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CENTRAL COMMUNITY SCHOOL SYSTEM

REPORT ON AUDIT OF BASIC FINANCIAL STATEMENTS

JUNE 30, 2010

CENTRAL, LOUISIANA

CENTRAL COMMUNITY SCHOOL SYSTEM

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December 30, 2010

INDEPENDENT AUDITOR'S REPORT

Central Community School System
Central, Louisiana

We have audited the accompanying financial statements of the governmental activities, the major funds, 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, 2010, 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, 2010, 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, 2009 financial statements and, in our report dated December 18, 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 funds, 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, 2010, 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, 2010, 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.

As described in Note 1 to the basic financial statements, the Central Community School System adopted the provisions of Governmental Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, as of July 1, 2009.

In accordance with Government Auditing Standards, we have also issued our report dated December 30, 2010, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Central Community School System's financial statements as a whole. 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 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 financial statements of the Central Community School System. The schedule of compensation paid to board members and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements 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,

Hannis T. Bourgeois, LLP

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 2009-2010 fiscal year include the following:

- Both Sales tax and general obligation bonds were issued for the construction of a new middle school and new Intermediate school. The total amount issued for theses capital projects was $36,000,000. Of this amount $16,000,000 were sales tax bonds and $20,000,000 were general obligation bonds.
- $12,000,000 in general obligation bonds were issued to make life safety improvements at the other campuses the Central Community School System intends to continue to use.
- Net assets decreased by $2,109,892 for the year ended June 30, 2010. As discussed below, the decrease in net assets was the result of an increase in total assets of $54,212,059 coupled with an increase in total liabilities of $56,321,951.
- Total assets increased by $54,212,059 attributed to the following elements:

	June 30, 2010	June 30, 2009	Amount Increase (Decrease)
Cash and Cash Equivalents	$ 11,781,877	$ 554,775	$ 11,227,102
Investments	-	1,301,243	(1,301,243)
Receivables	2,130,405	8,699,391	(6,568,986)
Inventory	24,009	47,912	(23,903)
Restricted Assets - Cash	42,831,799	-	42,831,799
Deferred Bond Issuance Costs	345,522	-	345,522
Capital Assets, Net of Accumulated Depreciation	12,628,685	4,926,917	7,701,768
Total Assets	$ 69,742,297	$ 15,530,238	$ 54,212,059

The main reason for the increase in assets was due to the issuance of bonds in the amount of $48,000,000 of which approximately $43,000,000 has yet to be spent on capital projects.

- Total Liabilities Increased $56,321,951 due to the following items:

	June 30, 2010	June 30, 2009	Amount Increase (Decrease)
Accounts, Salaries, and Other Payables	$ 5,402,714	$ 1,936,421	$ 3,466,293
Interest Payable	417,542	-	417,542
Long-Term Liabilities	53,668,004	1,229,888	52,438,116
Total Liabilities	$ 59,488,260	$ 3,166,309	$ 56,321,951

Total liabilities increased primarily because of the issuance of bonds for the construction of new schools and the issuance of bonds to make much needed life safety improvements at the existing facilities that will continue to be used for educational purposes and the GASB 45 requirements for accounting and reporting for post-retirement benefits other than pensions. Accounts, Salaries and Other payables increased due to additional staff members and supplies needed for increased student enrollment.

- General revenues decreased by $4,523,462 from fiscal year 2009 to fiscal year 2010. Primary increases and decreases are discussed below:
  - The 2009 fiscal year general revenues and special items included a onetime settlement with the East Baton Rouge Parish School System in the amount of $5,400,000.
  - Property taxes levied for general purposes decreased $1,439,452. This decrease is due to the 2009 property tax figure including property taxes for the 2008 fiscal year that was held by the East Baton Rouge Parish School system. A settlement was reached with the East Baton Rouge Parish School System in the amount of $1,647,636. This amount was included in the 2009 fiscal year property tax revenue.
  - Sales and use tax revenue increased by $82,519. The slight turn around in the general economy is believed to have contributed to this increase in revenue. Additional small businesses have also moved into the Central Community School Systems taxable area.
  - Earnings on investments increased $238,473. This increase is due to bonds being issued to construct new schools. The funds from these bond issues resulted in a larger cash balance available to earn interest.
  - The largest revenue source is the Minimum Foundation Program (MFP) distribution from the State, amounting to $19,580,963. This amount has decreased in the amount of $182,221. The primary reason for this decrease is due to state budget cuts. The amount of funds received through the MFP is directly related to the school systems enrollment figures. Each student is allocated a certain number of dollars. The school systems enrollment continues to grow, because of this constant growth the severity of the state budget cuts were kept to a minimum.

- Property taxes were levied in the amount of $919,062 for the first time by the school system to pay for the debt service requirements relating to the issuance of general obligation bonds.
- An additional half cents sales tax was levied for the first time by the school system to pay for the debt service requirements relating to the issuance of sales tax bonds. This additional half cents sales tax resulted in additional sales taxes in the amount of $1,353,953.
- Net expenses have increased in the amount $5,223,108. 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 2009/2010 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.

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, 2010 was $41,099,818. However, not all of this cost was borne by the taxpayers of the Central Community School District. Of this amount, $919,835 was paid by those who used or benefited from the services rendered (e.g., charges for school lunches and summer school tuition) and $6,260,046 was paid through various federal and state grants. Consequently, the net cost of $33,919,937 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, 2010. 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, 2010 and 2009

	2010		2009	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction:				
Regular Education Programs	$ 16,645,437	$ 15,598,921	$ 13,432,006	$ 12,922,504
Special Education Programs	3,871,023	2,957,305	2,710,430	2,224,113
Other Instructional Programs	3,785,623	1,402,437	2,407,218	1,017,550
Support Services:				
Student Services	1,555,587	1,254,222	1,235,095	1,013,079
Instructional Staff Support	1,705,650	1,306,980	1,353,077	1,023,234
General and School Administration	3,530,340	3,514,707	2,921,817	2,887,061
Business Services	539,445	314,443	468,798	371,398
Plant Services	3,455,295	3,298,387	3,954,788	3,929,765
Student Transportation	2,455,124	2,389,415	2,377,415	2,298,102
Central Services	266,334	266,334	601,610	595,625
Food Services	2,242,003	568,829	1,909,842	394,598
Community Service Programs	2,500	2,500	-	-
Interest on Long-Term Debt	1,045,457	1,045,457	19,800	19,800
Totals	$ 41,099,818	$ 33,919,937	$ 33,391,896	$ 28,696,829

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, 2010, its combined fund balance was $51,365,376 as compared to its combined fund balance of $8,666,900 as of June 30, 2009, a difference of $42,698,476. The General Fund, the main operational arm of the School Board, saw its total fund balance increase by $1,098,153. While General Fund Revenues decreased by $1,792,841 General Fund Expenditures decreased by $911,647 and Other Financing Sources (Uses) (Transfers to Other Funds) decreased by $5,274,316 thereby decreasing current year Excess of Revenues and Other Sources over Expenditures and Other Uses from $7,253,633 to $1,098,153. The drastic decrease in Other Financing Sources (Uses) (Transfer to Other Funds) is due to the one time settlement from East Baton Rouge Parish School System in the amount of $5,400,000 that was recorded in the 2008/2009 fiscal year.

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 09, 2009.

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 $852,283 better than had been budgeted.

CAPITAL ASSETS AND DEBT

Capital Assets. At June 30, 2010, the Central Community School System had a $12,628,685 investment in capital assets net of accumulated depreciation. This amount was made up of land, buildings and improvements, and furniture and equipment and construction in progress. The capital assets balance also includes the cost of the assets transferred from the East Baton Rouge Parish School System on July 1, 2007. The details of Capital Assets additions and deletions can be found in note (6) in these financial statements.

Long-Term Debt. At June 30, 2010, the School System had outstanding bonded indebtedness in the amount of $48,000,000. More detailed information on Long-Term Debt can be found in note (11) in these financial statements.

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 $56,800,000 at June 30, 2010.

Other long-term obligations include Compensated Absences and Accumulated Unfunded Other Postemployment Benefits Payable. At June 30, 2010, these balances amounted to $5,668,004.

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 3,912 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

Statement A

CENTRAL COMMUNITY SCHOOL SYSTEM

STATEMENT OF NET ASSETS

JUNE 30, 2010
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2009)

ASSETS

	Governmental Activities 2010	Governmental Activities 2009
Cash and Cash Equivalents	$ 11,781,877	$ 554,775
Investments	-	1,301,243
Receivables	2,130,405	8,699,391
Inventory	24,009	47,912
Restricted Assets:		
Cash	42,831,799	-
Deferred Bond Issuance Costs	345,522	-
Capital Assets:		
Land and Construction in Progress	8,062,263	132,607
Other Capital Assets (Net of Accumulated Depreciation)	4,566,422	4,794,310
Total Assets	$ 69,742,297	$ 15,530,238
LIABILITIES		
Accounts, Salaries, and Other Payables	$ 5,402,714	$ 1,936,421
Interest Payable	417,542	-
Long-Term Liabilities:		
Due Within One Year	862,984	307,472
Due in More than One Year	52,805,020	922,416
Total Liabilities	59,488,260	3,166,309
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	4,484,802	4,926,917
Restricted for:		
General Fund	8,052	-
Debt Service Fund	2,905,650	-
Unrestricted	2,855,533	7,437,012
Total Net Assets	10,254,037	12,363,929
Total Liabilities and Net Assets	$ 69,742,297	$ 15,530,238

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

Statement B

CENTRAL COMMUNITY SCHOOL SYSTEM

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009)

		Program Revenues			Total Governmental Activities - Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	2010	2009
FUNCTIONS/PROGRAMS						
Governmental Activities:						
Instruction:						
Regular Programs	$ 16,645,437	$ -	$ 947,087	$ 99,429	$ (15,598,921)	$ (12,922,504)
Special Education Programs	3,871,023	136,395	777,323	-	(2,957,305)	(2,224,113)
Vocational Programs	711,650	-	49,772	-	(661,878)	(534,628)
All Other Programs	3,073,973	108,834	2,160,658	63,922	(740,559)	(482,922)
Support Services:						
Pupil Support	1,555,587	-	301,365	-	(1,254,222)	(1,013,079)
Instructional Staff Support	1,705,650	-	398,670	-	(1,306,980)	(1,023,234)
General Administration	1,392,764	8,005		-	(1,384,759)	(1,247,636)
School Administration	2,137,576	-	7,628	-	(2,129,948)	(1,639,425)
Business Services	539,445	-	225,002	-	(314,443)	(371,398)
Plant Services	3,455,295	-	156,908	-	(3,298,387)	(3,929,765)
Student Transportation Services	2,455,124	-	65,709	-	(2,389,415)	(2,298,102)
Central Services	266,334	-	-	-	(266,334)	(595,625)
Food Services	2,242,003	666,601	1,006,573	-	(568,829)	(394,598)
Community Service Programs	2,500	-	-		(2,500)	-
Interest on Long-Term Debt	1,045,457	-	-	-	(1,045,457)	(19,800)
Total Governmental Activities	$ 41,099,818	$ 919,835	$ 6,096,695	$ 163,351	(33,919,937)	(28,696,829)
	Taxes:					
	Property Taxes, Levied for General Purposes				3,951,904	5,391,356
	Property Taxes, Levied for Debt Services				919,062	-
	Sales and Use Taxes, Levied for General Purposes				5,415,813	5,333,294
	Sales and Use Taxes, Levied for Debt Services				1,353,953	-
	Grants and Contributions not Restricted to Specific Purposes:					
	Minimum Foundation Program				19,580,963	19,763,184
	Other				70,625	-
	Interest and Investment Earnings				266,464	27,991
	Settlement of Litigation				-	5,400,000
	Miscellaneous				251,261	417,682
	Total General Revenues and Special Items				31,810,045	36,333,507
	Change in Net Assets				(2,109,892)	7,636,678
	Net Assets - Beginning of Year				12,363,929	4,727,251
	Net Assets - End of Year				$ 10,254,037	$ 12,363,929

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, 2010
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2009)

		CAPITAL PROJECTS FUNDS		
ASSETS	General Fund	Proposition No. 1	Proposition No. 2	Sales Tax Revenue Bonds
Cash and Cash Equivalents	$ 10,319,058	$ -	$ -	$ -
Investments	-	-	-	-
Receivables	963,241	-	-	-
Inventory	-	-	-	-
Due from Other Funds	912,195	-	-	-
Restricted Assets:				
Cash and Cash Equivalents	-	10,236,992	18,358,393	12,941,310
Total Assets	$ 12,194,494	$ 10,236,992	$ 18,358,393	$ 12,941,310
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts, Salaries and Other Payables	$ 2,405,736	$ 2,343,098	$ 278,143	$ 349,464
Due to Other Funds	-	-	-	-
Total Liabilities	2,405,736	2,343,098	278,143	349,464
Fund Balances:				
Reserved:				
Incomplete Contracts	-	4,409,301	18,080,250	12,591,846
Future Construction	-	3,484,593	-	-
Debt Service	-	-	-	-
Inventory	-	-	-	-
Classroom Improvements	8,052	-	-	-
Unreserved:				
Undesignated	9,780,706	-	-	-
Total Fund Balances	9,788,758	7,893,894	18,080,250	12,591,846
Total Liabilities and Fund Balances	$ 12,194,494	$ 10,236,992	$ 18,358,393	$ 12,941,310

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

Nonmajor Governmental Funds	Total Governmental Funds 2010	Total Governmental Funds 2009
$ 1,462,819	$ 11,781,877	$ 554,775
-	-	1,301,243
1,167,164	2,130,405	8,699,391
24,009	24,009	47,912
-	912,195	724,555
1,295,104	42,831,799	-
$ 3,949,096	$ 57,680,285	$ 11,327,876

$ 26,273	$ 5,402,714	$ 1,936,421
912,195	912,195	724,555
938,468	6,314,909	2,660,976
-	35,081,397	-
-	3,484,593	-
2,905,650	2,905,650	-
24,009	24,009	47,912
-	8,052	-
80,969	9,861,675	8,618,988
3,010,628	51,365,376	8,666,900
$ 3,949,096	$ 57,680,285	$ 11,327,876

CENTRAL COMMUNITY SCHOOL SYSTEM

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

JUNE 30, 2010

(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2009)

	2010	2009
Total Fund Balances - Governmental Funds	$ 51,365,376	$ 8,666,900
Cost of Capital Assets	19,397,030	11,283,151
Less: Accumulated Depreciation	(6,768,345)	(6,356,234)
	12,628,685	4,926,917
Deferred Bond Issuance Costs	345,522	-
Elimination of Interfund Assets and Liabilities:		
Due from Other Funds	912,195	724,555
Due to Other Funds	(912,195)	(724,555)
	-	-
Long-Term Liabilities:		
Compensated Absences	(1,511,935)	(1,229,888)
Accumulated Unfunded Other Postemployment Benefits Payable	(4,156,069)	-
Bonds Payable	(48,000,000)	-
Accrued Interest Payable	(417,542)	-
	(54,085,546)	(1,229,888)
Net Assets	$ 10,254,037	$ 12,363,929

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, 2010
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009)

		CAPITAL PROJECTS FUNDS		
	General Fund	Proposition No. 1	Proposition No. 2	Sales Tax Revenue Bonds
Revenues:				
Local Sources:				
Taxes:				
Ad Valorem	$ 3,951,904	$ -	$ -	$ -
Sales and Use	5,415,813	-	-	-
Other	128,947	-	-	-
Tuition	108,834	-	-	-
Interest Earnings	79,660	48,940	79,341	45,810
Rentals, Leases and Royalties	27,745	-	-	-
Food Services	-	-	-	-
Other	238,969	-	-	-
State Sources:				
Unrestricted Grants-in-Aid	19,155,963	-	-	-
Restricted Grants-in-Aid	698,911	-	-	-
Federal Sources:				
Unrestricted - Indirect Cost Recoveries	-	-	-	-
Restricted Grants-in-Aid - Subgrants	208,969	-	-	-
Other - Commodities	-	-	-	-
Total Revenues	30,015,715	48,940	79,341	45,810
Expenditures:				
Instruction:				
Regular Programs	13,436,913	-	-	-
Special Education Programs	2,566,194	-	-	-
Vocational Programs	574,475	-	-	-
Other Instructional Programs	692,609	-	-	-
Special Programs	347,995	-	-	-
Support Services:				
Pupil Support	1,039,918	-	-	-
Instructional Staff Support	1,104,463	-	-	-
General Administration	968,984	-	-	-
School Administration	1,728,358	-	-	-
Business Services	500,945	-	-	-

(CONTINUED)

Nonmajor Governmental Funds	Total Governmental Funds 2010	Total Governmental Funds 2009
$ 919,062	$ 4,870,966	$ 5,391,356
1,353,953	6,769,766	5,333,294
-	128,947	93,179
-	108,834	76,421
12,713	266,464	27,991
	27,745	22,472
666,601	666,601	668,721
-	238,969	343,157
425,000	19,580,963	19,763,184
-	698,911	1,009,580
223,084	223,084	97,400
5,130,335	5,339,304	2,720,866
69,372	69,372	80,953
8,800,120	38,989,926	35,628,574
772,830	14,209,743	13,380,648
777,323	3,343,517	2,701,328
25,168	599,643	562,099
-	692,609	574,722
1,849,578	2,197,573	1,264,441
298,101	1,338,019	1,230,457
398,670	1,503,133	1,348,184
42,290	1,011,274	930,597
2,944	1,731,302	1,630,856
998	501,943	467,876

CENTRAL COMMUNITY SCHOOL SYSTEM

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

FOR THE YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009)

		CAPITAL PROJECTS FUNDS		
	General Fund	Proposition No. 1	Proposition No. 2	Sales Tax Revenue Bonds
Expenditures (Continued):				
Support Services (Continued):				
Plant Services	3,373,403	42,796	-	-
Transportation Services	2,455,124	-	-	-
Central Services	242,432	-	-	-
Food Services	4,360	-	-	-
Community Service Programs	2,500	-	-	-
Capital Outlay	101,973	4,050,092	1,873,328	2,006,236
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Bank Charges	-	-	-	-
Cost of Issuance	-	62,158	125,763	157,601
Total Expenditures	29,140,646	4,155,046	1,999,091	2,163,837
Excess (Deficiency) of Revenues Over Expenditures	875,069	(4,106,106)	(1,919,750)	(2,118,027)
Other Financing Sources (Uses):				
Proceeds from Issuance of Debt	-	12,000,000	20,000,000	16,000,000
Transfers In	223,084	-	-	-
Transfers Out	-	-	-	(1,290,127)
Settlement of Litigation	-	-	-	-
Total Other Financing Sources	223,084	12,000,000	20,000,000	14,709,873
Excess of Revenues and Other Sources Over Expenditures and Other Uses	1,098,153	7,893,894	18,080,250	12,591,846
Fund Balances (Deficit) at Beginning of Year	8,690,605	-	-	-
Fund Balances at End of Year	$ 9,788,758	$ 7,893,894	$ 18,080,250	$ 12,591,846

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

Statement E
(Continued)

Nonmajor Governmental Funds	Total Governmental Funds 2010	Total Governmental Funds 2009
6,650	3,422,849	3,953,945
-	2,455,124	2,377,415
-	242,432	600,777
1,948,113	1,952,473	1,904,407
-	2,500	-
82,250	8,113,879	140,438
-	-	750,000
627,915	627,915	19,800
-	345,522	-
6,832,830	44,291,450	33,837,990
1,967,290	(5,301,524)	1,790,584
-	48,000,000	-
1,290,127	1,513,211	97,400
(223,084)	(1,513,211)	(97,400)
-	-	5,400,000
1,067,043	48,000,000	5,400,000
3,034,333	42,698,476	7,190,584
(23,705)	8,666,900	1,476,316
$ 3,010,628	$ 51,365,376	$ 8,666,900

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, 2010

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

	2010	2009
Total Net Change in Fund Balances - Governmental Funds	$ 42,698,476	$ 7,190,584
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Outlays Which Were Capitalized	8,113,879	140,438
Depreciation Expense	(412,111)	(359,102)
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.		
Issuance of General Obligation Bonds	(32,000,000)	-
Issuance of Sales Tax Revenue Bonds	(16,000,000)	-
Increase in Other Postemployment Benefits Obligation Net	(4,156,069)	-
Cost of Issuance of General Obligation Bonds	187,921	-
Cost of Issuance of Sales Tax Revenue Bonds	157,601	-
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	(282,047)	(85,242)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	(417,542)	-
Change in Net Assets of Governmental Activities	$ (2,109,892)	$ 7,636,678

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, 2010

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Local Sources:				
Taxes:				
Ad Valorem	$ 3,450,000	$ 3,931,400	$ 3,951,904	$ 20,504
Sales and Use	5,100,000	5,100,000	5,415,813	315,813
Other	-	-	128,947	128,947
Tuition	-	99,750	108,834	9,084
Interest Earnings	30,000	56,840	79,660	22,820
Rentals, Leases, and Royalties	17,500	23,600	27,745	4,145
Other	287,200	164,430	238,969	74,539
State Sources:				
Unrestricted Grants-in-Aid	19,101,750	19,135,850	19,155,963	20,113
Restricted Grants-in-Aid	708,924	685,143	698,911	13,768
Federal Sources:				
Restricted Grants-in-Aid	50,000	200,000	208,969	8,969
Total Revenues	28,745,374	29,397,013	30,015,715	618,702
Expenditures:				
Instruction:				
Regular Programs	13,395,030	13,538,004	13,436,913	101,091
Special Education Programs	2,402,360	2,571,827	2,566,194	5,633
Vocational Programs	570,250	591,484	574,475	17,009
Other Instructional Programs	538,000	683,700	692,609	(8,909)
Special Programs	324,204	373,484	347,995	25,489
Support Services:				
Pupil Support	989,500	1,033,990	1,039,918	(5,928)
Instructional Staff Support	866,000	1,111,383	1,104,463	6,920
General Administration	745,000	935,952	968,984	(33,032)
School Administration	1,348,500	1,753,037	1,728,358	24,679
Business Services	342,250	525,134	500,945	24,189
Plant Services	3,337,500	3,460,665	3,373,403	87,262

(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, 2010

	Original Budget	Final Budget	Actual	Variance With Final Budget
Expenditures (Continued):				
Support Services (Continued):				
Transportation Services	2,500,000	2,500,000	2,455,124	44,876
Central Services	372,375	238,078	242,432	(4,354)
Food Service	-	-	4,360	(4,360)
Community Service Programs	-	2,500	2,500	-
Capital Outlay	269,430	103,005	101,973	1,032
Total Expenditures	28,000,399	29,422,243	29,140,646	281,597
Excess (Deficiency) of Revenues Over Expenditures	744,975	(25,230)	875,069	900,299
Other Financing Sources (Uses):				
Transfers In	-	250,000	223,084	(26,916)
Transfers Out	(325,000)	-	-	-
Settlement of Litigation	-	21,100	-	(21,100)
Total Other Financing Sources (Uses)	(325,000)	271,100	223,084	(48,016)
Excess of Revenues and Other Sources Over Expenditures Other Uses	419,975	245,870	1,098,153	852,283
Fund Balance at Beginning of Year	8,690,605	8,690,605	8,690,605	-
Fund Balance at End of Year	$ 9,110,580	$ 8,936,475	$ 9,788,758	$ 852,283

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, 2010
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2009)

	2010	2009
ASSETS		
Cash	$ 522,202	$ 429,058
Total Assets	$ 522,202	$ 429,058
LIABILITIES		
Amounts Held for School Activities	$ 522,202	$ 429,058
Total Liabilities	$ 522,202	$ 429,058

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

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 3,800 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 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, 2010.

C. Funds

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

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

Governmental Funds

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

Debt Service Funds - The Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs for each type of bond issued.

Capital Projects Funds - The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and for the major repairs thereto.

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.*

Program Revenues

Program revenues included in the Statement of Activities derive directly from parties outside the School Board's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the School Board's general revenues.

Allocation of Indirect Expenses

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

Fund Financial Statements (FFS)

Governmental Funds

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

Fund financial statements report detailed information about the School System. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. The major funds of the School System are the General Fund and the Capital Project Funds for the year ended June 30, 2010.

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

Revenues

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

Federal and State entitlements (which include state equalization 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, each Special Revenue Fund, each Debt Service Fund and each Capital Projects Fund. Only the General Fund and each Special Revenue Fund is required to be presented in these financial statements.

The proposed budgets for the fiscal year ended June 30, 2010, 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, 2010. At this meeting, the proposed budgets were legally adopted by the School Board.

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

F. Encumbrances

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

G. Cash, Cash Equivalents, and Investments

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

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

H. Inventory

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

I. Capital Assets

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

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

J. Compensated Absences

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

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

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

K. Long-Term Obligations

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

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

L. 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.

M. 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-tem 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.

N. Sales and Use Taxes

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

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

O. 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.

P. Summary Financial Information for 2009

The financial statements include certain prior year summarized information in total. Such information does not include sufficient details to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the School System's financial statements for the year ended June 30, 2009, from which the summarized information was derived.

Q. Change in Accounting Principles

For the fiscal year ended June 30, 2010, the Central Community School System prospectively implemented the provisions of Governmental Accounting Standards Board Statement No. 45 Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions.

(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, 2010, the carrying amount of the School System's Cash and Cash Equivalents and Investments (checking accounts, savings accounts, and certificates of deposits) was $55,135,877 and the confirmed bank balances were $55,212,955. 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, 2010, classified by credit risk:

	Governmental Funds	Fiduciary Funds	Total
Deposits in Bank Accounts per Balance Sheets:			
Cash and Cash Equivalents	$54,613,676	$ 522,201	$55,135,877

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, 2010, $54,712,955 of the School System's bank balances of $55,212,955 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) Ad Valorem Taxes -

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

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

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

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

	Authorized Millage	Levied Millage
Parishwide Taxes:		
Constitutional	5.00	4.58
Special	38.21	35.21
Debt Service	9.25	9.25

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	$ 4,966,811
Add: Excess taxes collected over prior year receivable	15,652
Less: Louisiana Tax Commission Changes - Net(59,750)	
Estimated Uncollectible	(40,231)
Refunds	(11,516)
Net Ad Valorem Taxes Collectible	$ 4,870,966

Ad Valorem taxes receivable at June 30, 2010, totaled $106,630.

(4) Receivables -

The receivables at June 30, 2010, are as follows:

	Federal Grants	State Grants	Sales Taxes	Ad Valorem Taxes	Interest	Other	Total
General Fund	$ 3,463	$ 202,995	$ 651,638	$ 86,517	$ 5,519	$ 13,109	$ 963,241
Nonmajor Funds	938,834	-	206,659	20,113	1,283	275	1,167,164
Totals	$ 942,297	$ 202,995	$ 858,297	$ 106,630	$ 6,802	$ 13,384	$ 2,130,405

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

	Due from Other Funds	Due to Other Funds
General Fund	$ 912,195	$ -
Special Revenue Funds:		
Improving America's Schools	-	588,557
Special Education	-	234,556
Other Federal	-	89,082
Total Special Revenue Funds	-	912,195
Total	$ 912,195	$ 912,195

	Transfers In	Transfers Out
General Fund	$ 223,084	$ -
Special Revenue Funds:		
Improving America's Schools	-	136,003
Special Education	-	77,168
Other Federal Funds	-	9,913
Capital Projects Funds:		
Sales Tax Revenue Bonds	-	1,290,127
Debt Service Funds:		
Sales Tax Bonds	1,290,127	-
Total	$1,513,211	$1,513,211

CENTRAL COMMUNITY SCHOOL SYSTEM

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2010

(6) Changes in Capital Assets -

Capital asset activity for the year ended June 30, 2010 is as follows:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	$ 132,607	$2,473,831	$ -	$ 2,606,438
Construction in Progress	-	5,455,825	-	5,455,825
Total Capital Assets not being Depreciated	132,607	7,929,656	-	8,062,263
Capital Assets being Depreciated:				
Buildings and Improvements	10,868,089	-	-	10,868,089
Furniture and Equipment	282,455	184,223	-	466,678
Total Capital Assets being Depreciated	11,150,544	184,223	-	11,334,767
Less: Accumulated Depreciation for:				
Buildings and Improvements	6,232,495	342,106	-	6,574,601
Furniture and Equipment	123,739	70,005	-	193,744
Total Accumulated Depreciation	6,356,234	412,111	-	6,768,345
Total Capital Assets being Depreciated, Net	4,794,310	(227,888)	-	4,566,422
Total Governmental Activities Capital Assets, Net	$ 4,926,917	$7,701,768	$ -	$12,628,685

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.

Depreciation expense of $412,111 for the year ended June 30, 2010 was charged to the following governmental functions:

Instruction:	
Regular Education	$ 4,410
Support Services:	
General Administration (Including all Buildings)	342,806
School Administration	63,525
Plant Services	530
Data Processing Services	-
School Food Services	840
Total	$ 412,111

The Capital Project Funds show total fund equity of $38,565,990. A summary of commitments under construction contracts for the School System at June 30, 2010, follows:

	Project Authorization	Expended to June 30, 2010	Unexpended Commitment
Bellingrath Hills Elementary Renovations	$ 1,642,119	$ 706,639	$ 935,480
Tanglewood Elementary Renovations	2,501,327	1,002,995	1,498,332
Three School Renovation Project	4,117,873	2,232,360	1,885,513
New Intermediate and Middle Schools	35,579,243	1,513,831	34,065,412
Total	$43,840,562	$ 5,455,825	$38,384,737

(7) Accounts, Salaries, and Other Payables -

The payables at June 30, 2010, are as follows:

	Accounts	Salaries Withholdings and Benefits	Total
General Fund	$ 138,952	$2,266,784	$ 2,405,736
Capital Project Funds			
Proposition 1	2,343,098	-	2,343,098
Proposition 2	278,143	-	278,143
Sales Tax	349,464	-	349,464
Nonmajor Funds	26,273	-	26,273
Total	$3,135,930	$ 2,266,784	$ 5,402,714

(8) 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).

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

	Teachers' Retirement System of Louisiana - Regular Plan	Teachers' Retirement System of Louisiana - Plan A	State of Louisiana School Employees' Retirement System
Eligibility to Participate	Employees that meet the legal definition of a "teacher" in accordance with Louisiana Revised Statues 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 Establishing Contribution Obligations and Benefits	State Statute	State Statute	State Statute
Plan Members' Contribution Rate (Percent of Covered Payroll)	8.00%	9.10%	7.50%

(CONTINUED)

	Teachers' Retirement System of Louisiana - Regular Plan	Teachers' Retirement System of Louisiana - Plan A	State of Louisiana School Employees' Retirement System
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
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.

Teachers' Retirement System of Louisiana - Regular Plan:

Years Service	Min. Age	Formula Percentage
10	60	2.0%
20	Any Age	2.0%
25	55	2.5%
30	Any Age	2.5%
20	65	2.5%

Teachers' Retirement System of Louisiana - Plan A:

Years Service	Min. Age	Formula Percentage
10*	60	3.0%
25	55	3.0%
30	Any Age	3.0%

*Less than 10 years at age 70 if member entered School Lunch Employees' Retirement System when Parish withdrew from Social Security.

(CONTINUED)

	Teachers' Retirement System of Louisiana - Regular Plan	Teachers' Retirement System of Louisiana - Plan A	State of Louisiana School Employees' Retirement System
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.
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 statue:

	Teachers' Retirement System of Louisiana - Regular Plan		Teachers' Retirement System of Louisiana - Plan A		State of Louisiana School Employees' Retirement System	
Fiscal Year	Required Contribution	Percentage Contributed	Required Contribution	Percentage Contributed	Required Contribution	Percentage Contributed
2007	$ 15,067	100%	$ -	N/A	$ -	N/A
2008	$ 2,094,260	100%	$ -	N/A	$20,055	100%
2009	$ 2,544,940	100%	$ -	N/A	$ 8,918	100%
2010	$ 2,757,473	100%	$ -	N/A	$ 8,748	100%

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.

(9) 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 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, 2010, the cost of providing these benefits for 407 active employees is $2,150,353. The School System began operations during the fiscal year ending June 30, 2008, and there were no retirees benefits paid.

(10) Changes in Agency Fund Deposits Due Others -

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

	School Activity Fund
Balance - June 30, 2009	$ 429,058
Additions	1,603,904
Deductions	(1,510,760)
Balance - June 30, 2010	$ 522,202

(11) Long-Term Debt -

The following is a summary of the long-term obligation transactions for the year ended June 30, 2010:

	Bonded Debt	Compensated Absences	Post-Employment Benefits	Total
Long-Term Obligations - July 1, 2009	$ -	$ 1,229,888	$ -	$ 1,229,888
Additions	48,000,000	1,070,247	4,156,069	53,226,316
Deductions	-	(788,200)	-	(788,200)
Long-Term Obligations - June 30, 2010	$48,000,000	$ 1,511,935	$ 4,156,069	$53,668,004

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, 2010:

	Bonded Debt	Compensated Absences	Post-Employment Benefits	Total
Current Portion	$ 485,000	$ 377,984	$ -	$ 862,984
Long-Term Portion	47,515,000	1,133,951	4,156,069	52,805,020
Total	$48,000,000	$ 1,511,935	$ 4,156,069	$53,668,004

Bonded Debt

All School System bonds outstanding at June 30, 2010 in the amount of $48,000,000 consist of general obligation bonds and sales tax revenue bonds with final maturities from 2029 to 2030 and interest rates from 3.00 percent to 6.00 percent. Bond principal and interest payable in the next fiscal year is $485,000 and $1,902,583, respectively. Bonded debt is comprised of the following individual issues which are payable from the debt service funds:

	Original Issue	Interest Rates	Final Payment Due	Interest to Maturity	Principal Outstanding
General Obligation Bonds -					
Secured by Ad Valorem Taxes:					
Series 2009 -					
Issued September 1, 2009	$10,000,000	4.0-4.5%	03/01/29	$ 4,990,806	$10,000,000
Series 2009A -					
Issued December 1, 2009	$12,000,000	3.0-4.5%	03/01/29	5,638,818	12,000,000
Series 2010 -					
Issued March 1, 2010	$10,000,000	3.0-4.0%	03/01/30	4,795,450	10,000,000
Total General Obligation Bonds Secured by Ad Valorem Taxes				15,425,074	32,000,000
Sales Tax Revenue Bonds -					
Secured by Sales Taxes:					
Series 2009 -					
Issued September 1, 2009	$ 6,000,000	4.2-6.0%	01/01/29	3,003,551	6,000,000
Series 2010 -					
Issued March 1, 2010	$10,000,000	3.25-4.25%	01/01/30	4,702,128	10,000,000
Total Sales Tax Bonds Secured by Sales Taxes				7,705,679	16,000,000
Total Bonded Debt				$23,130,753	$48,000,000

All principal and interest requirements are funded in accordance with Louisiana law by the annual ad valorem tax levy on taxable property within the Central Community School District and the avails of a ½% sales and use tax within the Central Community School District within East Baton Rouge Parish. At June 30, 2010 the School System has accumulated $2,905,650 in the Debt Service Funds for future debt requirements. The bonds are due, by years, as follows:

Year Ending June 30,	Principal Payments	Interest Payments	Total
General Obligation Bonds:			
2011	$ -	$ 1,252,629	$ 1,252,629
2012	1,095,000	1,252,629	2,347,629
2013	1,155,000	1,214,969	2,369,969
2014	1,205,000	1,175,504	2,380,504
2015	1,275,000	1,134,341	2,409,341
2016-2020	7,425,000	4,906,244	12,331,244
2021-2025	9,525,000	3,305,481	12,830,481
2026-2030	10,320,000	1,183,277	11,503,277
Total General Obligation Bonds	$32,000,000	$15,425,074	$47,425,074
Sales Tax Bonds:			
2011	$ 485,000	$ 649,954	$ 1,134,954
2012	510,000	629,779	1,139,779
2013	535,000	610,182	1,145,182
2014	560,000	590,026	1,150,026
2015	595,000	568,754	1,163,754
2016-2020	3,480,000	2,455,406	5,935,406
2021-2025	4,505,000	1,640,112	6,145,112
2026-2030	5,330,000	561,466	5,891,466
Total Sales Tax Bonds	$16,000,000	$ 7,705,679	$23,705,679
Total of all Bonds:			
2011	$ 485,000	$ 1,902,583	$ 2,387,583
2012	1,605,000	1,882,408	3,487,408
2013	1,690,000	1,825,151	3,515,151
2014	1,765,000	1,765,530	3,530,530
2015	1,870,000	1,703,095	3,573,095
2016-2020	10,905,000	7,361,650	18,266,650
2021-2025	14,030,000	4,945,593	18,975,593
2026-2030	15,650,000	1,744,743	17,394,743
Total of all Bonds	$48,000,000	$23,130,753	$71,130,753

In accordance with Louisiana Revised Statute 39:562, the School System is legally restricted from incurring long-term bonded debt funded by ad valorem taxes, in excess of thirty-five percent of the assessed value of taxable property. At June 30, 2010, the statutory limit is approximately $56,800,000 and outstanding general obligation bonded debt funded by ad valorem taxes totals $32,000,000.

Compensated Absences

At June 30, 2010, employees of the School System have accumulated and vested $1,511,935 of employee leave benefits, which was computed in accordance with GASB Codification Section C60.

Post-Employment Benefits

Plan Description. The Central Community School System's medical and life insurance benefits, authorized by the School System's Board and are provided through insured programs and are made available to employees upon actual retirement. Substantially all of the school system's employees become eligible for these benefits when they reach retirement age while working for the system. Benefits are available to employees upon retirement according to retirement eligibility provisions as follows: (1) Age 60 with at least 5 years of service credit; (2) Age 55 with at least 25 years of service credit; (3) any age with at least 20 years of service credit with the exception that some food service employees must have 30 years of service credit and be age 55. These benefits for retirees are similar to benefits for active employees provided through an insurance company. Premiums are paid jointly by the school system and retiree.

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

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

Fund Policy. Before this fiscal year, the Central Community School System recognized the cost of providing post-employment, medical and life benefits (the School System's portion of the retiree medical and life benefit premiums) as an expense when the benefit premiums were due. Thus, the costs of the post-employment benefits were funded on a pay-as-you-go basis. As of June 30, 2010, the School System's portion of health care and life funding cost for retired employees is estimated to be $140,654.

Effective with the Fiscal Year beginning July 1, 2009, the Central Community School System implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions* (GASB 45).

In fiscal year ended June 30, 2010, the Central Community School System did not have any retirees receiving post retirement health care benefits.

Annual Required Contribution. The Central Community School System's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The Annual Required Contribution (ARC) is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (AAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The total ARC for the fiscal year beginning July 1, 2009 is $4,151,423 as set forth below:

Normal Cost	$ 3,033,721
30-year UAL amortization amount	1,117,702
Annual required contribution (ARC)	$ 4,151,423

Net Post-employment Benefit Obligation (Asset). The table below shows the Central Community School System's Net Other Post-employment Benefit (OPEB) Obligation (Asset) for fiscal year ended June 30, 2010:

1. Net OPEB Obligation (Asset) - Beginning of Year	$ -
2. Annual Required Contribution	4,151,423
3. Interest on Net OPEB Obligation (Asset)	145,300
4. ARC Adjustment	-
5. OPEB Cost [2] + [3] - [4]	4,296,723
6. Contribution	140,654
7. Current Year Retiree Premium Paid	-
8. Change in Net OPEB Obligation [5] - [6] - [7]	4,156,069
9. Net OPEB Obligation (Asset) – End of Year [1] + [8]	$ 4,156,069

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net PEB Liability (Asset)
June 30, 2010	$ 4,296,723	3.27%	$ 4,156,069

Funded Status and Funding Progress. In the fiscal year ended June 30, 2010, the Central Community School System made no contributions to its post employment benefits plan. The plan was not funded at all, has no assets, and hence has a funded ratio of zero. As of June 30, 2010, the end of the fiscal year, the Actuarial Accrued Liability (AAL) was $21,276,317 which is defined as that portion, as determined by a particular actuarial cost method (the Central Community School System uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost. Since the plan was not funded in fiscal year 2009/2010, the entire actuarial accrued liability of $21,276,317 was unfunded.

Actuarial Accrued Liability (AAL)	$ 21,276,317
Actuarial Value of Plan Assets (AVPA)	-
Unfunded Act. Accrued Liability (UAAL)	$ 21,276,317
Funded Ratio (AVPA ÷ UAAL)	0%
Covered Payroll (active plan members)	$ 18,699,888
UAAL as a percentage of covered payroll	113.8%

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

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

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

Actuarial Value of Plan Assets. Since this is the first actuarial evaluation, there are no assets as the School System has not established a separate trust to hold the separate plan assets as of June 30, 2010. It is anticipated that in future valuations a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45.

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

Years of Service	Percent Turnover
20	10.0%
25	13.0%
30	13.0%
35	9.0%
40	6.0%
50	3.0%
60	4.0%

Post employment Benefit Plan Eligibility Requirements. It is assumed that entitlement to benefits will commence after earliest eligibility to retire. Eligibility for these benefits has been assumed to be the earliest of: (1) Age 60 with at least 5 years of service credit; (2) Age 55 with at least 25 years of service credit; (3) any age with at least 20 years of service credit with the exception that some food service employees must have 30 years of service credit and be age 55. Entitlement to benefits continues through Medicare to death.

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

Health Care Cost Trend Rate. The expected rate of increase in medical cost is based on the following projections:

Year	Pre-Medicare	Post-Medicare
2011	11%	10%
2012	10%	10%
2013	10%	9%
2014	9%	9%
2015	9%	8%
2016	8%	8%
2017	8%	7%
2018	7%	7%
2019	7%	6%
2020	6%	6%
2021	6%	5%
2022	5%	5%
2023	5%	5%
2024	4%	4%
2025	4%	4%
2026	4%	3%

Mortality Rate: The 2010 Applicable Mortality Table separately for males and females.

Method of Determining Value of Benefits. The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The rates for active and retired were "age" adjusted based on a study published in the North American Actuarial Journal in July 2005 (Petertil factors). Selected factor used to age adjust benefits are as follows:

Age	Factor	Age	Factor
50-54	3.3%	75-79	2.0%
55-59	3.6%	80-84	1.0%
60-64	4.2%	85-89	.5%
65-69	3.0%	90 –	.0%
70-74	2.5%		

(12) Litigation and Claims -

At June 30, 2010, the School System is involved in several lawsuits. It is the opinion of the legal adviser for the School System that the ultimate resolution of these lawsuits will not involve any material liability to the School System in excess of insurance coverage and amounts recorded in these financial statements.

(13) Current Accounting Pronouncements -

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.

(14) Reservation of Fund Balance - General Fund -

Excellence in Education - Classroom Improvements - In the current year, the School System received payments from the State of Louisiana in connection with the State's settlement of its lawsuit with the tobacco industry. These funds can only be spent on classroom improvements as required by the State. Accordingly, the unspent monies at June 30, 2010 of $8,052 are reflected as a reservation of fund balance.

(15) Subsequent Event -

On May 2, 2009, the voters within the district of the Central Community School System approved the issuance of $9,000,000 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, 2010 with scheduled maturities through 2030.

SCHEDULES REQUIRED BY STATE LAW

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

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December 30, 2010

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 did not include the expenses for the sub fund of the general fund or the state grants fund which is reported combined for financial statement reporting. The expenditures for Schedule 1 were increased by $758,936 from the original schedule provided to us and the corrected balances are reflected in this report.

In addition, the debt service ad valorem taxes, the debt service sales taxes and the nonpublic textbook revenue were not included on the schedule provided to us for testing. Due to required audit adjusting entries, the schedule was corrected to agree with the final audited balances. The revenues for Schedule 1 were increased by $2,193,333 from the original schedule provided to us and the corrected balances are reflected in this report.

Education Levels of Public School Staff (Schedule 2)

2. We 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.

   (No Differences Noted)

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.

   (No Differences Noted)

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.

   (No Differences Noted)

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.

   (No Differences Noted)

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.

   We originally received a schedule that contained only the balances for Schedule 5 with no supporting details of the teachers included so that we could verify the accuracy of the calculations. Without the details, we were not able to agree our sample of 25 teachers. We subsequently received a schedule that contained the detail but the detail had no calculations to agree with the original schedule we received. Later, management provided us with the corrected schedules that contained the detail with the calculations and an updated schedule 5 that agreed with each other. We were able to agree our sample of 25 teachers to the information on the latest 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.

   (No Differences Noted)

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,

Hannis T. Bourgeois, LLP

CENTRAL COMMUNITY SCHOOL SYSTEM

GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES AND CERTAIN LOCAL REVENUE SOURCES

FOR THE YEAR ENDED JUNE 30, 2010

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	$ 11,604,838	
Other Instructional Staff Activities	888,655	
Employee Benefits	3,605,114	
Purchased Professional and Technical Services	287,192	
Instructional Materials and Supplies	1,148,342	
Instructional Equipment	101,710	
Total Teacher and Student Interaction Activities		17,635,851
Other Instructional Activities		84,045
Pupil Support Activities	1,039,918	
Less: Equipment for Pupil Support Activities	-	
Net Pupil Support Activities		1,039,918
Instructional Staff Services	1,104,463	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		1,104,463
School Administration	1,728,358	
Less: Equipment for School Administration	-	
Net School Administration		1,728,358
Total General Fund Instructional Expenditures		$ 21,592,635
Total General Fund Equipment Expenditures		$ 101,973

(CONTINUED)

CENTRAL COMMUNITY SCHOOL SYSTEM

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

FOR THE YEAR ENDED JUNE 30, 2010

Certain Local Revenue Sources

Local Taxation Revenue:	
Constitutional Ad Valorem Taxes	454,881
Renewable Ad Valorem Tax	3,497,023
Debt Service Ad Valorem Tax	919,062
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	126,440
Sales and Use Taxes	6,769,766
Total Local Taxation Revenue	$ 11,767,172
Local Earnings on Investment in Real Property:	
Earnings from 16th Section Property	$ -
Earnings from Other Real Property	-
Total Local Earnings on Investment in Real Property	$ -
State Revenue in Lieu of Taxes:	
Revenue Sharing - Constitutional Tax	$ -
Revenue Sharing - Other Taxes	-
Total State Revenue in Lieu of Taxes	$ -
Nonpublic Textbook Revenue	$ 19,346
Nonpublic Transportation Revenue	$ 65,709

See auditor's report.

CENTRAL COMMUNITY SCHOOL SYSTEM

EDUCATION LEVELS OF PUBLIC SCHOOL STAFF

AS OF OCTOBER 1, 2009

	Full-time Classroom Teachers				**Principals & Assistant Principals**			
	Certificated		**Uncertificated**		**Certificated**		**Uncertificated**	
Category	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**
Less than a Bachelor's Degree	1	0%	0	0%	0	0%	0	0%
Bachelor's Degree	178	71%	0	0%	0	0%	0	0%
Master's Degree	60	24%	1	100%	9	69%	0	0%
Master's Degree + 30	9	4%	0	0%	4	31%	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	**251**	**100%**	**1**	**100%**	**13**	**100%**	**0**	**0%**

See auditor's report.

CENTRAL COMMUNITY SCHOOL SYSTEM

NUMBER AND TYPE OF PUBLIC SCHOOLS

FOR THE YEAR ENDED JUNE 30, 2010

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, 2009

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	**Total**
Assistant Principals	-	-	1	2	1	1	3	8
Principals	-	-	-	-	1	2	2	5
Classroom Teachers	24	33	79	21	32	30	33	252
Total	24	33	80	23	34	33	38	265

See auditor's report.

CENTRAL COMMUNITY SCHOOL SYSTEM

PUBLIC SCHOOL STAFF DATA

FOR THE YEAR ENDED JUNE 30, 2010

	All Classroom Teachers	Classroom Teachers Excluding ROTC, Rehired Retirees and Flagged Salary
Average Classroom Teachers' Salary Including Extra Compensation	$47,919	$47,727
Average Classroom Teachers' Salary Excluding Extra Compensation	$46,886	$46,673
Number of Teacher Full-time Equivalents (FTEs) used in Computation of Average Salaries	252	247

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

See auditor's report.

CENTRAL COMMUNITY SCHOOL SYSTEM

CLASS SIZE CHARACTERISTICS

AS OF OCTOBER 1, 2009

	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
School Type	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	55.3%	328	44.7%	265	0.0%	-	0.0%	-
Elementary Activity Classes	54.8%	40	45.2%	33	0.0%	-	0.0%	-
Middle/Jr. High	34.1%	113	62.9%	208	2.7%	9	0.3%	1
Middle/Jr. High Activity Classes	0.0%	-	11.2%	3	44.4%	12	44.4%	12
High	40.2%	164	35.0%	143	24.8%	101	0.0%	-
High Activity Classes	52.1%	38	20.5%	15	17.8%	13	9.6%	7
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, 2010

District Achievement Level Results	English Language Arts						Mathematics					
	2010		2009		2008		2010		2009		2008	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	15	5%	14	5%	12	5%	13	5%	11	4%	9	4%
Mastery	67	24%	87	33%	59	26%	71	25%	50	19%	56	25%
Basic	143	51%	124	48%	111	49%	137	48%	145	56%	111	49%
Approaching Basic	46	16%	23	9%	29	13%	37	13%	32	12%	29	13%
Unsatisfactory	12	4%	12	5%	15	7%	25	9%	22	9%	21	9%
Total	**283**	**100%**	**260**	**100%**	**226**	**100%**	**283**	**100%**	**260**	**100%**	**226**	**100%**

District Achievement Level Results	Science						Social Studies					
	2010		2009		2008		2010		2009		2008	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	10	4%	21	8%	1	0%	4	1%	6	2%	1	0%
Mastery	63	22%	61	24%	49	22%	56	20%	45	18%	42	19%
Basic	151	53%	131	50%	110	49%	165	58%	156	60%	119	53%
Approaching Basic	52	18%	34	13%	57	25%	43	15%	36	14%	44	19%
Unsatisfactory	9	3%	12	5%	9	4%	17	6%	16	6%	20	9%
Total	**285**	**100%**	**259**	**100%**	**226**	**100%**	**285**	**100%**	**259**	**100%**	**226**	**100%**

District Achievement Level Results	English Language Arts						Mathematics					
	2010		2009		2008		2010		2009		2008	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	9	3%	4	1%	1	0%	23	8%	16	5%	7	3%
Mastery	53	19%	55	18%	28	13%	18	7%	28	10%	10	5%
Basic	135	49%	164	55%	108	49%	142	52%	162	54%	120	54%
Approaching Basic	67	25%	62	21%	72	33%	59	21%	65	22%	58	26%
Unsatisfactory	10	4%	14	5%	12	5%	32	12%	27	9%	26	12%
Total	**274**	**100%**	**299**	**100%**	**221**	**100%**	**274**	**100%**	**298**	**100%**	**221**	**100%**

District Achievement Level Results	Science						Social Studies					
	2010		2009		2008		2010		2009		2008	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	6	2%	9	3%	2	1%	3	1%	3	1%	-	0%
Mastery	42	15%	41	14%	38	17%	35	13%	21	7%	21	10%
Basic	120	45%	134	45%	83	38%	129	47%	168	56%	100	46%
Approaching Basic	85	31%	88	30%	69	31%	62	22%	74	24%	62	28%
Unsatisfactory	20	7%	26	8%	28	13%	44	17%	32	12%	34	16%
Total	**273**	**100%**	**298**	**100%**	**220**	**100%**	**273**	**100%**	**298**	**100%**	**217**	**100%**

See auditor's report.

CENTRAL COMMUNITY SCHOOL SYSTEM

THE GRADUATION EXIT EXAM FOR THE 21ST CENTURY

FOR THE YEAR ENDED JUNE 30, 2010

District Achievement Level Results	English Language Arts						Mathematics					
	2010		2009		2008		2010		2009		2008	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 10												
Advanced	5	2%	2	1%	1	0%	48	18%	63	20%	40	15%
Mastery	41	16%	46	15%	42	16%	56	22%	69	22%	69	25%
Basic	139	54%	194	63%	171	64%	108	42%	137	44%	127	46%
Approaching Basic	51	20%	50	16%	43	16%	27	10%	25	8%	21	8%
Unsatisfactory	21	8%	14	5%	11	4%	20	8%	15	6%	16	6%
Total	**257**	**100%**	**306**	**100%**	**268**	**100%**	**259**	**100%**	**309**	**100%**	**273**	**100%**

District Achievement Level Results	Science						Social Studies					
	2010		2009		2008		2010		2009		2008	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 11												
Advanced	16	6%	19	8%	5	2%	6	2%	3	1%	2	1%
Mastery	65	23%	54	22%	36	15%	46	16%	47	19%	26	11%
Basic	133	47%	122	49%	121	51%	189	67%	147	59%	161	68%
Approaching Basic	55	19%	42	17%	52	22%	30	11%	37	15%	43	18%
Unsatisfactory	14	5%	11	4%	24	10%	12	4%	14	6%	5	2%
Total	**283**	**100%**	**248**	**100%**	**238**	**100%**	**283**	**100%**	**248**	**100%**	**237**	**100%**

See auditor's report.

CENTRAL COMMUNITY SCHOOL SYSTEM

ILEAP TESTS

FOR THE YEAR ENDED JUNE 30, 2010

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)

Schedule 9
(Continued)

CENTRAL COMMUNITY SCHOOL SYSTEM

ILEAP TESTS

FOR THE YEAR ENDED JUNE 30, 2010

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	40%	102	40%	123	48%
Approaching Basic	66	26%	61	24%	74	29%	57	22%
Unsatisfactory	29	11%	35	14%	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%**

(CONTINUED)

CENTRAL COMMUNITY SCHOOL SYSTEM

ILEAP TESTS

FOR THE YEAR ENDED JUNE 30, 2010

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	20	8%	13	5%	21	9%	13	5%
Mastery	95	39%	64	27%	74	31%	82	34%
Basic	113	47%	122	50%	116	48%	125	52%
Approaching Basic	7	3%	34	14%	28	11%	17	7%
Unsatisfactory	7	3%	9	4%	3	1%	5	2%
Total	**242**	**100%**	**242**	**100%**	**242**	**100%**	**242**	**100%**

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	10	4%	15	6%	2	1%	12	4%
Mastery	82	31%	61	23%	53	20%	39	15%
Basic	126	48%	144	54%	136	52%	150	57%
Approaching Basic	38	14%	31	12%	62	23%	43	16%
Unsatisfactory	8	3%	13	5%	11	4%	20	8%
Total	**264**	**100%**	**264**	**100%**	**264**	**100%**	**264**	**100%**

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	10	4%	6	2%	4	1%	20	7%
Mastery	50	18%	50	18%	53	19%	22	8%
Basic	162	58%	160	57%	161	57%	164	58%
Approaching Basic	49	17%	42	15%	49	17%	52	19%
Unsatisfactory	9	3%	22	8%	15	6%	23	8%
Total	**280**	**100%**	**280**	**100%**	**282**	**100%**	**281**	**100%**

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	15	6%	25	10%	8	3%	6	3%
Mastery	40	17%	36	15%	58	24%	38	16%
Basic	119	49%	119	50%	110	46%	136	56%
Approaching Basic	47	20%	39	16%	44	18%	34	14%
Unsatisfactory	19	8%	21	9%	21	9%	27	11%
Total	**240**	**100%**	**240**	**100%**	**241**	**100%**	**241**	**100%**

District Achievement Level Results	English Language Arts		Mathematics	
	2010		2010	
Students	Number	Percent	Number	Percent
Grade 9				
Advanced	9	3%	36	10%
Mastery	63	18%	62	18%
Basic	200	58%	179	52%
Approaching Basic	63	18%	42	12%
Unsatisfactory	11	3%	27	8%
Total	**346**	**100%**	**346**	**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 –

The Other Federal Fund is used to account for all other Federal Grant funds. Those programs include the State Fiscal Stabilization Funds grant, Vocational Education (Carl Perkins) grant, the Capital Area Human Resources Prevention grant, the Mathematics and Science Partnership grant, the Enhancing Education Through Technology grant, the Nationally Certified Speech Pathologist and Audiologist grant, the National Board Certified School Social Workers grant, and the Temporary Assistance for Needy Families (T.A.N.F.) grant.

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

DEBT SERVICE FUNDS

The debt service funds are used to accumulate monies for the payment of bond issues. The School System has the following debt service funds:

General Obligation Bonds Fund- The General Obligation Bonds Fund is used to accumulate ad valorem tax revenues assessed for the repayment of general obligation bonds. In addition, this fund accounts for the repayment of the general obligation principal and interest repayments.

Sales Tax Bonds Fund - The Sales Tax Bonds Fund is used to accumulate sales tax revenues collected for the repayment of sales tax revenue bonds. In addition, this fund accounts for the repayment of the sales tax revenue bond principal and interest repayments and for other expenses authorized by the voters within the School System.

CENTRAL COMMUNITY SCHOOL SYSTEM

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2010
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2009)

	SPECIAL REVENUE FUNDS				
ASSETS	Improving America's Schools	Special Education	Other Federal	School Food Service	Total
Cash	$ -	$ -	$ -	$ 80,328	$ 80,328
Receivables	601,277	239,828	92,151	5,853	939,109
Inventory	-	-	-	24,009	24,009
Restricted Asset:					
Cash	-	-	-	-	-
Total Assets	$ 601,277	$ 239,828	$ 92,151	$ 110,190	$ 1,043,446
LIABILITIES AND FUND EQUITY (DEFICIT)					
Liabilities:					
Accounts, Salaries and Other Payables	$ 12,720	$ 5,272	$ 3,069	$ 5,212	$ 26,273
Due to Other Funds	588,557	234,556	89,082	-	912,195
Total Liabilities	601,277	239,828	92,151	5,212	938,468
Fund Equity (Deficit):					
Fund Balances -					
Reserved - Inventory					
Debt Service	-	-	-	-	-
Inventory	-	-	-	24,009	24,009
Unreserved -					
Undesignated (Deficit)	-	-	-	80,969	80,969
Total Fund Balances (Deficit)	-	-	-	104,978	104,978
Total Liabilities and Fund Equity	$ 601,277	$ 239,828	$ 92,151	$ 110,190	$ 1,043,446

See auditor's report.

DEBT SERVICE FUNDS				
General Obligation Bonds	Sales Tax Bonds	Total	Total Nonmajor Governmental Funds 2010	2009
$ 604,866	$ 777,625	$ 1,382,491	$ 1,462,819	$ -
21,396	206,659	228,055	1,167,164	668,765
-	-	-	24,009	47,912
-	1,295,104	1,295,104	1,295,104	-
$ 626,262	$ 2,279,388	$ 2,905,650	$ 3,949,096	$ 716,677
$ -	$ -	$ -	$ 26,273	$ 15,827
-	-	-	912,195	724,555
-	-	-	938,468	740,382
626,262	2,279,388	2,905,650	2,905,650	-
-	-	-	24,009	47,912
-	-	-	80,969	(71,617)
626,262	2,279,388	2,905,650	3,010,628	(23,705)
$ 626,262	$ 2,279,388	$ 2,905,650	$ 3,949,096	$ 716,677

CENTRAL COMMUNITY SCHOOL SYSTEM

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2009)

	SPECIAL REVENUE FUNDS				
	Improving America's Schools	Special Education	Other Federal	School Food Service	Total
Revenues:					
Local Sources:					
Taxes:					
Ad Valorem	$ -	$ -	$ -	$ -	$ -
Sales and Use	-	-	-	-	-
Interest Earnings	-	-	-	-	-
Food Services	-	-	-	666,601	666,601
State Sources:					
Unrestricted Grants in Aid	-	-	-	425,000	425,000
Federal Sources:					
Unrestricted - Indirect Cost Recoveries	136,003	77,168	9,913	-	223,084
Restricted Grants-in-Aid - Subgrants	2,092,371	1,134,882	965,881	937,201	5,130,335
Other-Commodities	-	-	-	69,372	69,372
Total Revenues	2,228,374	1,212,050	975,794	2,098,174	6,514,392
Expenditures:					
Instruction:					
Regular Programs	-	-	772,830	-	772,830
Special Education Programs	-	768,359	8,964	-	777,323
Vocational Programs	-	-	25,168	-	25,168
Special Programs	1,695,591	-	153,987	-	1,849,578
Support Services:					
Pupil Support	-	293,169	4,932	-	298,101
Instructional Staff Support	328,916	69,754	-	-	398,670
General Administration	-	-	-	-	-
School Administration	2,944	-	-	-	2,944
Business Services	998	-	-	-	998
Central Services	-	-	-	-	-
Plant Services	-	3,600	-	3,050	6,650
Food Services	-	-	-	1,948,113	1,948,113
Capital Outlay	63,922	-	-	18,328	82,250
Debt Service:					
Interest and Bank Charges	-	-	-	-	-
Total Expenditures	2,092,371	1,134,882	965,881	1,969,491	6,162,625

(CONTINUED)

DEBT SERVICE FUNDS				
General Obligation Bonds	Sales Tax Bonds	Total	Total Nonmajor Governmental Funds 2010	2009
$ 919,062	$ -	$ 919,062	$ 919,062	$ -
-	1,353,953	1,353,953	1,353,953	-
5,207	7,506	12,713	12,713	-
-	-	-	666,601	668,721
-	-	-	425,000	330,000
-	-	-	223,084	97,400
-	-	-	5,130,335	2,642,944
-	-	-	69,372	80,953
924,269	1,361,459	2,285,728	8,800,120	3,820,018
-	-	-	772,830	109,996
-	-	-	777,323	447,264
-	-	-	25,168	27,433
-	-	-	1,849,578	735,534
-	-	-	298,101	222,016
-	-	-	398,670	296,463
27,495	14,795	42,290	42,290	32,263
-	-	-	2,944	420
-	-	-	998	-
-	-	-	-	5,985
-	-	-	6,650	3,693
-	-	-	1,948,113	1,898,165
-	-	-	82,250	-
270,512	357,403	627,915	627,915	6,465
298,007	372,198	670,205	6,832,830	3,785,697

CENTRAL COMMUNITY SCHOOL SYSTEM

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2009)

	SPECIAL REVENUE FUNDS				
	Improving America's Schools	Special Education	Other Federal	School Food Service	Total
Excess (Deficiency) of Revenues Over Expenditures	136,003	77,168	9,913	128,683	351,767
Other Financing Sources (Uses):					
Transfers In	-	-	-	-	-
Transfers Out	(136,003)	(77,168)	(9,913)	-	(223,084)
Total Other Financing Sources (Uses)	(136,003)	(77,168)	(9,913)	-	(223,084)
Excess (Deficiency) of Expenditures and Other Uses Over Revenues and Other Sources	-	-	-	128,683	128,683
Fund Balances (Deficit) at Beginning of Year	-	-	-	(23,705)	(23,705)
Fund Balances at End of Year	$ -	$ -	$ -	$ 104,978	$ 104,978

See auditor's report.

DEBT SERVICE FUNDS				
General Obligation Bonds	Sales Tax Bonds	Total	Total Nonmajor Governmental Funds 2010	2009
626,262	989,261	1,615,523	1,967,290	34,321
-	1,290,127	1,290,127	1,290,127	-
-	-	-	(223,084)	(97,400)
-	1,290,127	1,290,127	1,067,043	(97,400)
626,262	2,279,388	2,905,650	3,034,333	(63,079)
-	-	-	(23,705)	39,374
$ 626,262	$ 2,279,388	$ 2,905,650	$ 3,010,628	$ (23,705)

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, 2010

	Original Budget	Final Budget	Actual	Variance with Budget
Revenues:				
Federal Sources:				
Federal Grants	$ 2,591,310	$ 2,592,718	$ 2,228,374	$ (364,344)
Total Revenues	2,591,310	2,592,718	2,228,374	(364,344)
Expenditures:				
Instruction:				
Special Programs	2,147,464	2,033,369	1,695,591	337,778
Support Service:				
Instructional Staff Support	219,928	328,516	328,916	(400)
School Administration	5,200	5,825	2,944	2,881
Business Services	1,255	1,255	998	257
Capital Outlay	54,000	64,000	63,922	78
Total Expenditures	2,427,847	2,432,965	2,092,371	340,594
Excess of Revenues Over Expenditures	163,463	159,753	136,003	(23,750)
Other Financing Sources (Uses):				
Transfers Out	(163,463)	(161,029)	(136,003)	25,026
Total Other Financing Sources (Uses)	(163,463)	(161,029)	(136,003)	25,026
Excess (Deficit) of Revenues and Other Sources Over Expenditures and Other Uses	-	(1,276)	-	1,276
Fund Balance at Beginning of Year	-	-	-	-
Fund Balance (Deficit) at End of Year	$ -	$ (1,276)	$ -	$ 1,276

See auditor's report.

CENTRAL COMMUNITY SCHOOL SYSTEM

SPECIAL REVENUE FUND - PUBLIC LAW 94-142 - SPECIAL EDUCATION

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

FOR THE YEAR ENDED JUNE 30, 2010

	Original Budget	Final Budget	Actual	Variance with Budget
Revenues:				
Federal Sources:				
Federal Grants	$ 1,942,911	$ 1,943,176	$ 1,212,050	$ (731,126)
Total Revenues	1,942,911	1,943,176	1,212,050	(731,126)
Expenditures:				
Instruction:				
Special Education Programs	1,335,552	1,454,306	768,359	685,947
Support Services:				
Pupil Support Services	295,190	295,978	293,169	2,809
Instructional Staff Support	70,273	70,150	69,754	396
Plant Services	5,000	3,600	3,600	-
Capital Outlay	120,000	-	-	-
Total Expenditures	1,826,015	1,824,034	1,134,882	689,152
Excess of Revenues Over Expenditures	116,896	119,142	77,168	(41,974)
Other Financing Sources (Uses):				
Transfers Out	(116,896)	(116,785)	(77,168)	39,617
Total Other Financing Sources (Uses)	(116,896)	(116,785)	(77,168)	39,617
Excess of Revenues and Other Sources Over Expenditures and Other Uses	-	2,357	-	(2,357)
Fund Balance at Beginning of Year	-	-	-	-
Fund Balance at End of Year	$ -	$ 2,357	$ -	$ (2,357)

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, 2010

	Original Budget	Final Budget	Actual	Variance with Budget
Revenues:				
Federal Sources:				
Federal Grants	$ 986,830	$ 1,021,821	$ 975,794	$ (46,027)
Total Revenues	986,830	1,021,821	975,794	(46,027)
Expenditures:				
Instruction:				
Regular Programs	801,462	806,269	772,830	33,439
Special Education Programs	-	8,964	8,964	-
Vocational Programs	37,377	37,377	25,168	12,209
Special Programs	136,896	153,984	153,987	(3)
Support Services:				
Pupil Support	-	4,133	4,932	(799)
Total Expenditures	975,735	1,010,727	965,881	44,846
Excess of Revenues Over Expenditures	11,095	11,094	9,913	(1,181)
Other Financing Sources (Uses):				
Transfers Out	(11,096)	(11,096)	(9,913)	1,183
Total Other Financing Sources (Uses)	(11,096)	(11,096)	(9,913)	1,183
Excess (Deficit) of Revenues and Other Sources Over Expenditures and Other Uses	(1)	(2)	-	2
Fund Balance at Beginning of Year	-	-	-	-
Fund Balance (Deficit) at End of Year	$ (1)	$ (2)	$ -	$ 2

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, 2010

	Original Budget	Final Budget	Actual	Variance with Budget
Revenues:				
Local Sources:				
Food Services	$ 710,000	$ 710,000	$ 666,601	$ (43,399)
State Sources:				
Unrestricted Grants in Aid	325,000	425,000	425,000	-
Federal Sources:				
Federal Grants	807,400	807,400	937,201	129,801
Other-Commodities	-	-	69,372	69,372
Total Revenues	1,842,400	1,942,400	2,098,174	155,774
Expenditures:				
Support Service:				
Plant Services	2,700	2,700	3,050	(350)
Food Services	1,831,700	1,864,975	1,948,113	(83,138)
Capital Outlay	8,000	14,000	18,328	(4,328)
Total Expenditures	1,842,400	1,881,675	1,969,491	(87,816)
Excess of Revenues Over Expenditures	-	60,725	128,683	67,958
Fund Balance (Deficit) at Beginning of Year	(23,705)	(23,705)	(23,705)	-
Fund Balance (Deficit) at End of Year	$ (23,705)	$ 37,020	$ 104,978	$ 67,958

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, 2010
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2009)

	School Activity	
	2010	2009
ASSETS		
Cash	$ 522,202	$ 429,058
Total Assets	$ 522,202	$ 429,058
LIABILITIES		
Amounts Held for School Activities	$ 522,202	$ 429,058
Total Liabilities	$ 522,202	$ 429,058

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, 2010

School	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
Bellingrath Hills School	$ 5,062	$ 170,184	$ 163,136	$ 12,110
Tanglewood Elementary	34,327	182,266	149,303	67,290
Central Intermediate	36,252	168,515	155,926	48,841
Central Middle School	62,348	242,523	257,361	47,510
Central High School	291,069	840,416	785,034	346,451
Total	$ 429,058	$ 1,603,904	$ 1,510,760	$ 522,202

See auditor's report.

CENTRAL COMMUNITY SCHOOL SYSTEM

SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS

FOR THE YEAR ENDED JUNE 30, 2010

Sharon Browning, President	$ -
Dr. James W. Gardner, Vice President	-
Russell Starns	-
Wilfred Guilbeau	-
Dr. David Walker	-
Willard Easley	-
Ruby Foil	-
Total	$ -

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, 2010

Federal Grantor/ Pass - Through Grantor/ Program Name	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures
Federal Grants			
United States Department of Agriculture			
Passed Through Louisiana Department of Agriculture and Forestry - Food Distribution Program	10.550	N/A	$ 69,372
Passed Through Louisiana Department of Education:			
National Breakfast Program	10.553	N/A	193,381
Summer Food Service	10.559	N/A	5,853
Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	8,750
Total United States Department of Agriculture			277,356
United States Department of Education			
Passed Through Louisiana Department of Education:			
Title I - Grants to Local Educational Agencies	84.010	N/A	1,930,501
Title II – Teacher and Principal Training and Recruiting	84.367A	N/A	252,944
Title IV – Safe and Drug-Free Schools and Communities	84.186A	N/A	23,904
Individuals with Disabilities Educational Act Special Education IDEA	84.027A	N/A	882,933
National Board Certified School Social Workers Special Education	84.027A	N/A	4,133
Nationally Certified Speech Pathologists and Audiologists - Special Education	84.027A	N/A	8,964
IDEA – Preschool	84.173A	N/A	16,644
Vocational Education – (Carl Perkins)	84.048A	N/A	25,168
Mathematics and Science Partnership	84.366B	N/A	167,067
Enhancing Education Through Technology	84.318X	N/A	14,209
Total United States Department of Education			3,326,467

(CONTINUED)

CENTRAL COMMUNITY SCHOOL SYSTEM

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2010

Federal Grantor/ Pass - Through Grantor/ Program Name	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures
United States Department of Health and Human Services			
Passed Through Louisiana Department of Health and Hospitals:			
Capital Area Human Resources Prevention Grant	93.959	N/A	17,008
Passed Through Louisiana Department of Education:			
The Cecil J. Picard LA 4 Early Childhood Program - Temporary Assistance for Needy Families (T.A.N.F.)	93.558	N/A	153,983
Total United States Department of Health and Human Services			170,991
United States Department of Defense			
Reserve Officers' Training Corps	None	N/A	55,661
Total United States Department of Defense			55,661
United States Department of Homeland Security			
Passed Through State of Louisiana, Military Department of Homeland Security and Preparedness			
Disaster Grants - Public Assistance	97.036	N/A	153,308
Total United States Department of Homeland Security			153,308
Total Federal Grants			3,983,783
American Recovery and Reinvestment Act			
United States Department of Agriculture			
Passed Through Louisiana Department of Education:			
National School Lunch Program	10.555	N/A	729,217
Total United States Department of Agriculture			729,217

(CONTINUED)

CENTRAL COMMUNITY SCHOOL SYSTEM

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2010

Federal Grantor/ Pass - Through Grantor/ Program Name	CFDA Number	Federal Pass-Through Number	Agency or Federal Expenditures
United States Department of Education			
Passed Through Louisiana Department of Education:			
Individuals with Disabilities Educational Act Special Education Part B	84.391A	N/A	307,567
IDEA – Preschool	84.392A	N/A	4,906
Title I - Grants to Local Educational Agencies	84.398A	N/A	21,025
State Stabilization Funds	84.394A	N/A	584,321
Enhancing Education Through Technology	84.386A	N/A	941
Total United States Department of Education			918,760
Total American Recovery and Reinvestment Act (ARRA)			1,647,977
Total Expenditures of Federal Awards			$ 5,631,760

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, 2010

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, 2010, the Central Community School System had food commodities totaling $24,009 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:

Program Name	Federal CFDA Number	Amount Provided to Subrecipient
Title I - Grants to Local Educational Agencies	84.010	$ 27,525
Title II – Teacher and Principal Training and Recruiting	84.367A	$ 1,448
Mathematics and Science Partnership	84.366B	$ 72,923
Enhancing Education Through Technology	84.318X	$ 1,437

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

HTB Hannis T. Bourgeois, LLP
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December 30, 2010

Central Community School System
Central, Louisiana

We have audited the financial statements of the governmental activities, each major fund, the budgetary comparison statement of the general fund, the fiduciary fund statement and the aggregate remaining fund information of the Central Community School System, Central, Louisiana, as of and for the year ended June 30, 2010, which collectively comprise the Central Community School System's basic financial statements, and have issued our report thereon dated December 30, 2010. 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, 2010 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 opinions 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2010-01 and 2010-02 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 2010-03.

We noted certain matters that we reported to management of the School Board in a separate letter dated December 30, 2010.

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,

Hannis T. Bourgeois, LLP

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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December 30, 2010

Central Community School System
Central, Louisiana

Compliance

We have audited Central Community School System's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Central Community School System's major federal programs for the year ended June 30, 2010. 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 Central Community School System's management. Our responsibility is to express an opinion on Central Community 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

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, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School System's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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,

Hannis T. Bourgeois, LLP

CENTRAL COMMUNITY SCHOOL SYSTEM

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2010

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/ Program Name	CFDA Number
United States Department of Education	
Passed Through Louisiana Department of Education:	
Special Education IDEA	84.027A
National Board Certified School Social Workers-Special Education	84.027A
Nationally Certified Speech Pathologists and-Audiologists Special Education	84.027A
IDEA- Preschool	84.173A
American Recovery and Reinvestment Act- IDEA Part B-Special Education	84.391A
American Recovery and Reinvestment Act- IDEA Preschool	84.392A
American Recovery and Reinvestment Act – State Fiscal Stabilization Funds	84.394A

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

B. Findings - Internal Control Over Financial Reporting

Finding 2010-01 Lack of Preparation of Reconciliations and Review Thereof:

During prior two annual audits, we noted an overall lack of preparation of timely reconciliations of the various accounts comprising many of the major accounting cycles of the School System's various funds including but not limited to cash, accounts receivable, accrued liabilities, interfund accounts, and fund balance. During the current year audit, we noted that management made significant progress towards reconciling and properly adjusting the general ledger on many accounts; however, we again noted several accounts that were not properly reconciled and adjusted including accounts receivable, accounts payable, accrued liabilities, fund balance, and income statement accounts of the special revenue funds. Once again our firm had to provide assistance and provide proposed audit adjustments (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 the various accounts that comprise the major accounting cycles of the System's various funds and make all necessary adjustments prior to the start of the audit. These reconciliations should be done on at least a monthly basis. A formal reconciliation form 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:

Management intends to develop additional reconciliation procedures. Great progress was made during the 2009/2010 fiscal year with many of the accounts that must be reconciled on a monthly basis. However, management does recognize that additional work is needed to address the remaining accounts that are not getting reconciled on a timely basis. The Central Community School System is currently exploring the cost/benefit of hiring an additional office clerk to help with this reconciliation process.

Finding 2010-02 Workers Compensation Liability Accrual and Expenses Not Adjusted:

During the current year audit, we noted the percentage used to expense and accrue the workers compensation insurance premium was not correct for the first quarter of the year. Management properly adjusted the rate for the remaining of the year based on our audit recommendation during the prior year; however, management failed to properly adjust the accumulated accrual using the wrong rate. The use of the incorrect rate during the first quarter of the year caused the accrual to be overstated by approximately $51,800 for fiscal year 2010. The financial statements were adjusted for this over-accrual.

Recommendation:

We recommend for management to reconcile the workers compensation accrued liability account and make proper adjustments when necessary so the account balances in the accounting records reflect the proper accruals. In addition, the 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 for the fiscal year end.

Management's Response:

As stated in management's response to finding 2010-01, great progress has been made in the reconciliation of many of the accounting cycles, but this is one of the accounts that needs more attention. Management is currently exploring the cost/benefit of hiring an additional office clerk to help with the additional work load associated with the need to have reconciliations completed on a monthly basis.

C. Findings - Compliance and Other Matters

Finding 2010-03 Legislative Auditor Compliance Audit Concerning School Systems Compliance with State Bid Laws:

Finding:

On September 29, 2010, the Louisiana Legislative Auditor issued its compliance audit concerning the compliance with the public bid laws and record keeping on certain purchases of materials and supplies, computer software, and professional services.

Recommendation:

In Louisiana Legislative Auditor's report, the following recommendations were made:

(1) follow the school system's procurement policy and comply with the provisions of the Public Bid Law;
(2) follow the guidelines in Attorney General Opinion 09-0296 when piggy-backing off other contracts;
(3) require written contracts including, but not limited to, the length of the contract, contractual obligations, contractual procedures, and payment terms;
(4) ensure adequate services and supporting documentation are provided that support the allocation of expenses to the school system before payments are made;
(5) require the finance department to maintain a copy of all signed contracts and approved purchase orders to support all vendor payments;
(6) maintain records in an organized and secure fashion to ensure compliance with Louisiana law;
(7) establish contract monitoring requirements to ensure payments for contract services are in accordance with the terms of the contract; and
(8) develop and submit a formal record retention schedule to the Secretary of State as required by state law.

Management Response:

The compliance audit itself includes all of management's responses and explanations.

CENTRAL COMMUNITY SCHOOL SYSTEM

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2010

Findings - Internal Control Over Financial Reporting

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

During our audits performed for 2009 and 2008, 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 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'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.

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, many accounts included in the various funds were not properly reconciled during the current year leaving the account balance on the general ledger with the incorrect balance. This item is considered a finding again in the current year at 2010-01 which also includes our recommendation.

Finding 2009-2 Bank Reconciliations:

During our audits performed for 2009 and 2008, 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 during the prior 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:

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

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.

Corrective Action Taken:

During our current year audit, we noted that management provided us with documentation that the cash accounts had been properly reconciled during the year.

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

During the prior 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 recommended 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 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:

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

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.

Corrective Action Taken:

During the current year audit, we noted that management properly adjusted the workers compensation insurance accrual rate in the payroll system so that the proper amount is accrued each month for the majority of the year. We noted the expenditures and related accrued liability for workers compensation was over-accrued on the trial balance provided to us for the current year audit. The balance over-accrued resulted from management failing to adjust the expenditures and liability for the first quarter of the year. This item is considered a finding again in the current year at 2010-02 which also includes our recommendation.

Finding 2009-4 Accrued Compensated Leave Balances:

During our prior year 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 recommended 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:

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

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.

Corrective Action Taken:

The accrued compensated absence report with balances at June 30, 2010, did not include any employees with negative accrued hours.

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

During the prior 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 recommended that management verify that all teachers have a current teacher certificate and a current teacher contract in the teacher's personnel file. We further recommended 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:

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

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.

Corrective Action Taken:

During our current year audit of 40 payroll checks, we noted that all necessary documentation to support the payroll items was contained in the files.

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. In the prior year audit, the Central Community School System failed to prepare an amended budget and had a difference of more than 5% between budgeted and actual expenditures in the following funds:

Fund Name	Original and Final Budget	Actual	Unfavorable Variance	Percentage Unfavorable Variance
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%

In addition to the unfavorable budget variance above, the School Food Service Fund reported 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 recommended 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:

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

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.

Corrective Action Taken:

During the current year audit management budgeted expenditures within the 5% variance requirements.

CENTRAL COMMUNITY SCHOOL SYSTEM
CENTRAL, LOUISIANA

MANAGEMENT LETTER

JUNE 30, 2010

HTB Hannis T. Bourgeois, LLP
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December 30, 2010

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, 2010, 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 30, 2010, on the basic financial statements of the Central Community School System, Central, Louisiana.

CURRENT YEAR FINDINGS:

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

Finding:

The Central Community School System implemented the requirements of Government Accounting Standards Board GASB Statement No. 45 "Accounting and Financial Reporting by Employers for Postretirement Benefits Other Than Pensions" for fiscal year ending June 30, 2010. This 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.

An actuary was contracted during 2010 in order to determine the liability to record on the School System's government-wide financial statements. According to the results of the actuarial evaluation, the June 30, 2010 accumulated unfunded other postemployment benefit liability is estimated at $4,156,069. This OPEB liability is expected to increase by at least $4,156,069 in the following year with an estimated liability of approximately $8,300,000 for the fiscal year ending June 30, 2011. GASB 45 suggests the creation of an irrevocable trust fund to accumulate funds for the payment of these accumulated OPEB liabilities. The School System has not taken steps to create this irrevocable trust fund as of June 30, 2010. The purpose of the irrevocable trust fund is to pay the OPEB liability into the trust fund which should create an investment return and reduce the OPEB accumulated liability.

Recommendation:

Now that the liability for other postemployment benefits has been determined, we recommend for the School System to begin the process of evaluating the creation of an irrevocable trust fund as suggested in GASB 45.

Managements Response:

Management has met with the finance Committee and options are currently being explored to set up an irrevocable trust fund as suggested by GASB 45.

Finding 2010M-2 Errors in Performance and Statistical Schedules Provided Required by R.S. 24:514:

Finding:

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

Schedule 1: The original schedule provided to us for testing did not include the expenses for the sub fund of the general fund or the state grants fund which is reported combined for financial statement reporting. The expenditures for Schedule 1 were increased by $758,936 from the original schedule provided to us and the corrected balances are included in the final Schedule 1 report.

In addition, the debt service ad valorem taxes, the debt service sales taxes and the nonpublic textbook revenue were not included on the schedule provided to us for testing. Due to proposed audit adjusting entries, the schedule was corrected to agree with the final audited balances. The revenues for Schedule 1 were increased by $2,193,333 from the original schedule provided to us and the corrected balances are included in the final Schedule 1 report.

Schedule 5: The original schedule that we received contained only the balances for Schedule 5 with no supporting details of the teachers. Without the detail, we could not verify the accuracy of the calculations or able to agree our sample of 25 teachers. We subsequently received a schedule that contained the detail but the detail had no calculations to agree with the original schedule we received. Later, management provided us with the corrected schedules that contained the detail with the calculations and an updated schedule 5 that agreed with each other. We were able to agree our sample of 25 teachers to the information on the latest schedule provided to us.

Recommendation:

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

Management's Response:

Schedule 1: Management understands the importance of these schedules. In the case of schedule 1, information was extracted for only Fund 100 (the General fund) as per the instructions. However, it was later brought to management's attention that schedule one needed to include all information that was reported in column four on the AFR (the Department of Education's annual financial report). Column four is designated as the general fund on the AFR. Management has noted this error and intends to extract data as it pertains to the AFR for schedule one instead of how information is organized in the Central Community School System's fund structure.

Schedule 5: Management now has an understanding of what is needed as detail for this schedule.

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

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

- Finding 2009M-1 Implementation of Governmental Accounting Standards Board Statement No. 54 (GASB 54) – "Fund Balance Reporting and Governmental Fund Type Definitions."
- Finding 2008M-4: Sheriff Payment to Retirement System

PRIOR 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 13, 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 recommended 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:

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

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 for fiscal year ending June 30, 2011.

Corrective Action Taken / Additional Recommendation:

The Central Community School System did not implement this standard for fiscal year ending June 30, 2010. Since the provision of Government Accounting Standards Board issued GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" are required to be adopted for the year ending June 30, 2011, we again recommend for management to take the steps necessary to implement this new standard.

Management's Response:

Management is currently developing the new fund balance classifications. This new requirement will be in place for the close of the 2010/2011 fiscal year.

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 prior year financial statement, 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.

Management's Response:

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

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.

Corrective Action Taken:

The actuarial calculation necessary to implement the provisions of GASB Statement No. 45 were completed and the impact of GASB 45 is presented in the June 30, 2010 financial statements. See additional recommendation in finding 2010M-1 regarding the creation of an irrevocable trust fund as suggested by GASB 45.

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

Finding:

It was noted in the prior years 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:

Efforts are currently being made to emphasize the importance 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.

Additional Recommendation:

See current year finding 2010M-2 for details of errors that we encountered during the current year with some of the statistical schedules provided to us.

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:

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.

Corrective Action Taken:

In the current year, we noted no additional issues with recording expenses to a grant that was unreimbursed.

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

Finding:

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

2009 Corrective Action Taken / Additional Recommendation:

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

2009 Management's Response:

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

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.

Additional Recommendation:

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

Management's Response:

Management intends to request a meeting with the Teachers' Retirement System in the current year and ask that the funds owed to the Central Community School System be credited to our account.

Finding 2008 M-5 Internal Audits of School Activity Funds:

Finding:

During the prior two year audits, 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:

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

Corrective Action Taken:

During the current year audit, we noted that a system to perform internal audits of the school activity funds was developed and an internal audit of one of the schools was completed during the fiscal year ending June 30, 2010. We commend management for taking the steps necessary to develop the internal audit process of the various school activity funds.

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,

Hannis T. Bourgeois, LLP