expenditures		<u>\$ 20,952,938</u>
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Total General Fund Equipment Expenditures		<u>\$ 133,973</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, 2009

Certain Local Revenue Sources

Local Taxation Revenue:

Constitutional Ad Valorem Taxes	620,510
Renewable Ad Valorem Tax	4,770,846
Debt Service Ad Valorem Tax	-
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	90,093
Sales and Use Taxes	<u>5,333,294</u>
Total Local Taxation Revenue	<u>\$ 10,814,743</u>

Local Earnings on Investment in Real Property:

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

State Revenue in Lieu of Taxes:

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

Nonpublic Textbook Revenue	<u>\$ -</u>
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Nonpublic Transportation Revenue	<u>\$ 79,313</u>
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See auditor's report.

CENTRAL COMMUNITY SCHOOL SYSTEM
EDUCATION LEVELS OF PUBLIC SCHOOL STAFF

AS OF OCTOBER 1, 2008

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	0	0%	2	100%	0	0%	0	0%
Bachelor's Degree	179	75%	0	0%	0	0%	0	0%
Master's Degree	51	21%	0	0%	9	75%	0	0%
Master's Degree + 30	6	3%	0	0%	3	25%	0	0%
Specialist in Education	3	1%	0	0%	0	0%	0	0%
Ph. D. or Ed. D.	0	0%	0	0%	0	0%	0	0%
Total	239	100%	2	100%	12	100%	0	0%

See auditor's report.

CENTRAL COMMUNITY SCHOOL SYSTEM

NUMBER AND TYPE OF PUBLIC SCHOOLS

FOR THE YEAR ENDED JUNE 30, 2009

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

See auditor's report.

CENTRAL COMMUNITY SCHOOL SYSTEM

EXPERIENCE OF PUBLIC PRINCIPALS AND FULL-TIME CLASSROOM TEACHERS

AS OF OCTOBER 1, 2008

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	-	-	2	-	2	-	3	7
Principals	-	-	-	1	-	3	1	5
Classroom Teachers	27	25	76	23	28	29	33	241
Total	27	25	78	24	30	32	37	253

See auditor's report.

CENTRAL COMMUNITY SCHOOL SYSTEM

PUBLIC SCHOOL STAFF DATA

FOR THE YEAR ENDED JUNE 30, 2009

	<u>All Classroom Teachers</u>	<u>Classroom Teachers Excluding ROTC and Rehired Retirees</u>
Average Classroom Teachers' Salary Including Extra Compensation	\$ 46,977	\$ 46,267
Average Classroom Teachers' Salary Excluding Extra Compensation	\$ 46,900	\$ 46,317
Number of Teacher Full-time Equivalent (FTEs) used in Computation of Average Salaries	241	228

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

See auditor's report.

CENTRAL COMMUNITY SCHOOL SYSTEM

CLASS SIZE CHARACTERISTICS

AS OF OCTOBER 1, 2008

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	53.5%	292	46.5%	254	0.0%	-	0.0%	-
Elementary Activity Classes	50.0%	32	50.0%	32	0.0%	-	0.0%	-
Middle/Jr. High	46.5%	147	32.0%	101	20.6%	65	0.9%	3
Middle/Jr. High Activity Classes	3.7%	1	7.4%	2	40.7%	11	48.2%	13
High	35.6%	133	32.4%	121	31.0%	116	1.0%	4
High Activity Classes	59.5%	44	25.7%	19	12.2%	9	2.6%	2
Combination	N/A	-	N/A	-	N/A	-	N/A	-
Combination Activity Classes	N/A	-	N/A	-	N/A	-	N/A	-

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 21ST CENTURY

FOR THE YEAR ENDED JUNE 30, 2009

District Achievement Level Results	English Language Arts						Mathematics					
	2009		2008		2007		2009		2008		2007	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	14	5%	12	5%	N/A	N/A	11	4%	9	4%	N/A	N/A
Mastery	87	33%	59	26%	N/A	N/A	50	19%	56	25%	N/A	N/A
Basic	124	48%	111	49%	N/A	N/A	145	56%	111	49%	N/A	N/A
Approaching Basic	23	9%	29	13%	N/A	N/A	32	12%	29	13%	N/A	N/A
Unsatisfactory	12	5%	15	7%	N/A	N/A	22	9%	21	9%	N/A	N/A
Total	260	100%	226	100%	N/A	N/A	260	100%	226	100%	N/A	N/A

District Achievement Level Results	Science						Social Studies					
	2009		2008		2007		2009		2008		2007	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	9	3%	2	1%	N/A	N/A	3	1%	-	0%	N/A	N/A
Mastery	41	14%	38	17%	N/A	N/A	21	7%	21	10%	N/A	N/A
Basic	134	45%	83	38%	N/A	N/A	168	56%	100	46%	N/A	N/A
Approaching Basic	88	30%	69	31%	N/A	N/A	74	24%	62	28%	N/A	N/A
Unsatisfactory	26	8%	28	13%	N/A	N/A	32	12%	34	16%	N/A	N/A
Total	298	100%	220	100%	N/A	N/A	298	100%	217	100%	N/A	N/A

Note: Began operations with 07/08 school year.

See auditor's report.

CENTRAL COMMUNITY SCHOOL SYSTEM
THE GRADUATION EXIT EXAM FOR THE 21ST CENTURY

.FOR THE YEAR ENDED JUNE 30, 2009

District Achievement Level Results	English Language Arts						Mathematics					
	2009		2008		2007		2009		2008		2007	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 10												
Advanced	2	1%	1	0%	N/A	N/A	63	20%	40	15%	N/A	N/A
Mastery	46	15%	42	16%	N/A	N/A	69	22%	69	25%	N/A	N/A
Basic	194	63%	171	64%	N/A	N/A	137	44%	127	46%	N/A	N/A
Approaching Basic	50	16%	43	16%	N/A	N/A	25	8%	21	8%	N/A	N/A
Unsatisfactory	14	5%	11	4%	N/A	N/A	15	6%	16	6%	N/A	N/A
Total	306	100%	268	100%	N/A	N/A	309	100%	273	100%	N/A	N/A

District Achievement Level Results	Science						Social Studies					
	2009		2008		2007		2009		2008		2007	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 11												
Advanced	19	8%	5	2%	N/A	N/A	3	1%	2	1%	N/A	N/A
Mastery	54	22%	36	15%	N/A	N/A	47	19%	26	11%	N/A	N/A
Basic	122	49%	121	51%	N/A	N/A	147	59%	161	68%	N/A	N/A
Approaching Basic	42	17%	52	22%	N/A	N/A	37	15%	43	18%	N/A	N/A
Unsatisfactory	11	4%	24	10%	N/A	N/A	14	6%	5	2%	N/A	N/A
Total	248	100%	238	100%	N/A	N/A	248	100%	237	100%	N/A	N/A

See auditor's report.

CENTRAL COMMUNITY SCHOOL SYSTEM

ILEAP TESTS

FOR THE YEAR ENDED JUNE 30, 2009

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2008		2008		2008		2008	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	12	6%	12	6%	9	5%	3	2%
Mastery	41	21%	28	14%	22	11%	25	13%
Basic	98	48%	96	48%	89	44%	107	53%
Approaching Basic	33	17%	29	15%	61	31%	46	23%
Unsatisfactory	15	8%	34	17%	18	9%	18	9%
Total	199	100%	199	100%	199	100%	199	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2008		2008		2008		2008	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	1	1%	8	5%	4	2%	2	1%
Mastery	33	20%	21	13%	41	24%	33	20%
Basic	86	51%	87	51%	73	44%	89	53%
Approaching Basic	41	24%	30	18%	38	23%	31	19%
Unsatisfactory	6	4%	21	13%	11	7%	12	7%
Total	167	100%	167	100%	167	100%	167	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2008		2008		2008		2008	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	4	2%	11	5%	2	1%	6	3%
Mastery	23	11%	23	11%	23	11%	18	9%
Basic	96	45%	92	44%	85	40%	80	38%
Approaching Basic	57	27%	33	16%	75	36%	59	28%
Unsatisfactory	31	15%	52	24%	26	12%	47	22%
Total	211	100%	211	100%	211	100%	210	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2008		2008		2008		2008	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	11	4%	6	2%	6	2%	2	1%
Mastery	28	11%	22	9%	27	11%	31	12%
Basic	128	51%	137	54%	114	45%	133	53%
Approaching Basic	70	28%	46	18%	73	29%	49	19%
Unsatisfactory	16	6%	43	17%	33	13%	38	15%
Total	253	100%	254	100%	253	100%	253	100%

District Achievement Level Results	English Language Arts		Mathematics	
	2008		2008	
Students	Number	Percent	Number	Percent
Grade 9				
Advanced	7	2%	29	9%
Mastery	67	21%	45	14%
Basic	172	54%	176	55%
Approaching Basic	64	20%	45	14%
Unsatisfactory	11	3%	26	8%
Total	321	100%	321	100%

(CONTINUED)

CENTRAL COMMUNITY SCHOOL SYSTEM

ILEAP TESTS

FOR THE YEAR ENDED JUNE 30, 2009

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2009		2009		2009		2009	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	24	9%	25	10%	17	6%	1	0%
Mastery	63	24%	49	19%	73	28%	84	32%
Basic	116	44%	127	48%	124	47%	126	48%
Approaching Basic	43	16%	37	14%	38	14%	41	16%
Unsatisfactory	17	7%	25	9%	11	5%	11	4%
Total	263	100%	263	100%	263	100%	263	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2009		2009		2009		2009	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	8	3%	14	6%	11	4%	9	4%
Mastery	64	25%	47	19%	60	24%	59	23%
Basic	139	55%	145	57%	131	52%	141	56%
Approaching Basic	27	11%	24	9%	42	17%	30	12%
Unsatisfactory	15	6%	23	9%	8	3%	13	5%
Total	253	100%	253	100%	252	100%	252	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2009		2009		2009		2009	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	5	2%	9	4%	3	1%	10	5%
Mastery	33	15%	28	13%	39	17%	29	13%
Basic	135	61%	138	62%	118	53%	118	53%
Approaching Basic	40	18%	26	12%	49	22%	46	21%
Unsatisfactory	10	4%	22	9%	14	7%	18	8%
Total	223	100%	223	100%	223	100%	221	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2009		2009		2009		2009	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	7	3%	14	6%	7	3%	4	2%
Mastery	38	15%	41	16%	30	12%	37	15%
Basic	114	45%	103	41%	102	40%	123	48%
Approaching Basic	66	26%	61	24%	74	29%	57	22%
Unsatisfactory	29	11%	35	13%	41	16%	33	13%
Total	254	100%	254	100%	254	100%	254	100%

District Achievement Level Results	English Language Arts		Mathematics	
	2009		2009	
Students	Number	Percent	Number	Percent
Grade 9				
Advanced	3	1%	32	10%
Mastery	56	18%	51	16%
Basic	194	62%	161	51%
Approaching Basic	51	16%	45	14%
Unsatisfactory	9	3%	24	9%
Total	313	100%	313	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.

Title IV - Safe and Drug-Free Schools and Communities

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

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 – Includes the following grants:

Vocational Education (Carl Perkins) is a federally funded program restricted to expenditures for salaries, supplies, and equipment to be used in the vocational education programs.

Other federal grants include Enhancing Education Through Technology is a federally funded program that provides reimbursement for instructional tools, equipment and materials for the use of technology in the classroom; and the Capital Area Human Resources Prevention Grant is a federal program that pays for substance abuse prevention and treatment programs.

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.

CENTRAL COMMUNITY SCHOOL SYSTEM

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2009
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2008)

ASSETS	SPECIAL REVENUE FUNDS				Total Nonmajor Governmental Funds	
	Improving America's Schools	Special Education	Other Federal	School Food Service	2009	2008
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 296,495
Receivables	329,120	290,441	47,493	1,711	668,765	425,139
Inventory	-	-	-	47,912	47,912	-
Total Assets	\$ 329,120	\$ 290,441	\$ 47,493	\$ 49,623	\$ 716,677	\$ 721,634
LIABILITIES AND FUND EQUITY (DEFICIT)						
Liabilities:						
Accounts, Salaries and Other Payables	\$ 5,862	\$ 1,469	\$ 3,311	\$ 5,185	\$ 15,827	\$ 14,444
Due to Other Funds	323,258	288,972	44,182	68,143	724,555	667,816
Total Liabilities	329,120	290,441	47,493	73,328	740,382	682,260
Fund Equity (Deficit):						
Fund Balances -						
Reserved - Inventory	-	-	-	47,912	47,912	-
Unreserved -						
Undesignated (Deficit)	-	-	-	(71,617)	(71,617)	39,374
Total Fund Balances	-	-	-	(23,705)	(23,705)	39,374
Total Liabilities and Fund Equity	\$ 329,120	\$ 290,441	\$ 47,493	\$ 49,623	\$ 716,677	\$ 721,634

See auditor's report.

CENTRAL COMMUNITY SCHOOL SYSTEM

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2008)

	<u>SPECIAL REVENUE FUNDS</u>				<u>Total Nonmajor Governmental Funds</u>	
	<u>Improving America's Schools</u>	<u>Special Education</u>	<u>Other Federal</u>	<u>School Food Service</u>	<u>2009</u>	<u>2008</u>
Revenues:						
Local Sources:						
Interest Earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,534
Food Services	-	-	-	668,721	668,721	523,669
State Sources:						
Unrestricted Grants in Aid	-	-	-	330,000	330,000	360,000
Federal Sources:						
Unrestricted - Indirect						
Cost Recoveries	50,666	39,312	7,422	-	97,400	51,414
Restricted Grants-in-Aid						
- Subgrants	928,200	769,118	180,056	765,570	2,642,944	1,735,434
Other-Commodities	-	-	-	80,953	80,953	56,667
Total Revenues	<u>978,866</u>	<u>808,430</u>	<u>187,478</u>	<u>1,845,244</u>	<u>3,820,018</u>	<u>2,730,718</u>
Expenditures:						
Instruction:						
Regular Programs	-	49,768	60,228	-	109,996	49,346
Special Education Programs	-	444,660	2,604	-	447,264	111,572
Vocational Programs	-	-	27,433	-	27,433	1,005
Special Programs	648,765	-	86,769	-	735,534	537,250
Support Services:						
Pupil Support	4,667	217,349	-	-	222,016	171,416
Instructional Staff Support	238,947	57,341	175	-	296,463	17,169
General Administration	32,263	-	-	-	32,263	380
School Administration	-	-	420	-	420	-
Central Services	3,558	-	2,427	-	5,985	-
Plant Services	-	-	-	3,693	3,693	310
Transportation Services	-	-	-	-	-	2,127
Food Services	-	-	-	1,898,165	1,898,165	1,589,430
Capital Outlay	-	-	-	6,465	6,465	159,925
Total Expenditures	<u>928,200</u>	<u>769,118</u>	<u>180,056</u>	<u>1,908,323</u>	<u>3,785,697</u>	<u>2,639,930</u>
Excess (Deficiency) of Revenues Over Expenditures	50,666	39,312	7,422	(63,079)	34,321	90,788

(CONTINUED)

CENTRAL COMMUNITY SCHOOL SYSTEM

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2008)

	<u>SPECIAL REVENUE FUNDS</u>				<u>Total Nonmajor Governmental Funds</u>	
	<u>Improving America's Schools</u>	<u>Special Education</u>	<u>Other Federal</u>	<u>School Food Service</u>	<u>2009</u>	<u>2008</u>
Other Financing Sources (Uses):						
Transfers Out	<u>(50,666)</u>	<u>(39,312)</u>	<u>(7,422)</u>	<u>-</u>	<u>(97,400)</u>	<u>(51,414)</u>
Total Other Financing Sources (Uses)	<u>(50,666)</u>	<u>(39,312)</u>	<u>(7,422)</u>	<u>-</u>	<u>(97,400)</u>	<u>(51,414)</u>
Excess (Deficiency) of Expenditures and Other Uses Over Revenues and Other Sources	-	-	-	(63,079)	(63,079)	39,374
Fund Balances at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,374</u>	<u>39,374</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (23,705)</u>	<u>\$ (23,705)</u>	<u>\$ 39,374</u>

See auditor's report.

CENTRAL COMMUNITY SCHOOL SYSTEM
SPECIAL REVENUE FUND - IMPROVING AMERICA'S
SCHOOLS ACT

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

FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual	Variance with Budget
Revenues:				
Federal Sources:				
Federal Grants	\$ 1,163,649	\$ 1,136,291	\$ 978,866	\$ (157,425)
Total Revenues	1,163,649	1,136,291	978,866	(157,425)
Expenditures:				
Instruction:				
Special Programs	874,340	850,997	648,765	202,232
Support Service:				
Pupil Support	-	-	4,667	(4,667)
Instructional Staff Support	38,640	34,937	238,947	(204,010)
General Administration	-	-	32,263	(32,263)
Central Services	-	-	3,558	(3,558)
Total Expenditures	912,980	885,934	928,200	(42,266)
Excess of Revenues Over Expenditures	250,669	250,357	50,666	(199,691)
Other Financing Sources (Uses):				
Transfers Out	(66,068)	(65,952)	(50,666)	15,286
Total Other Financing Sources (Uses)	(66,068)	(65,952)	(50,666)	15,286
Excess of Revenues and Other Sources Over Expenditures and Other Uses	184,601	184,405	-	(184,405)
Fund Balance at Beginning of Year	-	-	-	-
Fund Balance at End of Year	\$ 184,601	\$ 184,405	\$ -	\$ (184,405)

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, 2009

	Original and Final Budget	Actual	Variance with Budget
Revenues:			
Federal Sources:			
Federal Grants	\$ 1,006,921	\$ 808,430	\$ (198,491)
Total Revenues	1,006,921	808,430	(198,491)
Expenditures:			
Instruction:			
Regular Programs	-	49,768	(49,768)
Special Education Programs	625,339	444,660	180,679
Support Services:			
Pupil Support Services	165,382	217,349	(51,967)
Instructional Staff Support	92,401	57,341	35,060
Total Expenditures	883,122	769,118	114,004
Excess of Revenues Over Expenditures	123,799	39,312	(84,487)
Other Financing Sources (Uses):			
Transfers Out	(54,997)	(39,312)	15,685
Total Other Financing Sources (Uses)	(54,997)	(39,312)	15,685
Excess of Revenues and Other Sources Over Expenditures and Other Uses	68,802	-	(68,802)
Fund Balance at Beginning of Year	-	-	-
Fund Balance at End of Year	\$ 68,802	\$ -	\$ (68,802)

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, 2009

	Original and Final Budget	Actual	Variance with Budget
Revenues:			
Federal Sources:			
Federal Grants	\$ 209,620	\$ 187,478	\$ (22,142)
Total Revenues	209,620	187,478	(22,142)
Expenditures:			
Instruction:			
Regular Programs	131,253	60,228	71,025
Special Education Programs	-	2,604	(2,604)
Vocational Programs	29,082	27,433	1,649
Special Programs	-	86,769	(86,769)
Support Services:			
Instructional Staff Support	-	175	(175)
School Administration	-	420	(420)
Central Services	-	2,427	(2,427)
Total Expenditures	160,335	180,056	(19,721)
Excess of Revenues Over Expenditures	49,285	7,422	(41,863)
Other Financing Sources (Uses):			
Transfers Out	(10,009)	(7,422)	2,587
Total Other Financing Sources (Uses)	(10,009)	(7,422)	2,587
Excess of Revenues and Other Sources Over Expenditures and Other Uses	39,276	-	(39,276)
Fund Balance at Beginning of Year	-	-	-
Fund Balance at End of Year	\$ 39,276	\$ -	\$ (39,276)

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, 2009

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
Revenues:			
Local Sources:			
Food Services	\$ 560,823	\$ 668,721	\$ 107,898
State Sources:			
Unrestricted Grants in Aid	330,000	330,000	-
Federal Sources:			
Federal Grants	730,000	765,570	35,570
Other-Commodities	-	80,953	80,953
	<u>1,620,823</u>	<u>1,845,244</u>	<u>224,421</u>
Total Revenues			
Expenditures:			
Support Service:			
Plant Services	-	3,693	(3,693)
Food Services	1,702,355	1,898,165	(195,810)
Capital Outlay	25,000	6,465	18,535
	<u>1,727,355</u>	<u>1,908,323</u>	<u>(180,968)</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over Expenditures	(106,532)	(63,079)	43,453
Fund Balance at Beginning of Year	<u>39,374</u>	<u>39,374</u>	<u>-</u>
Fund Balance (Deficit) at End of Year	<u>\$ (67,158)</u>	<u>\$ (23,705)</u>	<u>\$ 43,453</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 ASSETS

JUNE 30, 2009
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2008)

	<u>School Activity</u>	
	<u>2009</u>	<u>2008</u>
ASSETS		
Cash	\$ 429,058	\$ 412,358
Total Assets	<u>\$ 429,058</u>	<u>\$ 412,358</u>
LIABILITIES		
Amounts Held for School Activities	\$ 429,058	\$ 412,358
Total Liabilities	<u>\$ 429,058</u>	<u>\$ 412,358</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, 2009

<u>School</u>	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2009</u>
Bellingrath Hills School	\$ 23,467	\$ 84,514	\$ 102,919	\$ 5,062
Tanglewood Elementary	18,329	138,265	122,267	34,327
Central Intermediate	35,358	145,000	144,106	36,252
Central Middle School	67,842	247,505	252,999	62,348
Central High School	<u>267,362</u>	<u>779,668</u>	<u>755,961</u>	<u>291,069</u>
Total	<u>\$ 412,358</u>	<u>\$ 1,394,952</u>	<u>\$ 1,378,252</u>	<u>\$ 429,058</u>

See auditor's report.

CENTRAL COMMUNITY SCHOOL SYSTEM
SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS
FOR THE YEAR ENDED JUNE 30, 2009

Sharon Browning, President	\$ -
Dr. James W. Gardner, Vice President	-
Russell Starns	-
Marty Guilbeau	-
Dr. David Walker	-
Willard Easley	-
Ruby Foil	<u>-</u>
Total	<u>\$ -</u>

Term of Current Board Expires December 31, 2010.

See auditor's report.

CENTRAL COMMUNITY SCHOOL SYSTEM

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2009

<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	10.550	N/A	\$ 80,953
Passed Through Louisiana Department of Education:			
National Breakfast Program	10.553	N/A	163,737
National School Lunch Program	10.555	N/A	<u>601,833</u>
Total United States Department of Agriculture			846,523
<u>United States Department of Education</u>			
Passed Through Louisiana Department of Education:			
Title I - Grants to Local Educational Agencies	84.010	N/A	621,897
Title II – Teacher and Principal Training and Recruiting	84.367A	N/A	347,540
Title IV – Safe and Drug-Free Schools and Communities	84.186A	N/A	8,265
Individuals with Disabilities Educational Act Special Education IDEA	84.027A	N/A	806,765
IDEA – Preschool	84.173A	N/A	1,665
Vocational Education – (Carl Perkins)	84.048A	N/A	27,433
Innovative Education Program	84.298	N/A	1,164
Mathematics and Science Partnership	84.366B	N/A	130,603
Enhancing Education Through Technology	84.318X	N/A	<u>5,131</u>
Total United States Department of Education			1,950,463

(CONTINUED)

CENTRAL COMMUNITY SCHOOL SYSTEM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2009

<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	<u>24,311</u>
Total United States Department of Health and Human Services			24,311
<u>United States Department of Defense</u>			
Reserve Officers' Training Corps	None	N/A	<u>52,899</u>
Total United States Department of Defense			52,899
<u>United States Department of Homeland Security</u>			
Passed Through State of Louisiana, Military Department of Homeland Security and Preparedness			
	97.036	N/A	<u>25,023</u>
Total United States Department of Homeland Security			<u>25,023</u>
Total Expenditures of Federal Awards			<u><u>\$2,899,219</u></u>

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, 2009

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, 2009, the Central Community School System had food commodities totaling \$47,912 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	\$ 9,366
Title II – Teacher and Principal Training and Recruiting	84.367A	\$ 3,981
Mathematics and Science Partnership	84.366B	\$ 9,186
Enhancing Education Through Technology	84.318X	\$ 51

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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December 18, 2009

Central Community School System
Central, Louisiana

We have audited the financial statements of the governmental activities, the major fund (general 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, 2009, which collectively comprise the Central Community School System's basic financial statements, and have issued our report thereon dated December 18, 2009. We have also audited the financial statements of each of the School System's nonmajor governmental funds combining statements, each special revenue funds budgetary comparison statements and the fiduciary fund statements as of and for the year ended June 30, 2009 as listed in the table of contents. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School 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 over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the School System's financial statements that is more than inconsequential will not be prevented or detected by the School System's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting identified as items 2009-1 through 2009-5.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 2009-1, 2009-2, and 2009-3 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School System's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and questioned costs as item 2009-6.

We noted certain matters that we reported to management of the School Board in a separate letter dated December 18, 2009.

The School System's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the School System's responses and, accordingly, we express no opinion on it.

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

Respectfully submitted,

Hannu J. Bourgeois, CPA

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

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December 18, 2009

Central Community School System
Central, Louisiana

Compliance

We have audited the compliance of the Central Community School System with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School System's management. Our responsibility is to express an opinion on the School System's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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. Our audit does not provide a legal determination on the School System's compliance with those requirements.

In our opinion, the Central Community School System complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the Central Community School System is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Central Community School System's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School System's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. *A significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

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

Respectfully submitted,

Harold J. Bourgeois, CPA

CENTRAL COMMUNITY SCHOOL SYSTEM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2009

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:

- Type of report issued on financial statements - unqualified.
- Type of report issued on compliance for major programs - unqualified.
- The results of audit procedures disclosed no material noncompliance in major programs.
- The results of audit procedures disclosed no questioned costs.
- Our audit disclosed no findings which are required to be reported under Section 510(a).
- The following programs were tested as Type "A" major programs:

Federal Grantor/ Pass - Through Grantor/ <u>Program Name</u>	<u>CFDA Number</u>
<u>United States Department of Education</u>	
Passed Through Louisiana Department of Education:	
Title I – Grants to Local Educational Agencies	84.010
Title II – Teacher and Principal Training and Recruiting	84.367A

- The threshold for distinguishing Types A and B programs was \$300,000.
- The School Board was determined to be a low-risk auditee.

CENTRAL COMMUNITY SCHOOL SYSTEM

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2009

B. Findings - Internal Control Over Financial Reporting

Finding 2009-1 Overall Lack of Preparation of Reconciliations and Review Thereof:

During our current year audit and in the prior year audit, 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, accrued liabilities, interfund accounts, and fund balance. Although, we noted management worked towards reconciling the various accounts, the System's Business Manager, along with our firm's assistance, had to research numerous accounts and an excessive quantity of audit adjustments were necessary (including some audit adjustments that were determined to be material to the financial statements) to correct account balances of the original trial balance provided to us to begin our audit.

Recommendation:

We again recommend that formal reconciliations be done on all of 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 should be developed for each account that should be completed and initialed by the preparer and then reviewed and initialed by the Business Manager. 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. In addition, we recommend that formal policies and procedures over the accounting cycles and year end accounting close be developed so that proper reconciliations are available for audit.

Management's Response:

The Central Community School System's management has developed and continues to develop formal reconciliation forms. To ensure reconciliations are taking place on a timely basis, a calendar has been developed with dates that reconciliations are to be completed. Upon the completion of the reconciliation, the person responsible for the reconciliation will sign the form and forward it to the business manager for final approval. Management has also taken steps to make the reconciliation process easier by developing accounts that match the vendors being paid. By doing this a person will be able to trace a single liability on the books to one of the new accounts and also trace the payment being made to the vendor. This will eliminate several liabilities being grouped into one account therefore making the reconciliation process more efficient.

CENTRAL COMMUNITY SCHOOL SYSTEM

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2009

Finding 2009-2 Bank Reconciliations:

During our current year audit and in our prior year audit, it was noted that for the majority of the year, the operating cash account was being reconciled only to the bank balance each month and not to the general ledger. We noted that management was able to reconcile the bank account balance to the general ledger for the month of June 2009 but none of the other months in the current fiscal year were properly reconciled.

Recommendation:

Monthly preparation of bank reconciliations in a timely manner and a review thereof by the Business Manager 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.

Management's Response:

The Central Community School System's management has developed a formal reconciliation form to be used on a monthly basis for all bank accounts. This reconciliation process has also been placed on the reconciliation calendar and is to be completed by the 10th of the month following the month being reconciled. Currently, during fiscal year 2009/2010, all bank balances are being reconciled to both the bank and the general ledger.

Finding 2009-3 Incorrect Workers Compensation Rate Used to Accrue Expense in the Payroll System:

During the current year audit, we noted the percentage used to expense and accrue the workers compensation insurance premium was not correct. Management used a rate of 2.63% in the payroll system to accrue the workers compensation premium liability when the correct estimated rate should be 0.70%. The use of the incorrect rate resulted in over-accrual of the workers compensation premium liability by approximately \$333,000 for fiscal year 2009. The financial statements were adjusted for this over-accrual.

Recommendation:

We recommend for management to review the terms of the workers compensation annually and make the necessary calculation to determine the correct rate to input into the payroll system to accumulate the correct liability for workers compensation premium due each month. In addition, the

CENTRAL COMMUNITY SCHOOL SYSTEM

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2009

accumulated accrual less actual payments should be reconciled to the workers compensation insurer statement and proper adjustments to the general ledger recorded to correct any differences monthly.

Management's Response:

The Central Community School System's management does recognize an incorrect rate was used to compute the workers compensation expense in-turn resulting in an over accrual of the workers compensation premium liability. To ensure this from taking place in future years, a note has been added to the beginning of the year payroll checklist. This will ensure the workers compensation rate used in the financial accounting software matches what is listed on the workers compensation insurance policy. The development of a formal reconciliation form will also ensure that this liability is monitored regularly.

Finding 2009-4 Accrued Compensated Leave Balances:

Upon our review of the accrued compensated absences report at June 30, 2009, it was noted that there were three employees with negative accrued hours in the various categories of accrued compensated absences. These negative balances could be construed as advances to the employees and thus the School System would be in noncompliance of State law. This was also reported in our prior year audit as finding 2008-3.

Recommendation:

We recommend that management and the payroll department begin monitoring the accrued compensated absences report and leave requests each pay period to ensure that an employee has ample time to cover the amount of leave they are requesting. No leave should be granted in excess of time accrued. In the case of sick time, any requested leave in excess of the amount accrued should be offset against another form of leave including vacation, personal time or sick time.

Management's Response:

The Central Community School System's management has developed a leave approval system which requires a person requesting leave to fill out a leave slip two weeks in advance of taking leave. The two week time period allows the person approving the leave adequate time to check and make sure the person requesting the leave has adequate time available to take leave. If the person requesting leave does not have adequate leave time available to cover the leave requested the leave will not be granted.

CENTRAL COMMUNITY SCHOOL SYSTEM

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2009

Finding 2009-5 Improper employee compensation, missing certification, and non-current contract:

During the current year audit, we requested a random sample of 40 payroll checks and the documentation to support the payroll item, such as the current teacher certification, the teacher's current contract, degree earned, the years of experience, and the correct pay per the School System's salary schedule. One employee did not have a current teacher's certification on file. One employee was paid at an experience level of five years; however, the employee only had four years of experience. Two teachers did not have a current contract on file.

Recommendation:

We recommend that management verify that all teachers have a current teacher certificate and a current teacher contract in the teacher's personnel file. We further recommend that management verify that teachers are being paid the proper amount according to the salary schedule based on the number of years experience.

Management's Response:

The Central Community School System's management is currently reviewing all personnel files to make sure there is a current teaching certificate in each file if applicable and contract if applicable. The Central Community School System is also verifying all years of experience listed in the employee's personnel file and that it matches what that employee is being paid.

C. Findings - Compliance and Other Matters

Finding 2009-6 Failure to Amend Budget and Deficit Spending

State Law (LSA-R.S. 39:1310) requires that budgets be amended when actual revenues are less than budgeted revenues or actual expenditures exceed budgeted expenditures by 5% or more. The Central Community School System failed to prepare an amended budget and has a difference of more than 5% between budgeted and actual expenditures in the following funds:

<u>Fund Name</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>	<u>Percentage Unfavorable Variance</u>
Federal Grant Fund	\$ 170,344	\$ 187,478	\$ 17,134	10.06%
School Food Service Fund	\$ 1,727,355	\$ 1,908,323	\$ 180,968	10.48%

CENTRAL COMMUNITY SCHOOL SYSTEM

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2009

In addition to the unfavorable budget variance above, the School Food Service Fund is reporting a deficit fund balance at June 30, 2009. State law prohibits a budget amendment be adopted proposing expenditures which exceed the total of estimated funds available for the fiscal year.

Recommendation:

We recommend that the management of the Central Community School System familiarize themselves with all of the provisions of the Louisiana Local Governmental Budget Act to make sure all relevant statutes are followed in the future.

Management's Response:

The Central Community School System has developed a calendar whereas all year-to-date budget reports will be reviewed at the close of every month. If a budget revision is warranted the budget revision will be put on the following month finance committee's agenda for approval. Once approved by the finance committee it will be forwarded to the board for approval. If approved by the board the amendment will be entered into the financial accounting software.

CENTRAL COMMUNITY SCHOOL SYSTEM
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2009

Findings - Internal Control Over Financial Reporting

Finding 2008-1 Overall Lack of Preparation of Reconciliations and Review Thereof:

During our prior year audit, we noted an overall lack of preparation of timely reconciliations of the various accounts comprising virtually all the major accounting cycles of the School System's various funds including but not limited to cash, accounts receivable, accounts payable, accrued liabilities, interfund accounts, fund balance, payroll expenses, retirement expenses, health insurance expenses etc.. The Systems' Business Manager, along with our firm's assistance, had to research numerous accounts and an excessive number of journal entries were necessary (including some adjustments for very large amounts) to correct account balances.

We were originally informed that all reconciliations were being accomplished and that trial balances for each of the individual funds and workpapers for the major accounts would be available for our audit process. Upon beginning our initial field work, we determined this had not been done. We subsequently had several meetings to discuss updated progress of these reconciliations. In each case, we were provided documentation that was insufficient to show the accounts were reconciled. The Business Manager explained that the implementation of the new accounting software and the lack of initial training on this system caused the condition of the records. We acknowledge that the implementation of a new system is a challenge; however, there should always be schedules that reconcile to the major accounting areas within the Systems' accounting cycles.

Recommendation:

We recommended that formal reconciliations be done on all of various accounts that comprise the major accounting cycles of the Systems' various funds. These reconciliations should be done on at least a monthly basis. A formal reconciliation form should be developed for each account that should be completed and initialed by the preparer and then reviewed and initialed by the Business Manager. 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. 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.

Management's Response:

Management responded to this finding in the prior year as follows:

"The Central Community School System Management does recognize that not all accounting areas were being reconciled to the general ledger. The reason for these reconciliations errors was due to challenges listed in the audit findings. The Munis accounting software system was still in the implementation stage and many of the features available to perform these reconciliations were not yet

CENTRAL COMMUNITY SCHOOL SYSTEM

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2009

in place or working. CCSS agrees to the importance of these reconciliations but they were not considered the top priority because of the more important goal of getting the accounting software implemented and the teachers and staff of the Central Community School System paid on time. Trial balances were provided for the various funds however the fund trial balances were not presented in the preferred format. To correct the errors found in this finding a timeline has been set up to ensure reconciliations are being performed on a timely basis. The business manager will review all reconciliations and check that the reconciliation has been completed to meet the timeline. Furthermore fund trial balances have been split to coincide with the annual financial report format. The large number of journal entries was due to manually inputting the information from a manual accounting system to the Munis accounting system. The number of journal entries will be reduced greatly due to the Munis accounting system being completely operational for the entire 08-09 fiscal year.”

Corrective Action Taken:

During our current year audit, we noted that management attempted the preparation of reconciliations of the various accounts of all the major accounting cycles of the School System’s various funds; however, these reconciliations, in many cases, did not result in proper adjustments to the general ledger. This item is considered a finding again in the current year at 2009-1 which also includes our recommendation.

Finding 2008-2 Bank Reconciliations:

During our prior year audit, it was noted that for the majority of the year, the operating cash account was being reconciled only to the bank balance each month and not to the general ledger. Considerable time and effort was spent to get the cash account reconciled at June 30, 2008. The reconciliation process required numerous large audit adjustments that were necessary to the various cash balances in the general ledger. These adjustments are reflected in the June 30, 2008 financial statements.

Recommendation

Monthly preparation of bank reconciliations in a timely manner and a review thereof by the Business Manager 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. Any such items should be investigated and fully resolved.

CENTRAL COMMUNITY SCHOOL SYSTEM

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2009

Management's Response:

Management responded to this finding in the prior year as follows:

"The Central Community School System Management does recognize that the Munis Software was not being reconciled to the bank balance; however the bank balance was being reconciled to a manual check register. The reason why this reconciliation process was not in place was due to the Munis software not being in existence for the entire audit year. With the implementation of a project time line and the Munis implementation process being virtually complete for the 08-09 fiscal year CCSS expects cash reconciliations to take place on timely basis and for this problem to correct itself in the 08-09 fiscal year."

Corrective Action Taken:

During our current year audit, the cash account bank balance was reconciled to the general ledger at June 30, 2009; however, we noted that the cash account was not reconciled during the eleven months prior to June 30, 2009. This item is considered a finding again in the current year at 2009-2 which also includes our recommendation.

Finding 2008-3 Accrued Compensated Leave Balances:

Upon our review of the accrued compensated absences report at June 30, 2008, it was noted that there were four employees with negative accrued hours in the various categories of accrued compensated absences. These negative balances could be construed as advances to the employees and thus the School System would be in noncompliance of State law.

Recommendation:

We recommended that management and the payroll department begin to monitor the accrued compensated absences report and leave requests each pay period to ensure that an employee has ample time to cover the amount of leave they are requesting. No leave should be granted in excess of time accrued. In the case of sick time, any requested leave in excess of the amount accrued should be offset against another form of leave including vacation, personal time or sick time.

Management's Response:

Management responded to this finding in the prior year as follows:

"The Central Community School System Management does not agree with this audit finding. No employees were advanced funds without an ample compensation absent balance. The employees in question were being paid from a sick leave bank that was being accounted for manually. Going

CENTRAL COMMUNITY SCHOOL SYSTEM

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2009

forward for the 08-09 fiscal year all employees must have ample time available for time off work and have an approved leave slip before permission will be give to take leave. If an employee is sick and does not have ample time to cover their time off work they will be docked for the time away from work. All absents are accounted for by the school secretaries. A list of the absences are forwarded to the Central Office where they are compared to available compensated absent balances of the employee that was absent before payroll is run for that period. If an available compensated balance is not available the employee will be docked for their time away from work.”

Corrective Action Taken:

During our current year audit, we noted that employees were still being granted leave without sufficient leave time. This item will be included as a current year finding at 2009-4.

Finding 2008-4 Documentation of Journal Entries:

During the prior year audit, we noted the School System’s accounting division did not have a formal procedure or system in place to track or approve journal entries in the accounting records. We noted a record of each journal entry is printed after the entry is recorded in the accounting system but there was no indication of the reason for the entry, who proposed the entry and who reviewed and authorized the entry to be recorded. In addition, a journal entry log or register was not available.

Recommendation:

We recommended for the School System to develop a procedure for processing journal entries in the accounting records. The procedure should include a form that lists the reason for the entry, the accounts affected, adjusted balances, the person who prepared the entry and a supervisor approval. In addition, we recommended for the School System to require each journal entry to be tracked in a log book, or register, indicating the date, the entry number, and the reason for the adjustment. Journal entries should be limited to adjusting account balances to the accrual basis of accounting which is done for financial statement preparation.

Management’s Response:

Management responded to this finding in the prior year as follows:

“The Central Community School System Management does not agree with this audit finding. All journal entries are approved by the Business Manager. All journal entries are listed in the Munis software by journal entry number. The Journal entry lists the person that initiated the journal entry and the purpose of the journal entry. CCSS does recognize that a large number of journal entries were performed this first year due to many transactions being converted from the manual accounting system to the Munis accounting system. CCSS will create a paper journal entry log in the future.”

CENTRAL COMMUNITY SCHOOL SYSTEM

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2009

Corrective Action Taken:

During the current year, we noted that the School System developed a procedure for processing journal entries in the accounting records to include the reason for the entry, the accounts affected, the adjusted balance, the person who prepared the journal entry, and the supervisor approval. The School System also began keeping a journal entry register indicating the date, entry number, and reason for the journal entry.

Finding 2008-5 Missing invoices and invoice without approval:

During the prior year audit, we requested a random sample of 40 checks and the documentation or invoices to support the expenditure. One invoice did not have an approval by a supervisor to pay as required by the System's internal control procedures. Another invoice that was selected in our sample was not provided to us for our review.

Recommendation:

All invoices or supporting documentation should be maintained and include the required approvals. All documentation related to cash payments should be maintained in a manner to be available for audit upon request.

Management's Response:

Management responded to this finding in the prior year as follows:

"The Management of the Central Community School System was not aware that another random invoice was needed. Going forward no invoice is to be paid without proper signatures. Furthermore invoices that lend themselves to having a P/O number must have a legitimate P/O number or work order number or an explanation written on the face of the invoice explaining why a P/O number or work order is not printed on the invoice."

Corrective Action Taken:

During the current year audit, we noted that all checks selected for testing were properly supported and documented by the School System.

Finding 2008-6 Missing Deposit on Sale of Surplus Buses:

During the prior year audit, we performed a test on the sale of surplus buses that were transferred from the East Baton Rouge Parish School System. During our test, we noted there was no deposit

CENTRAL COMMUNITY SCHOOL SYSTEM

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2009

into the cash account for several of the bus sales. Management acknowledged the deposits for the sale of five of these surplus buses was never deposited. Upon our request, management contacted the purchaser of the surplus buses to inquire about the payment. The purchaser indicated a bank cashier's check for \$9,900 and a separate personal check for \$175 was provided in payment of these buses. Management and the purchaser subsequently met at the bank to obtain a replacement cashier's check for \$9,900 as the original was never deposited. According to the bus purchaser, the \$175 personal check was negotiated but the deposit could not be located in the System's accounting records. We requested for management to obtain a copy of the deposited \$175 check; however, the requested documentation was not provided to us.

Recommendation:

We recommended for management to develop procedures to require all cash receipts to be deposited immediately upon collection. This procedure should include a process to notify the business department of asset sales and the tracking of the cash receipts collected on the sale of the assets. In addition, we recommended for management to obtain a copy of the negotiated personal check for \$175 to determine where the funds were deposited.

Management's Response:

Management responded to this finding in the prior year as follows:

"Central Community School System has developed a policy that all sales of fixed assets must be approved by the business department. CCSS has also developed the policy that all cash and check deposits must be deposited in the bank the same day CCSS receives the funds. This includes tuition, food service receipts etc. CCSS will provide a copy of the \$175 check for the sale of the Surplus School Bus."

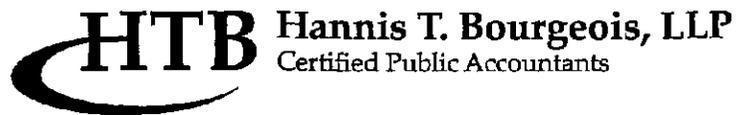
Corrective Action Taken:

During the current year audit, we noted that the School System had developed procedures that require all cash receipts to be deposited immediately upon collection.

CENTRAL COMMUNITY SCHOOL SYSTEM
CENTRAL, LOUISIANA

MANAGEMENT LETTER

JUNE 30, 2009



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December 18, 2009

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, for the year ended June 30, 2009, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on 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 18, 2009, on the basic financial statements of the Central Community School System, Central, Louisiana.

CURRENT YEAR FINDINGS:

Finding 2009M-1 Implementation of Governmental Accounting Standards Board Statement No. 54 (GASB 54) – “Fund Balance Reporting and Governmental Fund Type Definitions.”:

Finding:

As indicated in the Financial Statement footnote 14, in February 2009, the Government Accounting Standards Board issued GASB Statement No. 54 “Fund Balance Reporting and Governmental Fund Type Definitions.” The objective of this Statement is to improve usefulness, including the understandability, of governmental fund balance information. This Statement provides more clearly defined categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. It also clarifies the existing governmental fund type definitions to improve the comparability of governmental fund financial statements and help financial statement users to better understand the purposes for which governments have chosen to use particular funds for financial reporting. This Statement will be required to be adopted by the Central Community School System for the fiscal year ending June 30, 2011. The implementation of this statement will require the current fund balance classifications of the School System to be restated into the requirements of the new standard.

Recommendation:

We recommend for the Central Community School System's management to begin evaluating the requirements of GASB 54 and the impact of this statement on the current fund balance classification to convert them into the new requirements.

Management's Response:

The Central Community School System's management is currently reviewing Government Accounting Standards Board Statement No. 54 and how we are going to implement it into our accounting software.

PRIOR YEAR FINDINGS:

Finding 2008M-1 Implementation of Governmental Accounting Standards Board Statement No. 45 – “Accounting and Financial Reporting by Employers for Postretirement Benefits Other Than Pensions:

Finding:

As indicated in the Financial Statement footnote 14, in June 2004, the Government Accounting Standards Board issued GASB Statement No. 45 “Accounting and Financial Reporting by Employers for Postretirement Benefits Other Than Pensions.” This Statements’ 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. This Statement provides standards for measurement, recognition, and display of the OPEB expenses and related liabilities, note disclosures, and required supplementary information. This statement will require an actuarial valuation of the OPEB liability on at least a biennial basis. This Statement will be required to be adopted by the School Board for the fiscal year ending June 30, 2010.

Recommendation:

The adoption of the above indicated GASB Statement No. 45 could have a material effect on the government-wide financial statements of the School System. The implementation of GASB 45 will require the services of a qualified actuary to perform the necessary calculations to determine the financial impact of GASB No. 45. Therefore, we recommended for the School System to select a qualified actuary to provide the services to perform the necessary calculations to determine the impact of the implementation of GASB No. 45 on the School Boards June 30, 2010 financial statements. We again recommend for management to obtain the services of a qualified actuary to perform the necessary calculations to determine

Management's Response:

Management responded to this finding in the prior year as follows:

“Central Community School System is currently accepting proposals for actuary services and a decision should be made and approved by the start of the 09-10 fiscal year.”

Corrective Action Taken / Additional Recommendation:

The actuarial calculation necessary to implement the provisions of GASB Statement No. 45 are required for fiscal year ending June 30, 2010. We once again recommend for management to obtain the services of a qualified actuary to perform the necessary calculations to determine the financial impact of the implementation of GASB Statement 45.

Management's Response:

The Central Community School System's management has narrowed its search for actuary services to three candidates. The school system will have the calculations completed by the close of the 2009-2010 fiscal year.

Finding 2008M-2 Errors in Performance and Statistical Schedules Provided Required by R.S. 24:514:

Finding:

It was noted in the prior year and again in the current year that numerous adjustments by the client were necessary to the various performance and statistical schedules required by R.S. 24:514 to be included in the audit report.

Recommendation:

We recommended for more care to be exercised in the future when these reports are originally prepared. The majority of these schedules can be prepared well in advance of the audit fieldwork and you should not wait until the completion of the audit to prepare these schedules. These schedules are included on a list of items requested for the audit that are attached to our engagement letter.

Management's Response:

Management responded to this finding in the prior year as follows:

"Central Community School System does recognize that these schedules were not prepared in a timely manner. The causes were mainly due to the implementation of new accounting software and being a first year school system which took a large amount of resources to get set up and working properly. Communication errors were also partially responsible for the time delays. Information was submitted 2-3 times for the same report. Efforts are currently being made to make sure the Central Community School System is better prepared to have the schedules prepared at the start of the 2008-2009 fiscal year audit."

Corrective Action Taken / Additional Recommendation:

In the current year, several of the required performance and statistical schedules required by R.S. 24:514 to be included in our audit report that were originally presented to us to perform our agreed upon procedures were once again prepared in error. We recommend for management to familiarize

themselves with the instructions for preparing the required schedules and have a supervisor check the accuracy of the information prior to presenting us with the completed schedules.

Management's Response:

Efforts are currently being made to emphasize the important of these reports to persons responsible for gathering this data. As stated in the prior years, management responded that many of the problems associated with gathering this data was due to the implementation of the student information software. Since the implementation of the student information software, many of the problems encountered have been corrected but some issues have still not been resolved. Management does feel that the remaining issues will be corrected in timely manner.

Finding 2008M-3: Grants Reimbursement Request:

Finding:

It was noted in the prior year that cost reimbursement requests for both state and federal grants were denied because the amount requested was not reimbursable by the grant or allowable. This resulted in expenditures being paid by the General Fund instead of the appropriate state or federal grants. The total state grants not reimbursed was \$24,327 while the federal grant amount not reimbursed totaled \$5,872.

Recommendation:

We recommended for management to determine if all cost related to grants are qualifying for reimbursement if these costs are recorded as a state or federal grant. If the costs are not able to be reimbursed by a state or federal grant, then the costs should be recorded as expenditures in the general fund.

Management's Response:

Management responded to this finding in the prior year as follows:

“Central Community School System disagrees with this audit finding forfeitures were not caused by reimbursements being filed late. They were caused because certain items were not considered allowable cost per the grant award. The Central Community School System also considers the forfeitures to be immaterial as compared to the total amount claimed through the various federal and state grants.”

Corrective Action Taken / Additional Recommendation:

In the current year, we noted no additional issues with recording expenses to a grant that was unreimbursed. However, audit adjustments had to be recorded to adjust receivable balances that were over-accrued where grant reimbursements were requested and later denied or reimbursed for a lower amount. These audit adjustments, in turn, required the expenses related to these reimbursements that were denied or paid in a lower amount than anticipated to be reclassified to the general fund.

Management's Response:

The Central Community School System has had great success accounting for its grants. Accounting for the various state and federal grant is a very tedious and time consuming process. In the future closer attention will be applied to the various grant limits. This will eliminate the possibility of overstating a receivable at year end.

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

Finding:

During the prior year 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.

Recommendation:

When the court renders a final decision and if the property tax funds being held in the Registry of Court account belong to the Central Community School System, management of the Central Community School System should look into having the Teacher Retirement System correctly apply the 2007 withholdings to the Central Community School System.

Management's Response:

Management responded to this finding in the prior year as follows:

"Central Community School System agrees and intends to request that the Teachers' Retirement System of Louisiana make this correction when the funds are distributed to the school System."

Corrective Action Taken / Additional Recommendation:

In the current year, 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 recommend for management to contact the Teachers Retirement System of Louisiana to request for this credit to be transferred.

Management's Response:

Because this Settlement was not finalized until the current year, the Central Community School System was not able to ask the Teachers' Retirement System of Louisiana to apply the credit to the 2008-2009 fiscal year. Now that the Settlement is final, the school system intends to ask TRSL to apply this credit to the Central Community School System.

Finding 2008 M-5 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.

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.

Management's Response:

Management responded to this finding in the prior year as follows:

"Central Community School System has begun to implement an internal audit program for the school activity funds at the various schools. CCSS also intends to invest in a school activity funds accounting software program. CCSS also will be scheduling random rotating audits for all schools in the system. Audits will be conducted based on the recommendations from the legislative auditor's office."

Corrective Action Taken / Additional Recommendation:

During the current year audit, we noted that no internal audits of the various school activity funds were performed. We once again recommend for management to develop procedures to perform internal audits of the school activity funds collections and payments to make sure the funds are being handled according to established procedures and proper documentation exist for the transactions. We again recommend for management to download the school activity fund audit manual that can be obtained from the Louisiana Legislative Auditor's website and begin using the suggested procedures to perform audits of the school activity funds.

Management's Response:

The Central Community School System's management agrees with the importance of implementing auditing procedures at the various schools. The central office is also still researching accounting software for the school activity funds. Management has been unable to audit the various activity funds because of the lack of personnel available to perform these audits and is considering asking an independent accounting firm to perform these services on a rotating basis.

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,

Hennis T. Bourgeois, CPA