

EISNERAMPER

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2023



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INDEPENDENT AUDITORS' REPORT

The Members of the
Zachary Community School Board
Zachary, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Zachary Community School Board (the School Board) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School Board and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 17 to the financial statements, the beginning fund balance of the debt service fund was restated for a correction of an accounting error. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School Board's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in total other post-employment liability and related ratios, schedule of school board's proportionate share of the net pension liability for the retirement systems, schedule of employer contributions to the retirement systems, notes to required supplementary information, the budgetary comparison information and related notes, as listed in the table of contents be presented to supplement the basic financial statements.



Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Board's basic financial statements. The accompanying combining and individual non-major fund financial statements, the schedule of board members' compensation, the schedule of compensation benefits, and other payments to the superintendent, and the schedule of expenditures of federal awards and related notes, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, the schedule of board members' compensation, the schedule of compensation benefits, and other payments to the superintendent, and the schedule of expenditures of federal awards and related notes, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2023 on our consideration of the School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Board's internal control over financial reporting and compliance.

EisnerAmper LLP

EISNERAMPER, LLP
Baton Rouge, Louisiana
December 27, 2023



ZACHARY COMMUNITY SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

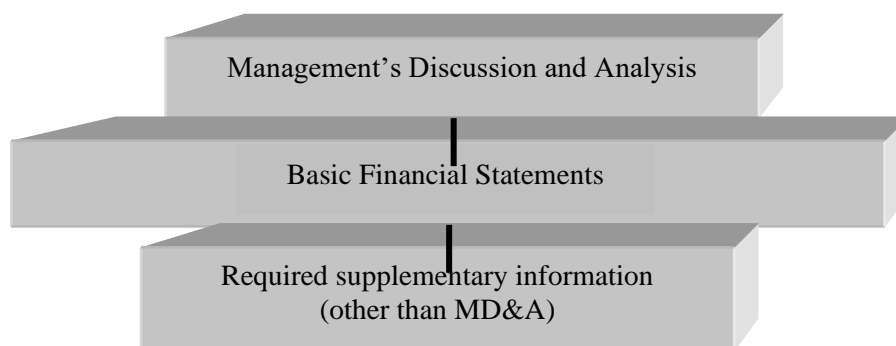
Management's Discussion and Analysis of the Zachary Community School Board's financial performance presents a narrative overview and analysis of Zachary Community School Board's financial activities for the year ended June 30, 2023. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information (where available).

FINANCIAL HIGHLIGHTS

- ★ The Zachary Community School Board's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$22,032,363 at the close of fiscal year 2023. The Zachary Community School Board's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at the close of fiscal year 2022 by \$27,601,305.
- ★ For the fiscal year 2023, revenues exceeded expenses by \$5,568,942. For the fiscal year 2022, revenues exceeded expenses by \$7,181,673.
- ★ State MFP revenues were approximately \$36.2 million for the fiscal year 2023 and \$33.7 million for the fiscal year 2022 due to an increase in the number of students.
- ★ Outstanding debt was \$46,285,692 and \$53,037,764 for the years ended June 30, 2023 and 2022, respectively, which is a decrease of approximately \$6,750,000 resulting from required principal payments, including amortization of premium, being made throughout this fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the basic financial statements), and required supplementary information. **Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the School Board's finances, in a manner similar to a private sector business.

ZACHARY COMMUNITY SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

The *statement of net position* presents information on all of the School Board's assets and liabilities, and deferred inflows/outflows of resources, with the differences between them reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School Board is improving or deteriorating.

The *statement of activities* presents information showing how the School Board's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods. (e.g., uncollected taxes and earned but unused sick leave).

The government-wide financial statements present functions of the School Board that are principally supported by taxes and intergovernmental revenues (governmental activities). The School Board has no functions or activities which are business-like in nature, meaning that they are primarily supported by user fees and charges for services, such as a municipally-owned utility system. The governmental activities of the School Board include regular education, special education, and other educational programs, support services, administration, maintenance, student transportation, and school food services. The School Board contains no other units of government (component units), nor is it contained as a component unit of any other level of local or state government.

Fund financial statements. A *fund* is a grouping of related accounts that are used to maintain control over the resources that have been segregated for specific activities or objectives. The School Board, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the School Board can be divided into two categories: governmental funds and fiduciary funds (none at June 30, 2023).

Governmental funds. *Governmental funds* are used to account for essentially the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near term inflows and outflows of spendable resources*, as well as on *balances of spendable resources available* at the end of the fiscal year. Such information may be useful in evaluating a government's near term financial requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long term impact of the School Board's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The School Board maintains many individual governmental funds. Information is presented separately in the government fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the Debt Service Fund, and ESSERF Fund, which are considered major funds. The remaining funds are combined into a single, aggregated presentation under the label of other non-major governmental, which contains all non-major funds. Individual fund data for each of these non-major funds is provided in the form of combining statements in other supplemental information of this report.

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

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

ZACHARY COMMUNITY SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

FINANCIAL ANALYSIS OF THE ENTITY

Condensed Statement of Net Position
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
		(restated)
Cash and cash equivalents	\$ 14,058,286	\$ 11,846,206
Investments	11,808,208	14,355,247
Receivables	4,438,975	4,213,934
Inventory	148,107	184,681
Prepaid and other assets	129,969	890,215
Capital assets, net	<u>106,714,357</u>	<u>109,659,304</u>
Total assets	<u>137,297,902</u>	<u>141,149,587</u>
 Total deferred outflows of resources	 <u>30,317,573</u>	 <u>29,627,977</u>
 Salaries, payroll deduction and expenses payable	 5,523,173	 4,785,005
Accrued interest payable	424,461	476,132
Bonds payable	46,285,692	53,037,764
Lease liability	326,898	547,420
Compensated absences payable	4,688,571	4,610,328
Other post-employment benefit obligation	44,713,642	43,668,281
Net pension liability	<u>58,279,953</u>	<u>34,145,393</u>
Total liabilities	<u>160,242,390</u>	<u>141,270,323</u>
 Total deferred inflows of resources	 <u>29,405,448</u>	 <u>57,108,546</u>
 Net position (deficit):		
Net investment in capital assets	55,760,651	51,952,321
Restricted for:		
Debt service	1,476,697	3,072,060
School food service	944,176	943,013
Other purposes	2,287,480	1,845,185
Unrestricted	<u>(82,501,367)</u>	<u>(85,413,884)</u>
Total net position (deficit)	<u>\$ (22,032,363)</u>	<u>\$ (27,601,305)</u>

ZACHARY COMMUNITY SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

FINANCIAL ANALYSIS OF THE ENTITY (continued)

Investments account for approximately 8% and 10% of the total assets of the School Board for the years ended June 30, 2023 and 2022, respectively.

Capital assets, which are reported net of accumulated depreciation, account for approximately 75% of the total assets of the School Board for both years ended June 30, 2023 and 2022.

Net position invested in capital assets (capital assets minus the debt issued to acquire the assets) increased approximately 7% resulting from the purchase of additional assets during the year and right-of-use leased assets capitalized in the current year. Restricted net position decreased approximately 26% from prior year due to the reserve in the debt service fund. Unrestricted net deficit is largely the result of the total other post-employment benefit liability of \$44,713,642 and the net pension liability of \$58,279,953 exceeding assets available to fund those liabilities. Those liabilities must be satisfied through future contributions to the plans.

Total assets decreased slightly by 3% over the prior year due to a decrease in investments held at year end and a decrease in capital assets.

ZACHARY COMMUNITY SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

FINANCIAL ANALYSIS OF THE ENTITY (continued)

Condensed Statement of Activities
For the Years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenues		
Program revenues		
Charges for services	\$ 4,994,652	\$ 4,015,751
Operating grants	10,261,792	8,987,340
General revenues		
Property taxes	19,461,269	18,452,238
Sales taxes	13,103,521	12,514,594
Earnings on investments	(442,223)	(2,969,612)
MFP	36,156,374	33,671,765
Other	1,184,860	1,310,228
	<u>84,720,245</u>	<u>75,982,304</u>
Expenses		
Regular education	27,188,574	23,866,323
Special education	5,661,534	5,114,733
Other education	9,687,434	8,409,116
Pupil support	3,268,151	2,728,810
Instructional staff	3,223,627	2,339,838
General administrative	1,587,811	1,382,365
School administrative	3,878,528	2,839,327
Business and central services	2,788,257	2,405,746
Plant operation and maintenance	11,421,402	9,914,825
Transportation	4,896,010	4,524,181
Food service	2,882,496	2,434,797
Facilities acquisition and construction	502,513	294,338
Appropriations - charter schools	613,087	584,618
Debt service:		
Interest and bank fees	1,551,879	1,961,614
	<u>79,151,303</u>	<u>68,800,631</u>
Changes in net position	<u>\$ 5,568,942</u>	<u>\$ 7,181,673</u>

ZACHARY COMMUNITY SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

FINANCIAL ANALYSIS OF THE ENTITY (continued)

Changes in Net Position

- MFP totaling approximately \$36.2 million and \$33.6 million accounts for 43% and 44% of total revenues for the years ended June 30, 2023 and 2022, respectively. This increase is in line with the increase in enrollment.
- Property taxes totaling approximately \$19.5 million and \$18.5 million accounts for 23% and 24% of total revenues for the years ended June 30, 2023 and 2022. The increase reflected in property taxes was due to a local plant increasing its property value for the 2022 tax year whereas in the prior year the plan idled half of its facility as a result of the pandemic which significantly reduced its property value for the 2021 tax year and in turn reduced the ad valorem tax revenue collections for the general and debt service funds.
- Sales taxes increased from approximately \$12.5 million in the prior year to approximately \$13.1 million for the year ended June 30, 2023. Sales tax accounts for 15% and 16% of total revenues for the years ended June 30, 2023 and 2022, respectively.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2023, the Zachary Community School Board had \$106,714,357 (net of accumulated depreciation and amortization of \$49,339,793) invested in a broad range of capital assets, including land, building, and equipment. (See Table below).

Capital Assets
(Net of Depreciation and Amortization)
as of June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Land	\$ 5,308,503	\$ 5,308,503
Construction in progress	670,313	-
Buildings and improvements	98,435,747	101,490,275
Equipment, fixtures, and vehicles	1,965,354	2,317,037
Right-of-use leased assets	334,440	543,489
Total	<u>\$ 106,714,357</u>	<u>\$ 109,659,304</u>

During the year ended June 30, 2023, there were additions totaling \$430,764 related to equipment purchases, \$670,313 related to construction in progress, and right-of-use assets totaling \$218,006 as a result of a new vehicle lease in accordance with GASB 87, *Leases*.

ZACHARY COMMUNITY SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Long-term debt

The total bonds outstanding for the year ended 2023 were \$45,904,359 including unamortized premiums on issuance of \$1,493,026. During the fiscal year 2023, \$6,750,000 of principal and premium payments and \$1,437,055 of interest payments were made.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Final budgeted revenues are slightly higher than originally budgeted due to an increase in sales tax revenue and MFP. Final budgeted expenditures were also slightly higher than originally budgeted expenditures due to teacher raises approved in May 2022 and additional ESSERF expenditures during the year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The School Board's elected and appointed officials considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- General Fund and other funds revenues and expenditures are expected to remain consistent with current years.

The School Board expects next year's results to be consistent with the current year.

CONTACTING THE ZACHARY COMMUNITY SCHOOL BOARD'S MANAGEMENT

This financial report is designed to provide a general overview of the School Board's finances for those with an interest in the government's financial position and operations. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to John Musso, Business Manager, Zachary Community School Board, 3755 Church Street, Zachary, LA 70791.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2023

<u>ASSETS</u>	Governmental Activities
Cash and cash equivalents	\$ 14,058,286
Investments	11,808,208
Receivables	4,438,975
Inventory	148,107
Prepaid assets	87,425
Other assets	42,544
Capital assets, net	106,714,357
TOTAL ASSETS	<u>137,297,902</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred outflow amounts related to bond refunding	616,218
Deferred outflow amounts related to pension liability	18,021,537
Deferred outflow amounts related to OPEB liability	11,679,818
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>30,317,573</u>
 <u>LIABILITIES</u>	
Salaries, payroll deduction and expenses payable	5,523,173
Accrued interest payable	424,461
Long-term liabilities	
Due within one year (bonds, leases and compensated absences)	7,597,593
Due in more than one year (bonds, leases and compensated absences)	43,703,568
Net pension liability	58,279,953
Other post-employment benefit obligation - Due within one year	1,094,276
Other post-employment benefit obligation - Due in more than one year	43,619,366
TOTAL LIABILITIES	<u>160,242,390</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred inflow amounts related to pension liability	2,596,957
Deferred inflow amounts related to OPEB liability	26,808,491
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>29,405,448</u>
 <u>NET POSITION</u>	
Net investment in capital assets	55,760,651
Restricted for:	
Debt service	1,476,697
School food service	944,176
Other purposes	2,287,480
Unrestricted	(82,501,367)
TOTAL NET POSITION (DEFICIT)	<u>\$ (22,032,363)</u>

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

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

		Program Revenues		Net (Expense)
				Revenue and
				Changes in Net
				Position
	Expenses	Charges for	Operating	Governmental
		Services	Grants and	Unit
			Contributions	
<u>Functions/Programs</u>				
Instruction:				
Regular education programs	\$ 27,188,574	\$ -	\$ 2,182,843	\$ (25,005,731)
Special education programs	5,661,534	-	371,047	(5,290,487)
Other education programs	9,687,434	4,461,935	4,131,092	(1,094,407)
Support Services:				
Pupil support services	3,268,151	-	164,120	(3,104,031)
Instructional staff services	3,223,627	-	754,660	(2,468,967)
General administration services	1,587,811	-	-	(1,587,811)
School administration services	3,878,528	-	205,644	(3,672,884)
Business and central services	2,788,257	-	4,303	(2,783,954)
Plant operation and maintenance	11,421,402	-	11,482	(11,409,920)
Transportation	4,896,010	-	167,821	(4,728,189)
Non-Instructional Services:				
Food service	2,882,496	532,717	2,268,780	(80,999)
Appropriations - charter schools	613,087	-	-	(613,087)
Facilities acquisition and construction	502,513	-	-	(502,513)
Debt Service:				
Interest and bank fees	1,551,879	-	-	(1,551,879)
Total Governmental Activities	79,151,303	4,994,652	10,261,792	(63,894,859)
Local sources				
Taxes:				
Ad valorem				19,461,269
Sales and use				13,103,521
Earnings on investments				(442,223)
Other				1,077,460
State sources				
Unrestricted grants-in-aid				36,156,374
Other				107,400
		Total general revenues		69,463,801
Change in Net Position				5,568,942
Net Position - July 1, 2022				(27,601,305)
Net Position - June 30, 2023				\$ (22,032,363)

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

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2023

	General	Debt Service	ESSERF	Other Non-Major Governmental	Total
<u>ASSETS</u>					
Cash and cash equivalents	\$ 9,119,411	\$ 979,095	\$ -	\$ 3,959,780	\$ 14,058,286
Investments	10,723,692	1,084,516	-	-	11,808,208
Receivables	1,965,834	13,484	682,653	1,777,004	4,438,975
Due from other funds	2,520,831	-	-	891,603	3,412,434
Prepaid assets	87,425	-	-	-	87,425
Other assets	42,394	-	-	150	42,544
Inventory	110,388	-	-	37,719	148,107
TOTAL ASSETS	<u>\$ 24,569,975</u>	<u>\$ 2,077,095</u>	<u>\$ 682,653</u>	<u>\$ 6,666,256</u>	<u>\$ 33,995,979</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Salaries, payroll deductions and expenses payable	\$ 4,609,817	\$ -	\$ 7,677	\$ 905,679	\$ 5,523,173
Due to other funds	891,603	176,816	674,976	1,669,039	3,412,434
TOTAL LIABILITIES	<u>5,501,420</u>	<u>176,816</u>	<u>682,653</u>	<u>2,574,718</u>	<u>8,935,607</u>
Fund balances:					
Nonspendable	240,207	-	-	37,869	278,076
Restricted for:					
Debt service	-	1,900,279	-	-	1,900,279
School food service	-	-	-	906,307	906,307
Other purposes	-	-	-	2,287,480	2,287,480
Assigned:					
Capital construction	-	-	-	859,882	859,882
Technology	1,500,000	-	-	-	1,500,000
Unassigned	17,328,348	-	-	-	17,328,348
TOTAL FUND BALANCES	<u>19,068,555</u>	<u>1,900,279</u>	<u>-</u>	<u>4,091,538</u>	<u>25,060,372</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 24,569,975</u>	<u>\$ 2,077,095</u>	<u>\$ 682,653</u>	<u>\$ 6,666,256</u>	<u>\$ 33,995,979</u>

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

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS - BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Total Fund Balances at June 30, 2023 - Governmental Funds		\$	25,060,372
Cost of capital assets at June 30, 2023	\$	156,054,150	
Less: Accumulated depreciation and amortization as of June 30, 2023:			
Buildings		(40,512,857)	
Movable property		(8,363,436)	
Right-of-use leased assets		<u>(463,500)</u>	106,714,357
Accrued interest payable			(424,461)
Long-term liabilities at June 30, 2023:			
Bonds payable		(44,792,666)	
Bond premium		(1,493,026)	
Compensated absences payable		(4,688,571)	
Lease liability		<u>(326,898)</u>	(51,301,161)
Deferred amounts related to bond refunding			616,218
Other post-employment benefit liabilities, deferred inflows and deferred outflows of resources			
Other post-employment benefit liability		(44,713,642)	
Deferred outflows of resources related to OPEB liability		11,679,818	
Deferred inflows of resources related to OPEB liability		<u>(26,808,491)</u>	(59,842,315)
Pension liabilities, deferred inflows and deferred outflows of resources			
Net pension liability		(58,279,953)	
Deferred pension contributions		8,836,617	
Deferred outflow of resources - related to net pension liability		9,184,920	
Deferred amounts related to pension liability		<u>(2,596,957)</u>	<u>(42,855,373)</u>
Total Net Position at June 30, 2023 - Governmental Activities		\$	<u>(22,032,363)</u>

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

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023

	General	Debt Service	ESSERF	Other Non-Major Governmental	Total
<u>REVENUES</u>					
Local sources:					
Taxes:					
Ad valorem	\$ 12,665,404	\$ 6,795,865	\$ -	\$ -	\$ 19,461,269
Sales and use	13,103,521	-	-	-	13,103,521
Food sales	-	-	-	532,717	532,717
Earnings (Loss) on investments	(311,493)	(140,247)	-	9,517	(442,223)
Extended day program tuition	353,970	-	-	354,509	708,479
Student activities	-	-	-	4,107,965	4,107,965
Other	480,722	19,587	-	227,548	727,857
State sources:					
Unrestricted grants-in-aid	36,125,013	-	-	31,361	36,156,374
Restricted grants-in-aid	223,494	-	-	900,262	1,123,756
Other	107,400	-	-	-	107,400
Federal sources:					
Restricted grants-in-aid - direct	99,394	-	-	-	99,394
Restricted grants-in-aid - subgrants	-	-	3,950,865	4,882,792	8,833,657
Commodities - United States Department of Agriculture	-	-	-	204,985	204,985
TOTAL REVENUES	<u>62,847,425</u>	<u>6,675,205</u>	<u>3,950,865</u>	<u>11,251,656</u>	<u>84,725,151</u>
<u>EXPENDITURES</u>					
Current:					
Instruction:					
Regular education programs	25,407,339	-	2,355,042	676,325	28,438,706
Special education programs	5,504,873	-	-	515,282	6,020,155
Other education programs	4,100,200	-	167,934	5,569,014	9,837,148
Support services:					
Pupil support services	3,229,947	-	146,383	81,534	3,457,864
Instructional staff services	2,370,200	-	475,878	572,137	3,418,215
General administration services	1,510,219	192,331	-	-	1,702,550
School administration services	3,842,715	-	285,581	-	4,128,296
Business and central services	2,805,052	-	-	5,976	2,811,028
Plant operation and maintenance	8,445,681	-	15,946	21,937	8,483,564
Transportation	4,826,457	-	-	233,057	5,059,514
Non-Instructional services:					
Food service	123,466	-	-	2,909,955	3,033,421
Appropriations - charter schools	613,087	-	-	-	613,087
Facility acquisition and construction	-	-	-	1,172,826	1,172,826
Debt service:					
Principal retirement	275,379	6,836,333	-	-	7,111,712
Interest and bank charges	16,961	1,664,349	-	-	1,681,310
TOTAL EXPENDITURES	<u>63,071,576</u>	<u>8,693,013</u>	<u>3,446,764</u>	<u>11,758,043</u>	<u>86,969,396</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(224,151)</u>	<u>(2,017,808)</u>	<u>504,101</u>	<u>(506,387)</u>	<u>(2,244,245)</u>
					(continued)

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023

	General	Debt Service	ESSERF	Other Non-major Governmental	Total
<u>OTHER FINANCING SOURCES (USES)</u>					
Operating transfers in	\$ 590,214	\$ -	\$ -	\$ 1,000,000	\$ 1,590,214
Operating transfers out	(1,000,000)	-	(504,101)	(86,113)	(1,590,214)
Proceeds from leases	218,006	-	-	-	218,006
TOTAL OTHER FINANCING SOURCES (USES)	(191,780)	-	(504,101)	913,887	218,006
<u>NET CHANGES IN FUND BALANCE</u>	(415,931)	(2,017,808)	-	407,500	(2,026,239)
Fund balances, Beginning of year	19,484,486	8,494,083	-	3,684,038	31,662,607
Restatement	-	(4,575,996)	-	-	(4,575,996)
Fund balances, Beginning of year, as restated	19,484,486	3,918,087	-	3,684,038	27,086,611
FUND BALANCES, JUNE 30, 2023	\$ 19,068,555	\$ 1,900,279	\$ -	\$ 4,091,538	\$ 25,060,372
					(concluded)

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

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS -
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Total Net Changes in Fund Balance - Governmental Funds		\$ (2,026,239)
Capital Assets:		
Loss on disposal of fixed assets	\$ (174,561)	
Capital outlay capitalized	1,319,083	
Depreciation and amortization expense for year ended June 30, 2023	<u>(4,089,469)</u>	(2,944,947)
Change in accrued interest payable		51,671
Amortization of deferred loss on refundings		(219,312)
Long Term Debt:		
Principal portion of debt service payments	6,836,338	
Amortization of bond premium	<u>297,067</u>	7,133,405
Leases:		
Lease principal	275,379	
Lease liability change due to terminations	163,149	
Proceeds from new leases during the year	<u>(218,006)</u>	220,522
Change in compensated absences payable	(78,243)	
Net change in pension liability and deferred inflows/outflows of resources	3,076,756	
Net change in post-employment benefit obligation and deferred inflows/outflows of resources	<u>355,329</u>	<u>3,353,842</u>
Change in Net Position - Governmental Activities		<u><u>\$ 5,568,942</u></u>

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

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

a. Reporting Entity

Effective July 1, 2003, the Zachary Community School Board (the School Board) seceded from the East Baton Rouge Parish School System (EBRPSS) and formed its own school district. The School Board was created in accordance with Louisiana Revised Statute (LSA-R.S.) 17:64 for the purpose of providing public education for the residents of the Zachary Community. The School Board is authorized by LSA-R.S. 17:81 to establish policies and regulations for its own government consistent with the laws of the State of Louisiana and the regulations of the Louisiana Board of Elementary and Secondary Education. The School Board is authorized to establish public schools as it deems necessary, to provide adequate school facilities for the children of the parish, to determine the number of teachers to be employed, and to determine local supplement to their salaries. The School Board is currently comprised of 9 members who are elected for a term of four years.

The School Board operates eight schools within the community with a total enrollment of approximately 5,500 pupils. In conjunction with the regular educational programs, some of these schools offer special education and/or adult education programs. Additionally, the School Board provides transportation and school food services for the students.

The Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards* establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under the provisions, the School Board is considered a *primary government*, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Fiscally independent means that the School Board may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The School Board also has no *component units*, defined by GASB as other legally separate organizations for which the elected School Board members are financially accountable. There are no other primary governments with which the School Board has a significant relationship. Certain units of local government, over which the School Board exercises no oversight responsibility, such as the city police jury, other independently elected city officials, and municipalities within the city, are excluded from the financial statements. These units of government are considered separate reporting entities and issue financial statements separate from that of the School Board. The School Board is not a component unit of any other entity.

b. Fund Accounting

The financial transactions of the School Board are recorded in individual funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate.

Revenues are accounted for in these individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The funds presented in the financial statements are described as follows:

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

b. **Fund Accounting** (continued)

Governmental Fund Types:

Governmental funds are those through which most governmental functions of the School Board are financed. The acquisition, use and balances of the School Board's expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position rather than upon net income determination. The following are the School Board's governmental fund types:

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

Special Revenue Funds - Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. These funds account for the revenues and expenditures related to federal and state grant and entitlement programs established for various educational objectives.

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

Debt Service Fund - The Debt Service Fund, established to meet requirements of bond ordinances, is used to account for the accumulation of resources for and the payment of general long-term debt principal, interest, and related costs.

The School Board reports the following governmental funds as major funds: the General Fund, the Debt Service Fund and the ESSERF Fund.

c. **Basis of Accounting**

The School Board's basic financial statements consist of the government-wide statements on all of the non-fiduciary funds activities and fund financial statements (individual major fund, combined non-major fund and fiduciary fund). The statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units and promulgated by the GASB *Codification of Accounting and Financial Reporting Standards*.

d. **Measurement Focus/Basis of Accounting**

Government-Wide Financial Statements (GWFS)

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

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

d. Measurement Focus/Basis of Accounting (continued)

Government-Wide Financial Statements (GWFS) continued

The GWFS were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability has been incurred, regardless of the timing of the related cash flows. Sales taxes are recognized when the underlying sales transactions occur, and property taxes are recognized when a legally enforceable claim arises. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Program Revenues

Program revenues included in the Statement of Activities are derived directly from parties outside of the School Board's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the School Board's general revenues. Charges for services are primarily derived from cafeteria sales and miscellaneous student activity fees.

Expenses and Allocation of Indirect Expenses

The School Board reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable by function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense which can be specifically identified by function is included in the direct expenses of each function. Depreciation on the buildings is assigned to the plant operation and maintenance function due to the fact that school buildings serve multiple purposes. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Fund Financial Statements

Governmental Funds

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

Governmental Funds are accounted for on the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized in the accounting period in which they become susceptible to accrual - that is, when they become measurable and available to pay current period liabilities. Such revenue items are ad valorem taxes, sales taxes and state and federal entitlements. Sales and use taxes and ad valorem taxes are considered "available" when expected to be collected within the next two months. Revenue from state and federal grants is recorded when the reimbursable expenditures have been incurred.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

d. **Measurement Focus/Basis of Accounting** (continued)

Fund Financial Statements (continued)

Governmental Funds (continued)

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Costs of accumulated unpaid vacation, sick leave, and other employee benefit amounts are reported in the period due and payable rather than the period earned by employees, and general long-term obligations principal and interest payments are recognized only when due.

e. **Budget and Budgetary Accounting**

The proposed budgets for fiscal year 2023 were completed and made available for public inspection at the School Board office. A public hearing was held for suggestions and comments from taxpayers. The proposed fiscal year 2023 budgets were formally adopted by the School Board after the public hearing. The budgets, which included proposed expenditures and the means of financing them, for the General and Special Revenue Funds were published in the official journal fifteen days prior to the public hearings.

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

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

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

f. **Cash, Cash Equivalents, and Investments**

Under state law, the School Board may deposit funds with a fiscal agent organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The School Board may invest in United States bonds, notes, bills, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Cash and cash equivalents include cash on hand, cash on deposit, certificates of deposit and money market accounts. These deposits are stated at cost, which approximates fair value. Under state law, the resulting bank balances of these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The estimated fair value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent.

The Board has reported their investments at fair value at June 30, 2023. Fair value was determined by obtaining quoted year-end market prices.

g. **Federal Grants and Other Receivables**

Federal grants receivable consists of receivables for reimbursement of expenditures under various federal programs and grants. These amounts are expected to be collected within the next twelve months. Other receivables relate to sales tax collections which are anticipated to be collected within 60 days of the fiscal year end.

h. **Inventory and Prepaid Assets**

Inventory of the School Lunch Special Revenue Fund consists of food purchased by the School Board and commodities granted by the United States Department of Agriculture through the Louisiana Department of Education. The commodities are recorded as revenues and expenses when consumed. All inventory items purchased are valued at the lower of cost (first-in, first-out) or market, and donated commodities are assigned values based on information provided by the United States Department of Agriculture. Prepaid assets include prepaid insurance and worker's compensation premiums.

i. **Capital Assets**

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

Capital assets are recorded in the GWFS but are not recorded in the FFS. All capital assets, (including amortization of lease assets), other than land, are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purposes by the School Board, no salvage value is taken into consideration for depreciation purposes. Useful lives are approximately 40 years for buildings and improvements and 3 to

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

i. **Capital Assets** (continued)

20 years for equipment, fixtures and vehicles. Estimated lives also apply to lease assets, which are amortized over the lesser of the estimated useful life of each class of capital assets or the lease term using the straight-line method. The School Board does not possess any material amounts of infrastructure capital assets, such as sidewalks and parking lots. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

j. **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School Board has three types of items that qualify for reporting in this category. It has deferred charges on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The \$616,218 balance of deferred outflows of resources related to bond refunding will be recognized as interest expense over the remaining life of the bonds. The School Board also has deferred outflows of resources related to the net pension liability of \$18,381,492 and deferred outflows of resources new related to the other post-employment benefit liability of \$11,679,818. See Note 8 for additional information on deferred outflows of resources related to defined benefit pension plans and Note 9 for additional information on deferred outflows of resources related to the other post-employment benefit liability.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The School Board has two items that qualify for reporting in this category related to the net pension liability in the amount of \$2,596,957 and the other post-employment benefit liability in the amount of \$26,808,491. See Note 8 and Note 9, respectively, for additional information on deferred inflows of resources related to defined benefit pension plans and other post-employment benefits.

k. **Compensated Absences**

All 12-month employees earn from 10 to 20 days of vacation leave each year, depending on length of service with the School Board. Vacation leave may be accumulated up to 50 days. The School Board will pay up to 50 days of unused vacation upon separation. The remaining balance is forfeited.

All School Board employees earn 10 to 12 days of sick leave each year depending on the number of months employed within a year. Sick leave may be accumulated without limitation. Upon death or retirement, a maximum of 25 days of unused sick leave is paid to the employee or designated heir at the employee's current rate of pay. Under the Louisiana Teacher's Retirement System, the unused sick leave is used in the retirement benefit computation as earned service. Under the Louisiana School Employees Retirement System, all unpaid sick leave, which excludes the 25 days paid, is used in the retirement benefit computation as earned service.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

k. **Compensated Absences** (continued)

Any employee with a teaching certificate is entitled, subject to approval by the School Board, to one semester of sabbatical leave after three years of continuous service or two semesters of sabbatical leave after six or more years of continuous service. Leave may be granted for rest and recuperation and professional and cultural improvement.

The cost of compensated absence privileges is recognized as a current year expenditure in the General Fund when leave is actually taken, or when employees or their heirs are paid for accrued leave upon retirement or death, while the cost of leave privileges not requiring current resources is recorded as compensated absences payable of \$4,688,571 in the Government-wide financial statements.

l. **Leases**

The School Board is a lessee for noncancellable lease agreements for land and equipment used for a variety of purposes and uses, including athletics, vehicles, and copiers. In accordance with GASB Statement No. 87, *Leases*, the School Board recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements for those lease contracts with an initial individual value that is material to the financial statements and whose terms call for a lease period greater than one year. The lease liability is measured at the commencement of the lease at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to leases include (1) the discount rate used to present value the expected lease payment, (2) lease term, and (3) lease payments.

- The School Board uses the interest rate charged by the lessor as the discount rate, if provided. When the interest rate charged by the lessor is not provided, the School Board uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease terms includes the noncancellable period of the lease and optional renewal periods. Lease payments included in the measurement of the lease liability are composed of fixed payments through the noncancellable term of the lease and renewal periods that management considers reasonably certain to be exercised.

The School Board monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with capital assets and lease liabilities are reported with long-term debt on the statement of net position.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

m. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities to the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

n. Sales, Use and Property Taxes

The voters of the Zachary Community School District authorized the School Board to levy a two percent system wide sales and use tax. A one percent Zachary Community School Board Sales and Use Tax approved on April 7, 2001 is to be used for the purpose of acquiring, constructing, improving, maintaining and operating public elementary and secondary schools, including school related buildings, equipment and facilities with the geographic boundaries of the Zachary Community School Board, subject to funding into bonds in the manner provided by Sub-Part F, Part III, Chapter 4, Title 39 of the Louisiana Revised Statutes of 1950.

A one percent Zachary Community Educational Facilities Improvement District Sales and Use Tax approved on April 7, 2001 is to be used to pay the costs of acquiring, constructing, improving, maintaining, and operating the public elementary and secondary schools and school related buildings, equipment and facilities, within and for the Zachary Community School Board, and paying salaries and benefits of School Board personnel.

Ad valorem taxes are collected by the East Baton Rouge Parish Sheriff's Office and remitted to the School Board on a monthly basis. Ad valorem taxes are assessed and levied on a calendar year basis by the East Baton Rouge Parish Assessor's Office, based on the assessed value on January 1 of the assessment year. However, before taxes can be levied, the tax rolls must be submitted to the State Tax Commission for approval. Taxes are due and payable by November 15. An enforceable lien attaches on the property as of November 15. As of December 31, taxes become delinquent and interest and penalty accrue. Taxes are generally collected in January, February and March of the fiscal year.

o. Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character:	Current (further classified by function)
	Capital Outlay
	Debt Service

In the fund financial statements, governmental funds report expenditures of current financial resources.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

p. **Interfund Transactions**

During the course of normal operations, the School Board has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets and service debt. The accompanying fund financial statements generally reflect such transactions as operating transfers.

q. **Restricted Net Position**

Government-Wide Statements

Equity is classified as net position and displayed in three components:

1. *Net invested in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced generally by the outstanding balances of any bonds, mortgages, notes, deferred charged on refunding, or other borrowings accounts payable associated with the capital assets, and unspent debt proceeds that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net position - Consists of net position with constraints placed on the use either by:
 - a. External groups such as creditors, grantors, contributors, or laws or regulations of other governments, or
 - b. Law through constitutional provisions or enabling legislation.
3. Unrestricted net position - All other net positions that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

r. **Fund Equity of Fund Financial Statements**

Accounting standards require governmental fund balances to be reported in as many as five classifications as listed below:

Nonspendable – represents amounts that are not expected to be converted to cash because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted – represents balances where constraints have been established by parties outside the School Board or imposed by law through constitutional provisions or enabling legislation.

Committed – represents balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the School Board's highest level of decision-making authority.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

r. **Fund Equity of Fund Financial Statements** (continued)

Assigned – represents balances that are constrained by the School Board’s intent to be used for specific purposes but are not restricted nor committed.

Unassigned – represents balances that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund.

When expenditures are incurred for the purposes for which both restricted and unrestricted amounts are available, the School Board reduces restricted amounts first, followed by unrestricted amounts. When expenditures are incurred for purposes for which committed, assigned, and unassigned amounts are available, the School Board reduces committed amounts first, followed by assigned amounts and then unassigned amounts.

s. **Debt Refundings**

Debt refundings are accounted for in accordance with government accounting standards. This statement requires accounting for gains and losses that result from debt refundings to be deferred and amortized over the life of the new debt or the retired debt, whichever is the shorter period. The deferred refunding amounts are classified as either a deferred inflow or outflow in the financial statements.

t. **Pension Plans**

The School Board is a participating employer in three defined benefit pension plans (plans) as described in Note 8. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of each of the plans, and additions to/deductions from each plans’ fiduciary net position have been determined on the same basis as they are reported by each of the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within each plan.

u. **Current Year Adoption of New Accounting Standard**

The School System adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription Based Information Technology Arrangements (SBITA)*. Under this Statement, SBITA, as defined, are financings of the right to use an underlying asset. SBITA liabilities are measured at the present value of lease payments over the term of each respective contract. Options to renew the lease are included in the lease term if reasonably certain to be exercised. The right to use asset may also include certain implementation phase costs. The implementation of GASB 96 did not require the School Board to report SBITA assets or liabilities as the balances were not considered material to the financial statements.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

2. **Ad Valorem Taxes**

The following is a summary of authorized and levied ad valorem taxes collected during the fiscal year ended June 30, 2023:

	<u>Authorized Millage</u>	<u>Levied Millage</u>
Constitutional	5.00	5.00
Special	38.20	38.20
Bond and Interest	24.00	24.00

3. **Cash and Investments**

Deposits:

Custodial credit risk is the risk that in the event of a financial institution failure, the School Board's deposits may not be returned to them. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. As of June 30, 2023, the bank balance of \$14,220,333 was not exposed to custodial credit risk.

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

Investments:

As of June 30, 2023, the Board had the following investments and maturities:

<u>Investment Type</u>	INVESTMENT MATURITIES (IN YEARS)				
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>
General Fund					
U.S. Government					
Agencies	\$ 10,723,692	\$ -	\$ -	\$ 3,112,930	\$ 7,610,762
Debt Service Fund					
U.S. Government					
Agencies	1,084,516	-	-	-	1,084,516
Total Investments	<u>\$ 11,808,208</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,112,930</u>	<u>\$ 8,695,278</u>

The School Board categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

The School Board has the following recurring fair value measurements as of June 30, 2023:

Level 2 inputs – U.S. government agency securities, and municipal securities totaling \$16,689,114 are valued using a market-based approach comprised of a combination of directly observable quoted prices and a matrix pricing technique that relies on the securities' relationship to other benchmark quoted securities.

Interest Rate Risk - Interest rate risk is the risk applicable to debt instruments with fair values that are sensitive to changes in interest rates. One indicator of the measure of interest rate risk is the dispersion of maturity dates of debt instruments. The School Board's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - Under Louisiana R.S. 33:2955, as amended, the School Board may invest in obligations of the U.S. Treasury, U.S. Agencies and instrumentalities, repurchase agreements, certificates of deposits, Louisiana Asset Management Pool (LAMP), and other investments as provided in the statute. The Board's investment policy does not further limit its investment choices. As of June 30, 2023, the Board's investment in U.S. Government Agencies was rated Aaa by Moody's Investors Service and AA+ by Standard & Poor's.

Concentration of Credit Risk - The School Board's investment policy does not limit the amount the School Board may invest in any one issuer. More than 5 percent of the Board's investments are in Federal Home Loan Bank, Federal Farm Credit Bank and US Treasury securities. These investments are 59%, 12%, and 29%, respectively.

4. **Due From/To Other Funds**

The School Board's consolidated cash account holds the cash of all funds. As a result, negative cash balances occur in certain funds and are in essence "financed" by the General Fund. Positive book cash balances are displayed on the Governmental Funds balance sheet as "cash and cash equivalents," while negative cash balances are included in "Due to other Funds" on the Governmental Funds balance sheet. Individual balances due to/from other funds at June 30, 2023, which represent short-term loans, are as follows:

<u>Fund</u>	<u>Due from other funds</u>	<u>Due to other funds</u>
General Fund	\$ 2,520,831	\$ 891,603
Debt Service Fund	-	176,816
ESSERF Fund	-	674,976
Non-Major Funds	891,603	1,669,039
Total	<u>\$ 3,412,434</u>	<u>\$ 3,412,434</u>

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

5. Interfund Transfers

Interfund transfers for the year ended June 30, 2023, were as follows:

Fund	Transfer in	Transfer Out
General Fund	\$ 590,214	\$ 1,000,000
ESSERF Fund	-	504,101
Non-Major Funds	1,000,000	86,113
Total	<u>\$ 1,590,214</u>	<u>\$ 1,590,214</u>

The purposes of interfund transfers generally are: (1) to transfer indirect cost reimbursements to the general fund from the special revenue funds, and (2) to transfer supplemental local funds for program operations from the general fund to other programs.

6. Capital Assets

Capital assets and depreciation and amortization activity as of and for the year ended June 30, 2023 is as follows:

	Land	Buildings and Improvements	Equipment, Fixtures & Vehicles	Right-of-use Leased Assets	Construction in Progress	Total
<u>Cost:</u>						
at June 30, 2022	\$ 5,308,503	\$ 138,948,603	\$ 10,716,602	\$ 832,014	\$ -	\$ 155,805,722
Additions	-	-	430,764	218,006	670,313	1,319,083
Deletions	-	-	(818,575)	(252,080)	-	(1,070,655)
at June 30, 2023	<u>5,308,503</u>	<u>138,948,603</u>	<u>10,328,791</u>	<u>797,940</u>	<u>670,313</u>	<u>156,054,150</u>
<u>Accumulation depreciation and amortization:</u>						
at June 30, 2022	-	37,458,328	8,399,565	288,525	-	46,146,418
Additions	-	3,054,528	775,941	259,000	-	4,089,469
Deletions	-	-	(812,069)	(84,025)	-	(896,094)
at June 30, 2023	<u>-</u>	<u>40,512,856</u>	<u>8,363,437</u>	<u>463,500</u>	<u>-</u>	<u>49,339,793</u>
Total	<u>\$ 5,308,503</u>	<u>\$ 98,435,747</u>	<u>\$ 1,965,354</u>	<u>\$ 334,440</u>	<u>\$ 670,313</u>	<u>\$ 106,714,357</u>

Depreciation and amortization expense of \$4,089,469 for the year ended June 30, 2023 was charged to the following governmental functions:

Regular Education	\$ 545,136
Special Education	16,993
Other Educational Programs	203,209
Pupil Support Services	2,389
General Administrative Services	2,446
Business and Central Services	129,532
Plant Operation and Maintenance	3,119,175
Student Transportation	54,502
Food Service	16,087
	<u>\$ 4,089,469</u>

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

7. Long-term Debt

The following is a summary of the changes in general long-term debt and compensated absences for the year ended June 30, 2023:

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023	Amount Due Within One Year
General Obligation Bonds	\$ 50,485,000	\$ -	\$ 6,455,000	\$ 44,030,000	\$6,680,000
Premium on Bonds	1,790,093	-	297,067	1,493,026	297,067
QSCB	1,143,999	-	381,333	762,666	381,333
Lease liability	547,420	218,006	438,528	326,898	208,612
Compensated absences	<u>4,610,328</u>	<u>910,718</u>	<u>832,475</u>	<u>4,688,571</u>	<u>30,586</u>
Total	<u>\$ 58,576,840</u>	<u>\$ 1,128,724</u>	<u>\$ 8,404,403</u>	<u>\$ 51,301,161</u>	<u>\$ 7,597,598</u>

A schedule of the individual issues outstanding as of June 30, 2023 is as follows:

Bond Issue	Original Issue	Interest Rate	Final Payment Due	Interest to Maturity	Principal Outstanding
Series 2013 ¹	March 26, 2013	4.000%	March 1, 2033	\$ 1,119,602	\$ 6,590,000
Series 2013A ²	December 11, 2013	2.400%	March 1, 2024	12,840	535,000
Series 2015 ¹	June 16, 2015	2.000%	March 1, 2026	191,800	2,790,000
Series 2016 ¹	May 4, 2016	3.000%	March 1, 2027	560,300	6,250,000
Series 2017 ¹	July 6, 2017	2.000%	March 1, 2028	829,750	5,750,000
Series 2019 ¹	December 3, 2019	3.000%	March 1, 2029	708,000	5,710,000
Series 2019A ¹	December 3, 2019	2.950%	March 1, 2030	1,004,378	7,735,000
Series 2021A ¹	July 21, 2021	2.150%	March 1, 2031	906,495	8,670,000
Total General Obligation Bonds				<u>5,333,165</u>	<u>44,030,000</u>
QSCB ¹	December 15, 2009	3.00%	September 15, 2024	<u>214,500</u>	<u>762,666</u>
				<u>\$ 5,547,665</u>	<u>\$ 44,792,666</u>

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

All principal and interest requirements are funded by an ad valorem tax levy on taxable property within the parish. The School Board accumulates the tax proceeds in the Debt Service Fund. At June 30, 2023, the School Board has accumulated \$6,857,355 in the debt service fund for future debt service requirements.

¹ These bonds were offered for public sale that are subject to the following events of default, termination events, and acceleration clauses:

- *Events of default with finance-related consequences* – These bonds will be in default for failure of payment of principal and interest when due, non-performance or observance of covenants, agreements, or conditions in Bond Resolution or supplemental resolution continuing for more than 45 days after written notice of non-performance or observance, and filing petition or seeking relief under Federal or State bankruptcy law. The School Board has the authority to assess and collect property taxes that will be used to repay this debt.
- *Termination events with finance related consequences* – Events that will result in finance related consequences include bonds being callable early and insufficient taxes levied and collected to meet debt service requirements on all bonds outstanding.
- *Subjective acceleration clauses* – The School Board may refund early with refunding certificates or bonds, and the School Board may defease bonds.

² This bond is a direct placement bond that is subject to the following events of default, termination events, and acceleration clauses:

- *Events of default with finance-related consequences* – These bonds will be in default for failure of payment of principal and interest when due. The School Board has the authority to assess and collect property taxes that will be used to repay this debt.
- *Termination events with finance related consequences* – Events that will result in finance related consequences include bonds being callable early. The School Board is obligated to annually budget a sufficient amount to pay principal and interest to meet annual debt service requirements.
- *Subjective acceleration clauses* – The School Board may refund early with refunding certificates or bonds, and the School Board may defease bonds.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

As of June 30, 2023, \$219,312 of the deferred amount on refunding was amortized, resulting in a deferred amount on refunding of \$616,218 on the statement of net position as of June 30, 2023.

The principal and interest payments for the general obligation bonds and QSCB including the bond premiums are due as follows:

<u>Year Ending June 30</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2024	\$ 7,061,333	\$ 1,437,055	\$ 8,498,388
2025	7,236,333	1,139,205	8,375,538
2026	6,370,000	897,820	7,267,820
2027	6,055,000	720,260	6,775,260
2028	4,510,000	508,810	5,018,810
2029-2033	13,560,000	844,515	14,404,515
Total	<u>\$ 44,792,666</u>	<u>\$ 5,547,665</u>	<u>\$ 50,340,331</u>

In accordance with Louisiana Revised Statute 39:562, the School Board is legally restricted from incurring long-term bonded debt in excess of 50 percent of the total assessed value of taxable property. At June 30, 2023, the total assessed value of taxable property for the school district was \$287,029,677, which would result in a \$143,514,839 long-term bonded debt limit.

8. **Defined Benefit Pension Plans**

The Zachary Community School Board is a participating employer in several cost-sharing defined benefit pension plans. These plans are administered by three public employee retirement systems, the Teachers' Retirement System of Louisiana (TRSL), the Louisiana School Employees' Retirement System (LSERS) and the Louisiana State Employees' Retirement System (LASERS). Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of these plans to the State Legislature. Each system is administered by a separate board of trustees and all Systems are component units of the State of Louisiana.

Each of the Systems issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. These reports may be obtained by writing, calling or downloading the reports as follows:

TRSL:
8401 United Plaza Blvd.
P. O. Box 94123
Baton Rouge, Louisiana 70804-9123
(225) 925-6446
www.trsl.org

LSERS:
8660 United Plaza Blvd.
Baton Rouge, LA 70804
(225) 925-6484
www.lsers.net

LASERS
8401 United Plaza Blvd.
P. O. Box 44213
Baton Rouge, Louisiana 70804-4213
(225) 925-0185
www.lasersonline.org

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

8. **Defined Benefit Pension Plans**

Plan Descriptions:

Teachers' Retirement System of Louisiana (TRSL) is the administrator of a cost-sharing defined benefit pension plan. The plan provides retirement, disability, and survivor benefits to employees who meet the legal definition of a "teacher" as provided for in LRS 11:701. Eligibility for retirement benefits and the calculation of retirement benefits are provided for in LRS 11:761.

Louisiana State Employees' Retirement System (LASERS) administers a cost-sharing defined benefit pension plan to provide retirement, disability, and survivor benefits to eligible state employees and their beneficiaries as defined in LRS 11:411-414. The age and years of creditable service required in order for a member to receive retirement benefits are established by LRS 11:441 and vary depending on the member's hire date, employer and job classification.

Louisiana School Employees' Retirement System (LSERS) is the administrator of a cost-sharing defined benefit pension plan. The plan provides retirement, disability, and survivor benefits to school employees as defined in LRS 11:1002. Eligibility for retirement benefits and the computation of retirement benefits are provided for in LRS 11:1141.

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

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

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

² With actuarial reduced benefits

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

⁴ Benefit percent varies depending on when hired

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

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

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

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Cost of Living Adjustments

The pension plans in which the School Board participates have the authority to grant cost-of-living adjustments (COLAs) on an ad hoc basis. COLAs may be granted to these systems, (TRSL LSERS, and LASERS) if approved with a two-thirds vote of both houses of the Legislature, provided the plan meets certain statutory criteria related to funded status and interest earnings.

Contributions

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee. In accordance with state statute, TRSL receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities but are considered special funding situations.

Contributions to the plans are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended June 30, 2023, for the School Board and covered employees were as follows:

	<u>School Board</u>	<u>Employees</u>
Teachers' Retirement System:		
Regular Plan	24.80%	8.00%
School Employees' Retirement System	27.60%	7.50% - 8.00%
State Employees' Retirement System	40.40%	7.50% - 8.00%

The contributions made to the Systems for the past three fiscal years, which equaled the required contributions for each of these years, were as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Teachers' Retirement System:			
Regular Plan	\$ 8,476,663	\$ 7,308,742	\$ 7,274,804
School Employees' Retirement System	328,915	356,801	330,190
State Employees' Retirement System	31,039	26,401	26,201

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

The following schedule lists the School Board's proportionate share of the Net Pension Liability allocated by each of the pension plans based on the June 30, 2022 measurement date. The School Board uses this measurement to record its Net Pension Liability and associated amounts as of June 30, 2023 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2023 along with the change compared to the June 30, 2022 rate. The School Board's proportion of the Net Pension Liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

	Net Pension Liability at June 30, 2023	Rate at June 30, 2023	Increase (Decrease) to June 30, 2023 Rate
Teachers' Retirement System	\$ 55,992,771	0.5865%	(0.0139%)
School Employees' Retirement System	2,163,429	0.3253%	(0.0789%)
State Employees' Retirement System	123,753	0.0016%	(0.0015%)
	<u>\$ 58,279,953</u>		

The following schedule list each pension plan's recognized pension expense to the School Board for the year ended June 30, 2023:

	Total
Teachers' Retirement System	\$ 5,936,741
School Employees' Retirement System	209,890
State Employees' Retirement System	26,815
	<u>\$ 6,173,446</u>

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

At June 30, 2023, the School Board reported deferred outflows of resources and deferred inflows of resources related to each pension plan and total from the following sources:

Deferred Outflows:

	<u>TRSL</u>	<u>LSERS</u>	<u>LASERS</u>	<u>Total</u>
Changes of assumptions	\$ 3,776,684	\$ 78,042	\$ 2,250	\$ 3,856,976
Difference between expected and actual experience	867,868	51,224	337	919,429
Net difference between projected and actual earnings on pension plan investments	3,177,519	-	9,968	3,187,487
Changes in proportion	1,112,277	102,555	6,196	1,221,028
Employer contributions subsequent to the measurement date	8,476,663	328,915	31,039	8,836,617
Total	<u>\$ 17,411,011</u>	<u>\$ 560,736</u>	<u>\$ 49,790</u>	<u>\$ 18,021,537</u>

Deferred Inflows:

	<u>TRSL</u>	<u>LSERS</u>	<u>LASERS</u>	<u>Total</u>
Differences between expected and actual experience	\$ (161,477)	\$ -	\$ -	\$ (161,477)
Net difference between projected and actual earnings on pension plan investments	-	(55,726)	-	(55,726)
Changes in proportion	(1,106,358)	(335,180)	(50,686)	(1,492,224)
Differences between contributions and proportionate share of contributions	(877,928)	(9,602)	-	(887,530)
Total	<u>\$ (2,145,763)</u>	<u>\$ (400,508)</u>	<u>\$ (50,686)</u>	<u>\$ (2,596,957)</u>

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

The School Board reported a total of \$9,196,572 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2022 which will be recognized as a reduction in Net Pension Liability in the year ended June 30, 2023. The following schedule lists the pension contributions made subsequent to the measurement period for each pension plan:

	Subsequent Contributions
Teachers' Retirement System	\$ 8,476,663
School Employees' Retirement System (LSERS)	328,915
State Employees' Retirement System (LASERS)	31,039
	<u>\$ 8,836,617</u>

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

Year	TRSL	LSERS	LASERS	Total
2023	\$ 1,527,492	\$ (11,113)	\$ (38,307)	\$ 1,478,072
2024	1,113,779	(140,178)	2,060	975,661
2025	(1,086,047)	(125,087)	(2,521)	(1,213,655)
2026	5,233,361	107,691	6,833	5,347,885
	<u>\$ 6,788,585</u>	<u>\$ (168,687)</u>	<u>\$ (31,935)</u>	<u>\$ 6,587,963</u>

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability for each pension plan are as follows:

	TRSL	LSERS	LASERS
Valuation Date	June 30, 2022	June 30, 2022	June 30, 2022
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:			
Expected Remaining Service Lives	5 years	3 years	2 years
Investment Rate of Return	7.25% net of investment expenses (decreased from 7.40% in 2021)	6.80% net of plan investment expenses, including inflation (6.90% in 2021)	7.25% net of investment expenses (decreased from 7.40% in 2021)
Inflation Rate	2.3% per annum	2.5% per annum	2.3% per annum
Mortality	<p>Mortality rates were projected based on:</p> <p>Active Members - RP-2014 White Collar Employee tables, adjusted by 1.010 for males and by 0.997 for females.</p> <p>Non-Disabled retiree/inactive members - RP-2014 White Collar Healthy Annuitant tables, adjusted by 1.366 for males and by 1.189 for females.</p> <p>Disability retiree mortality - RP-2014 Disability tables, adjusted by 1.111 for males and by 1.134 for females</p> <p>These base tables are adjusted from 2014 to 2018 using the MP-2017 generational improvement table, with continued future mortality improvement projected using the MP-2017 generational mortality improvement tables</p>	<p>Mortality rates were based on an experience study performed in 2018 based on a plan data from July 1, 2012 through June 30, 2017.</p> <p>RP-2014 Healthy Annuitant Tables</p> <p>RP-2014 Sex Distinct Employee Tables</p> <p>RP-2014 Sex Distinct Disabled Tables</p>	<p>Mortality rates were revised based on the 2014-2018 experience study as follows:</p> <p>General Active Members - RP-2014 White Collar Employee tables, adjusted by 1.144 for males and by 0.978 for females.</p> <p>Public Safety Active Employees - RP-2014 Blue Collar Employee tables, adjusted by 1.005 for males and by 1.129 for females.</p> <p>General Retiree/Inactive Members - RP-2014 Blue Collar Annuitant tables, adjusted by 1.280 for males and RP-2014 White Collar Annuitant tables, adjusted by 1.417 for females.</p> <p>Public Safety Retiree/Inactive Employees - RP-2014 Blue Collar Annuitant tables, adjusted by 1.185 for males and 1.017 for females.</p> <p>Disability Retiree - RP-2000 Disability Retiree tables, adjusted by 1.009 for males and by 1.043 for females.</p>
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a five year (July 1, 2012 - June 30, 2017) experience study of the System's members.		Termination, disability, and retirement assumptions were projected based on a five-year (2014-2018) experience study of the System's members.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Actuarial Assumptions (continued)

	TRSL	LSERS	LASERS																		
Salary Increases	3.1% - 4.6% varies depending on duration of service	Salary increases, including inflation and merit increases: 3.25%	Salary increases were projected based on a 2014-2018 experience study of the System's members. The salary increase ranges for specific types of members are: <table><tr><th>Member Type</th><th>Lower Range</th><th>Upper Range</th></tr><tr><td>Regular</td><td>3.0%</td><td>12.8%</td></tr><tr><td>Judges</td><td>2.6%</td><td>5.1%</td></tr><tr><td>Corrections</td><td>3.6%</td><td>13.8%</td></tr><tr><td>Hazardous Duty</td><td>3.6%</td><td>13.8%</td></tr><tr><td>Wildlife</td><td>3.6%</td><td>13.8%</td></tr></table>	Member Type	Lower Range	Upper Range	Regular	3.0%	12.8%	Judges	2.6%	5.1%	Corrections	3.6%	13.8%	Hazardous Duty	3.6%	13.8%	Wildlife	3.6%	13.8%
Member Type	Lower Range	Upper Range																			
Regular	3.0%	12.8%																			
Judges	2.6%	5.1%																			
Corrections	3.6%	13.8%																			
Hazardous Duty	3.6%	13.8%																			
Wildlife	3.6%	13.8%																			
Cost of Living Adjustments	None.	Not substantively automatic. The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present value and accrued liabilities include future COLA, though not yet authorized by the legislature by including the recognition of the existing balance in the Experience Account together with the present value of future contributions to the account up to the maximum permissible value of the account based upon current amount limitations.	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.																		

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

8. Defined Benefit Pension Plans (continued)

The following schedule list the methods used by each of the retirement systems in determining the long term rate of return on pension plan investments:

TRSL	LSERS	LASERS
The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.3% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return was 8.32% for 2022.	The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up), and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward-looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation, of 2.30%, and an adjustment for the effect of rebalancing/diversification. The resulting long-term arithmetic nominal expected return is 8.17%.	The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adjusting for expected inflation of 2.30% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term nominal rate of return is 8.34% for 2022.

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in each of the Retirement Systems target asset allocations as of June 30, 2023:

Asset Class	Target Allocation			Long-Term Expected Real Rate of Return		
	TRSL	LSERS	LASERS	TRSL	LSERS	LASERS
Cash	-	-	-	-	-	0.39%
Domestic equity	27.00%	-	31.00%	4.21%	-	4.57%
International equity	19.00%	-	23.00%	5.16%	-	5.76%
Equity	-	39.00%	-	-	2.67%	-
Domestic fixed income	13.00%	-	3.00%	0.85%	-	1.48%
International fixed income	5.50%	-	17.00%	-0.10%	-	5.04%
Fixed income	-	26.00%	-	-	0.73%	-
Alternatives	-	23.00%	26.00%	-	1.85%	8.30%
Alternative - private equity	25.50%	-	-	8.15%	-	-
Alternative - other equity	10.00%	-	-	3.72%	-	-
Real estate	-	12.00%	-	-	0.62%	-
Total	100%	100%	100%			

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of the pension plan's fiduciary net positions was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for TRSL, LSERS and LASERS was 7.25%, 6.80% and 7.25%, respectively for the year ended June 30, 2023. The discount rates for TRSL, LSERS and LASERS decreased by 0.15%, 0.10% and 0.15%, respectively, since the prior measurement date.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the School Board's proportionate share of the Net Pension Liability (NPL) using the discount rate of each Retirement System as well as what the School Board's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by each of the Retirement Systems:

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
TRSL			
Rates	6.25%	7.25%	8.25%
Share of NPL	\$ 76,897,310	\$ 55,992,771	\$ 37,010,915
LSERS			
Rates	5.80%	6.80%	7.80%
Share of NPL	\$ 3,025,455	\$ 2,163,429	\$ 1,426,652
LASERS			
Rates	6.25%	7.25%	8.25%
Share of NPL	\$ 155,717	\$ 123,753	\$ 94,606

Payables to the Pension Plan

The School Board recorded accrued liabilities to each of the Retirement Systems for the year ended June 30, 2023 mainly due to the accrual for payroll at the end of each of the fiscal years. The amounts due are included in liabilities under the amounts reported as accounts, salaries and other payables. The balance due to each for the retirement systems at June 30, 2023 is as follows:

TRSL	\$ 1,789,884
LSERS	32,982
LASERS	14,945
	<u>\$ 1,837,811</u>

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

9. **Postemployment Health Care and Life Insurance Benefits**

General Information about the OPEB Plan

Plan description – The Zachary Community School Board (the School Board) provides certain continuing health care and life insurance benefits for its retired employees. The Zachary Community School Board's OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the School Board. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the School Board. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB).

Benefits Provided – Medical benefits are provided to employees upon actual retirement. Most employees are covered by the Teachers' Retirement System of Louisiana (TRSL), whose retirement eligibility provisions as follows: 30 years of service at any age; age 55 and 25 years of service; or, age 60 and 5 years of service. Employees who first become a member of the retirement system on and after January 1, 2011 must be at least age 60 to receive an unreduced retirement benefit and we have therefore assumed that these employees will not retire until age 60.

Life insurance coverage in varying amounts are provided to retirees based on a rate which is blended for active and retired. The employer pays 100% of the "cost" of the retiree life insurance based on that blended rate.

Employees covered by benefit terms – At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	141
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>480</u>
	<u>621</u>

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

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Total OPEB Liability

The School Board's total OPEB liability of \$44,713,642 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2021.

Actuarial Assumptions and other inputs – The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	3.0%, including inflation
Prior Discount rate	3.54% annually
Discount rate	3.64% annually
Healthcare cost trend rates	5.5% annually for ten years. 4.5% thereafter
Mortality	SOA RP-2000 Table

The discount rate was based on the Bond Buyers' 20 Year General Obligation municipal bond index as of June 30, 2023 the end of the applicable measurement period.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2009 to June 30, 2023.

Changes in the Total OPEB Liability

Balance at June 30, 2022	\$ 43,668,282
Changes for the year:	
Service cost	1,057,421
Interest	1,526,961
Differences between expected and actual experience	71,523
Changes in assumptions	(542,958)
Benefit payments	(1,067,587)
Net changes	<u>1,045,360</u>
Balance at June 30, 2023	<u>\$ 44,713,642</u>

The amount of total OPEB liability estimated to be due and payable within one year is \$1,094,276.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Changes in the Total OPEB Liability (continued)

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the School Board, as well as what the School Board's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65%) or 1-percentage-point higher (4.65%) than the current discount rate:

	1.0% Decrease (2.65%)	Current Discount Rate (3.65%)	1.0% Increase (4.65%)
Total OPEB liability	\$ 54,243,758	\$ 44,713,642	\$ 37,341,726

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

	1.0% Decrease	Current Trend	1.0% Increase
Total OPEB liability	\$ 38,180,244	\$ 44,713,642	\$ 53,220,227

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

For the year ended June 30, 2023, the School Board recognized OPEB expense of \$712,255. At June 30, 2023, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,096,261	\$ (19,955,182)
Changes in assumptions	8,583,557	(6,853,309)
Total	\$ 11,679,818	\$ (26,808,491)

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

Years ending June 30:	
2024	\$ (1,872,125)
2025	(1,872,120)
2026	(5,124,372)
2027	(5,838,237)
2028	(147,221)
Thereafter	(274,598)
Total	\$ (15,128,673)

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

10. **Litigation and Claims**

Litigation: The School Board is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the School Board's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the School Board.

Grant Disallowances: The School Board participates in a number of state and federally assisted grant programs. The programs are subject to audits under the single audit approach as well as audits conducted by the Louisiana and U.S. Department of Education. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under the terms of the grants.

11. **Receivables**

Receivables as of June 30, 2023 for the School Board were as follows:

	General Fund	Debt Service Fund	ESSERF Fund	Non-major Governmental Funds	Total
Sales taxes	\$1,844,564	\$ -	\$ -	\$ -	\$ 1,844,564
Due from other governments	45,000	-	682,563	1,777,004	2,504,657
Other	76,270	13,484	-	-	89,754
Gross Receivables	<u>\$1,965,834</u>	<u>\$ 13,484</u>	<u>\$ 682,563</u>	<u>\$ 1,777,004</u>	<u>\$ 4,438,975</u>

At June 30, 2023, all accounts were considered collectible; therefore, no allowance for uncollectible accounts has been established.

12. **Disaggregation of Accounts Payable and Accrued Liabilities**

Accounts, salaries and other payables as of June 30, 2023, were as follows:

Vendors	\$ 1,226,312
Salaries and benefits	<u>4,296,861</u>
Total governmental funds	<u>\$ 5,523,173</u>

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

13. Leases

The School Board leases various land and equipment used for a variety of purposes and uses including athletics, copiers, and vehicles. These leases range in terms from 3 to 5 years, with various renewal options available, and payment terms vary in both frequency and amounts. In the prior year, a liability was recorded for the present value of lease payments over the lease term for each agreement.

Effective July 1, 2022, the School Board terminated a lease for vehicles and signed a new lease agreement effective July 1, 2022. In accordance with GASB Statement No. 87, *Leases*, the asset and liability related to the terminated lease was removed and the difference was recorded as a loss on termination of lease. As such, a liability and asset was recorded for the new vehicle lease.

As of June 30, 2023 the combined value of the lease liabilities was \$326,898. In determining the present values, discount rates of 4.99% to 5.95% were applied, depending on the duration of the lease agreement and other factors. The recorded value of the right-to-use assets as of the end of the current fiscal year was \$797,940 and accumulated amortization of these assets were \$463,500. The future principal and interest lease payments as of June 30, 2023, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 208,612	\$ 8,133	\$ 216,745
2025	118,286	363	118,649
Total	<u>\$ 326,898</u>	<u>\$ 8,496</u>	<u>\$ 335,394</u>

The lease agreements have non-appropriation exculpatory clauses that allow lease cancellation if the School Board does not make an appropriation for its continuation during any future fiscal period. However, such clauses were disregarded in determining the term of the lease for the purpose of measuring the lease assets and liabilities.

The following is a schedule of the recorded amounts and accumulated amortization of leased assets by underlying asset class:

	<u>Recorded amount</u>	<u>Accumulated amortization</u>	<u>Net right-to-use asset</u>	<u>2023 Amortization</u>
<u>Right to use assets:</u>				
Land	\$ 152,592	\$ 152,592	\$ -	\$ 76,296
Equipment	645,348	310,908	334,440	182,704
	<u>\$ 797,940</u>	<u>\$ 463,500</u>	<u>\$ 334,440</u>	<u>\$ 259,000</u>

14. Tax Abatement

The Louisiana Industrial Ad Valorem Tax Exemption program (Louisiana Administrative Code, Title 13, Chapter 5) is a state incentive program which abates, up to ten years, local ad valorem taxes on a manufacturer's new investment and annual capitalized additions related to the manufacturing site. Applications to exempt qualified property for five years are approved by the Board of Commerce and Industry. The exemption may be renewed for an additional five years. For the fiscal year ending June 30, 2023, \$1,289,791 in Zachary Community School Board ad valorem tax revenues were abated by the State of Louisiana through the Louisiana Industrial Ad Valorem Tax Exemption program.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

15. **Appropriations to Charter Schools**

State MFP funding was appropriated to Type 2 Charter Schools during the year ended June 30, 2023 as follows:

	<u>General Fund</u>
Type 2 Charter Schools	
Madison Prep	\$ 16,503
Louisiana Key Academy	126,523
Impact Charter	49,509
Advantage Charter Academy	41,258
GEO Prep Academy	27,505
GEO Next Generation High	16,503
GEO Prep Baker	11,002
Louisiana Virtual Charter Academy	86,641
University View Academy	<u>237,643</u>
Total	<u>\$ 613,087</u>

16. **Future Accounting Changes**

Following is a summary of accounting standards adopted by the Governmental Accounting Standards Board (GASB) that are scheduled to be implemented in the future that may affect the School Board's financial report:

The Governmental Accounting Standards Board issued GASB Statement 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The School System will include the requirements of this standard, as applicable, in its June 30, 2024 financial statement. The effect of this standard or its applicability to the School System are unknown at this time.

The Governmental Accounting Standards Board issued GASB Statement 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements. The School System will include the requirements of this standard, as applicable, in its June 30, 2024 financial statement. The effect of this standard or its applicability to the School System are unknown at this time.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

16. **Future Accounting Changes** (continued)

The Governmental Accounting Standards Board issued GASB Statement 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The School System will include the requirements of this standard, as applicable, in its June 30, 2025 financial statement. The effect of this standard or its applicability to the School System are unknown at this time.

17. **Prior Period Restatement**

The Bond Indenture for the Qualified School Construction Bonds (QSCB) Program entered into in 2009 requires the School Board to annually deposit the sinking fund value as established under the terms of the agreement into a trust account with an escrow agent. The School Board made these required payments. The School Board does not have access to these accounts. As a result, the investments held in escrow and the related QSCB debt were erroneously recorded on the School Board's financial statements. To correct the misstatement, an adjustment has been made to the fund balance of the debt service fund as of July 1, 2022, the beginning of the earliest period presented. Change in fund balance to correct the error are as follows:

	<u>Debt Service Fund</u>
Fund balance,- July 1, 2022, as previously reported	\$ 8,494,083
Adjustment to correct misstatement	(4,575,996)
Fund balance – July 1, 2022, as restated	<u>\$ 3,918,087</u>

The restatement did not impact any other financial statements.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA
SCHEDULE OF CHANGES IN TOTAL OTHER POST-EMPLOYMENT LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2023

Financial Statement reporting date	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Measurement date	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
	2023	2022	2021	2020	2019	2018
Service cost	\$ 1,057,421	\$ 2,097,987	\$ 1,775,212	\$ 2,144,203	\$ 2,985,555	\$ 2,926,982
Interest	1,526,961	1,614,939	1,512,389	1,618,868	1,560,649	1,574,668
Differences between expected and actual experience	71,523	(26,546,507)	(416,028)	6,355,664	1,428,157	(3,415,822)
Changes of assumptions	(542,958)	(7,599,592)	4,699,223	13,157,815	2,874,683	(2,224,094)
Benefit payments	(1,067,587)	(1,328,480)	(1,149,495)	(1,042,580)	(908,447)	(1,085,828)
Net change in total OPEB liability	1,045,360	(31,761,653)	6,421,301	22,233,970	7,940,597	(2,224,094)
Total OPEB liability - beginning	43,668,282	75,429,935	69,008,634	46,774,664	38,834,067	41,058,161
Total OPEB liability - ending	\$ 44,713,642	\$ 43,668,282	\$ 75,429,935	\$ 69,008,634	\$ 46,774,664	\$ 38,834,067
Covered payroll	\$ 28,570,902	\$ 27,738,739	\$ 30,110,804	\$ 28,952,696	\$ 30,864,587	\$ 29,965,618
Net OPEB liability as a percentage of covered payroll	156.50%	157.43%	250.51%	238.35%	151.55%	129.60%

This schedule is intended to report information for 10 years. Additional years will be displayed as they become available.

There are no assets accumulated in a trust that meet the criteria of paragraph 4 of GASB 75 for this OPEB plan.

See the accompanying notes to the required supplementary information.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA
SCHEDULE OF SCHOOL BOARD'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY FOR THE RETIREMENT SYSTEMS
FOR THE YEAR ENDED JUNE 30, 2023(*)

Pension Plan	Year	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
TRSL						
	2023	0.5865%	\$ 55,992,771	\$ 30,051,255	186.3242%	72.40%
	2022	0.6003%	32,049,926	29,257,396	109.5447%	83.85%
	2021	0.5943%	66,110,048	28,042,875	235.7463%	65.60%
	2020	0.5751%	57,078,845	27,514,798	207.4478%	68.60%
	2019	0.5834%	57,333,818	26,576,879	215.7282%	68.20%
	2018	0.6028%	61,796,162	26,250,883	235.4060%	65.60%
	2017	0.5748%	67,460,679	26,154,838	257.9281%	59.90%
	2016	0.5925%	63,704,340	27,615,971	230.6793%	62.50%
	2015	0.6255%	63,931,493	26,038,407	245.5277%	63.70%
LSERS						
	2023	0.3253%	\$ 2,163,429	\$ 1,089,283	198.6104%	76.31%
	2022	0.4042%	1,921,431	1,245,902	154.2201%	82.51%
	2021	0.3755%	3,017,190	1,128,656	267.3259%	69.67%
	2020	0.3800%	2,660,270	1,113,819	235.7025%	73.49%
	2019	0.3467%	2,316,651	981,888	235.9384%	74.44%
	2018	0.3391%	2,170,101	989,185	219.3827%	75.03%
	2017	0.3193%	2,408,948	915,161	263.2267%	70.09%
	2016	0.3174%	2,012,592	976,608	206.0798%	74.49%
	2015	0.3481%	2,018,127	1,044,536	193.2080%	76.18%
LASERS						
	2023	0.1637%	\$ 123,753	\$ 66,139	187.1105%	63.70%
	2022	0.0032%	174,036	66,839	260.3809%	72.78%
	2021	0.0031%	257,631	65,339	394.2990%	58.00%
	2020	0.0032%	234,373	64,339	364.2783%	62.90%
	2019	0.0035%	236,924	66,272	357.5024%	64.30%
	2018	0.0032%	223,553	70,057	319.1016%	62.50%
	2017	0.0032%	247,355	61,382	402.9764%	57.70%
	2016	0.0035%	240,433	67,652	355.3967%	62.70%
	2015	0.0037%	229,606	58,876	389.9823%	65.00%

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

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

The three Retirement Systems reported in this schedule are as follows:

TRSL = Teachers' Retirement System of Louisiana

LSERS = Louisiana School Employees' Retirement System

LASERS = Louisiana State Employees' Retirement System

See the accompanying notes to the required supplementary information.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA
SCHEDULE OF EMPLOYER CONTRIBUTIONS TO THE RETIREMENT SYSTEMS
FOR THE YEAR ENDED JUNE 30, 2023

Pension Plan	Year	Contractually Required Contribution ¹	Contributions in Relation to Contractually Required Contributions ²	Contribution Deficiency (Excess)	Employer's Covered Payroll ³	Contributions as a % of Covered Payroll
TRSL						
	2023	\$ 8,476,663	\$ 8,476,663	\$ -	\$ 33,313,631	21.9666%
	2022	7,308,742	7,308,742	-	30,051,255	24.3209%
	2021	7,274,804	7,274,804	-	29,257,396	24.8648%
	2020	6,871,485	6,871,485	-	28,042,875	24.5035%
	2019	6,957,488	6,957,488	-	27,514,798	25.2863%
	2018	6,920,140	6,920,140	-	26,576,879	26.0382%
	2017	6,912,649	6,912,649	-	26,250,883	26.3330%
	2016	7,108,189	7,108,189	-	26,154,838	27.1773%
	2015	7,811,984	7,811,984	-	27,615,971	28.2879%
LSERS						
	2023	\$ 328,915	\$ 328,915	\$ -	\$ 1,217,029	24.7554%
	2022	356,801	356,801	-	1,089,283	32.7556%
	2021	330,190	330,190	-	1,245,902	26.5021%
	2020	309,561	309,561	-	1,128,656	27.4274%
	2019	276,042	276,042	-	1,113,819	24.7834%
	2018	274,823	274,823	-	981,888	27.9892%
	2017	265,024	265,024	-	989,185	26.7922%
	2016	273,963	273,963	-	915,161	29.9360%
	2015	296,706	296,706	-	976,608	30.3813%
LASERS						
	2023	\$ 31,039	\$ 31,039	\$ -	\$ 76,814	18.3131%
	2022	26,401	26,401	-	66,139	39.9174%
	2021	26,201	26,201	-	66,839	39.2002%
	2020	26,186	26,186	-	65,339	40.0771%
	2019	25,477	25,477	-	64,339	39.5981%
	2018	23,355	23,355	-	66,272	35.2411%
	2017	22,490	22,490	-	70,057	32.1024%
	2016	22,834	22,834	-	61,382	37.1998%
	2015	10,956	10,956	-	67,652	16.1946%

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

For reference only:

¹ Employer contribution rate multiplied by employer's covered employee payroll

² Actual employer contributions remitted to Retirement Systems

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

The three Retirement Systems reported in this schedule are as follows:

TRSL = Teachers' Retirement System of Louisiana

LSERS = Louisiana School Employees' Retirement System

LASERS = Louisiana State Employees' Retirement System

See the accompanying notes to the required supplementary information.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023

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

Changes of Benefit Terms include:

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

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

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

Louisiana School Employees Retirement System

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

Louisiana State Employees' Retirement System

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

Changes of Assumptions

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

Discount Rate:

<u>Year</u>	<u>Rate</u>	<u>Change</u>	<u>Year</u>	<u>Rate</u>	<u>Change</u>
TRSL			LSERS		
2022	7.250%	-0.150%	2022	6.800%	-0.100%
2021	7.400%	-0.050%	2021	6.900%	-0.100%
2020	7.450%	-0.100%	2020	7.000%	-
2019	7.550%	-0.100%	2019	7.000%	-0.063%
2018	7.650%	-0.050%	2018	7.0625%	-0.062%
2017	7.700%	-0.050%	2017	7.125%	0.125%
2016	7.750%	-	2016	7.000%	-0.250%
2015	7.750%		2015	7.250%	

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023

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

Changes in Assumptions (continued)

Discount Rate:

<u>Year</u>	<u>Rate</u>	<u>Change</u>
LASERS		
2022	7.250%	-0.150%
2021	7.400%	-0.150%
2020	7.550%	-0.050%
2019	7.600%	-0.050%
2018	7.650%	-0.050%
2017	7.700%	-0.050%
2016	7.750%	-
2015	7.750%	

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

Inflation Rate:

<u>Year</u>	<u>Rate</u>	<u>Change</u>
LSERS		
2022	2.300%	-0.200%
2021	2.500%	-
2020	2.500%	-
2019	2.500%	-
2018	2.500%	-0.125%
2017	2.625%	-
2016	2.625%	-0.125%
2015	2.750%	
LASERS		
2022	2.300%	-
2021	2.300%	-
2020	2.300%	-0.200%
2019	2.500%	-0.250%
2018	2.750%	-
2017	2.750%	-0.250%
2016	3.000%	

There were no inflation rate changes for TRSL from 2015-2022.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023

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

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

Salary Increases:

<u>Year</u>	<u>Range</u>
TRSL	
2022	No change.
2021	No change.
2020	3.10% to 4.60%
2019	3.30% to 4.80%
2018	3.30% to 4.80%
2017	3.50% to 10.0%

<u>Year</u>	<u>Range</u>
LASERS	
2022	No change.
2021	No change.
2020	2.60% to 13.80% for various member types
2019	2.80% to 14.30% for various member types
2018	2.80% to 14.30% for various member types
2017	2.80% to 14.30% for various member types
2016	3.00% to 14.50% for various member types

Salary Increases:

<u>Year</u>	<u>Range</u>
LSERS	
2022	No change.
2021	No change.
2020	3.25%
2019	3.25%
2018	3.075% to 5.375% to 3.25%
2017	3.075% to 5.375%
2016	3.200% to 5.500%

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023

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

Changes of Benefit Terms:

There were no changes in benefit terms for the year ended June 30, 2023.

Changes of Assumptions:

The following changes in the discount rate for each year are as follows:

6/30/2023	3.65%	0.110%
6/30/2022	3.54%	1.380%
6/30/2021	2.160%	-0.050%
6/30/2020	2.210%	-1.290%
6/30/2019	3.500%	-0.120%
6/30/2018	3.620%	0.000%
6/30/2017	3.620%	

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2023

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES</u>				
Local sources:				
Taxes:				
Ad valorem taxes	\$ 13,305,000	\$ 12,745,000	\$ 12,665,404	\$ (79,596)
Sales and use tax	12,035,000	13,035,000	13,103,521	68,521
Earnings (Loss) on investments	300,000	(375,000)	(311,493)	63,507
Extended Day Program tuition	350,000	350,000	353,970	3,970
Other	589,000	589,000	480,722	(108,278)
State sources:				
Unrestricted grants-in-aid, MFP	34,488,120	36,155,315	36,125,013	(30,302)
Restricted grants-in-aid	-	-	223,494	223,494
Other	103,000	103,000	107,400	4,400
Federal sources:				
Restricted grants-in-aid - direct	65,000	65,000	99,394	34,394
TOTAL REVENUES	61,235,120	62,667,315	62,847,425	180,110
<u>EXPENDITURES</u>				
Current:				
Instruction:				
Regular education programs	25,502,450	25,502,450	25,407,339	95,111
Special education programs	6,221,762	6,221,762	5,504,873	716,889
Other education programs	4,227,086	4,227,086	4,100,200	126,886
Support services:				
Pupil support services	3,241,176	3,241,176	3,229,947	11,229
Instructional staff services	2,105,484	2,105,484	2,370,200	(264,716)
General administration services	1,388,998	1,388,998	1,510,219	(121,221)
School administration services	3,579,738	3,579,738	3,842,715	(262,977)
Business and central services	2,867,824	2,867,824	2,805,052	62,772
Plant operation and maintenance	7,022,922	8,240,631	8,445,681	(205,050)
Transportation	4,775,194	4,775,194	4,826,457	(51,263)
Non-Instructional services:				
Food service	98,885	98,885	123,466	(24,581)
Appropriations - charter schools	523,601	613,087	613,087	-
Debt service:				
Debt principal - leases	-	-	275,379	(275,379)
Debt interest - leases	-	-	16,961	(16,961)
TOTAL EXPENDITURES	61,555,120	62,862,315	63,071,576	(209,261)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(320,000)	(195,000)	(224,151)	(29,151)
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers in	350,000	350,000	590,214	240,214
Operating transfers out	(30,000)	(1,030,000)	(1,000,000)	30,000
Proceeds from leases	-	-	218,006	218,006
TOTAL OTHER FINANCING SOURCES (USES)	320,000	(680,000)	(191,780)	488,220
Net Change in Fund Balance	-	(875,000)	(415,931)	459,069
FUND BALANCE, JUNE 30, 2022	19,484,486	19,484,486	19,484,486	-
FUND BALANCE, JUNE 30, 2023	\$ 19,484,486	\$ 18,609,486	\$ 19,068,555	\$ 459,069

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

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
ESSER FUND
YEAR ENDED JUNE 30, 2023

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES</u>				
Federal sources:				
Restricted grants-in-aid - direct	\$ -	\$ -	\$ -	\$ -
Restricted grants-in-aid - subgrants	5,870,974	5,870,974	3,950,865	(1,920,109)
TOTAL REVENUES	5,870,974	5,870,974	3,950,865	(1,920,109)
<u>EXPENDITURES</u>				
Current:				
Instruction:				
Regular education programs	-	-	2,355,042	(2,355,042)
Other education programs	5,157,696	5,157,696	167,934	4,989,762
Support services:				
Pupil support services	-	-	146,383	(146,383)
Instructional staff services	-	-	475,878	(475,878)
School administration services	-	-	285,581	(285,581)
Plant operation and maintenance	-	-	15,946	(15,946)
TOTAL EXPENDITURES	5,157,696	5,157,696	3,446,764	1,710,932
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	713,278	713,278	504,101	(209,177)
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers in	-	-	-	-
Operating transfers out	(713,278)	(713,278)	(504,101)	209,177
TOTAL OTHER FINANCING SOURCES (USES)	(713,278)	(713,278)	(504,101)	209,177
Net Change in Fund Balance	-	-	-	-
FUND BALANCE, JUNE 30, 2022	-	-	-	-
FUND BALANCE, JUNE 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO BUDGETARY COMPARISON SCHEDULES
MAJOR FUND DESCRIPTIONS

Budgetary comparison schedules are reported for the following General and Special Revenue Funds:

GENERAL FUND

The General Fund accounts for all financial transactions except those required to be accounted for in another fund.

ESSERF FUND

Through the Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, the Elementary and Secondary School Emergency Relief Fund (ESSER Fund), is federally awarded by the Department of Education to State educational agencies for the purpose of providing local educational agencies, including charter schools, with emergency relief funds to address the impact that Novel Coronavirus Disease 2019 (COVID-19) has had, and continues to have on elementary and secondary schools across the nation.

Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSA), was signed into law on December 27, 2020, and provides an additional \$54.3 billion for the Elementary and Secondary School Emergency Relief Fund (ESSER II Fund). Additionally, the American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund under the American Rescue Plan (ARP) Act of 2021, Public Law 117-2, enacted on March 11, 2021.

These Federal emergency resources are available for a wide range of activities to address diverse needs arising from or exacerbated by the COVID-19 pandemic, or to emerge stronger post-pandemic, including responding to students' social, emotional, mental health, and academic needs and continuing to provide educational services as States, LEAs, and schools respond to and recover from the pandemic. Some uses of these funds may be directly focused on health and safety—such as improving ventilation and implementing prevention strategies that are, to the extent practicable, consistent with the Centers for Disease Control and Prevention (CDC) guidance. Other allowable uses may be focused on meeting the social, emotional, mental health, and academic needs of students. That could be through preventing teacher layoffs; providing accelerated learning opportunities; implementing rigorous curricula; funding additional school counselors, school nurses, and school psychologists; increasing the number of full-service community schools; conducting any activities allowed under a number of Federal education programs.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO BUDGETARY COMPARISON SCHEDULES

BUDGETS

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

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

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

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

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

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

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

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NON-MAJOR FUND DESCRIPTIONS

Special Revenue Funds:

Title I

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

Special Education

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

Preschool Grant is a federally-funded program designed to provide special education and related services and to develop a statewide comprehensive delivery system for children with disabilities from birth to five years of age.

Believe and Include is a federally funded program designed to assist states in developing innovative programs that help students with disabilities achieve proficiency of the more rigorous Common Core Standards.

Title II

Title II increases student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools. The program also holds local educational agencies and schools accountable for improvements in student academic achievement.

Vocational Education (Voc Ed)

Vocational Education is a federally-funded program restricted to expenditures for salaries, supplies, and equipment to be used in vocational education programs.

State Grants

The State Grants Fund is used to account for special grants received from various departments of the State of Louisiana.

Exxon

Grants received from Exxon Mobil Corporation to be used for purchase of materials, supplies, and professional services in support of education of students.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NON-MAJOR FUND DESCRIPTIONS

Special Revenue Funds: (continued)

TANF

Starting Points/Early Childhood Development provides full day, before and after school preschool instruction and care for at-risk four-year old students.

School Food Service

The School Food Service Fund includes lunch and breakfast and is used to account for the operations of the school food service programs in the parish School Board during the regular school term. The basic goals of the school food service programs are to serve nutritionally adequate, attractive and moderately priced meals, to help children grow socially and emotionally, to extend educational influences to the homes of school children, and to provide learning experiences that will improve children's eating habits with the ultimate goal of physically fit adults.

Donations

The Donations fund is used to account for funds donated to the Zachary Community School Board by individuals or businesses to be used as deemed necessary to assist students and schools.

Extended Day Tuition

The Extended Day Fund is used to record revenue from parents for before and after care for elementary students and to record the associated expenditures.

Title IV

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

Redesign Grant

The purpose of the Redesign program is to provide school improvement funding to implement state-approved plans in identified struggling schools.

Direct Student Services (DSS)

The purpose of the DSS grant is to provide individualized academic services to improve student achievement.

School Activity

School Activity Funds were created by R.S. 17:414.3, which mandates that every public-school principal to maintain a school fund for the management of any money that accrues to benefit the school and its students. These funds account for the transactions of the student activity accounts maintained at the respective schools.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NON-MAJOR FUND DESCRIPTIONS

Special Revenue Funds: (continued)

COVID-19 Childcare & Development Block Grant

The purpose of the COVID-19 Childcare & Development Block Grant is to provide communities with an opportunity to support the recovery of the child care sector and to ensure children continue to have access to high-quality early learning options across Louisiana. This second round of allocations for some qualifying networks is to ensure that more adversely affected networks could respond to the needs of their community.

Childcare & Development Block Grant

The purpose of the Childcare & Development Block Grant is to provide for the department to coordinate the Louisiana Early Childhood Care and Education Network by designating, through a competitive process, a Lead Agency for each community to conduct administrative functions and coordinate essential activities. The Lead Agency also serves as fiscal agent. Lead Agencies must: 1. Conduct administrative functions for the community network; 2. Coordinate CLASS observations by assuring that accurate observations are conducted for all Infant, Toddler, and PreK classrooms and that feedback is provided to all participating programs; and 3. Coordinate birth-to-age-five enrollment for publicly-funded programs and the state funding application for the Community Network.

Steve Carter Literacy Tutoring Grant

The purpose of the Steve Carter Literacy Tutoring Grant provides vouchers to eligible Kindergarten through fifth grade public school students. The vouchers can be used to purchase high-quality literacy tutoring.

Capital Projects Fund:

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

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
FOR THE YEAR ENDED JUNE 30, 2023

Special Revenue Fund

Assets

	Title I	Special Education	Title II	Voc Ed	State Grants	Exxon	TANF
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 246	\$ -
Receivables	741,439	538,762	144,261	66,287	33,019	-	58,032
Due from other funds	-	-	-	-	126,970	-	-
Prepays	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-
Total assets	\$ 741,439	\$ 538,762	\$ 144,261	\$ 66,287	\$ 159,989	\$ 246	\$ 58,032

Liabilities and Fund Balance

Liabilities:

Salaries, payroll deductions,
and expenses payable

Due to other funds

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
741,439	538,762	144,261	66,287	-	-	-	58,032

Total liabilities

741,439	538,762	144,261	66,287	-	-	58,032
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Fund balance:

Nonspendable

Restricted for:

School Food Service

Other purposes

Assigned:

Capital Construction

Unassigned

-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	159,989	246	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-

Total fund balance

-	-	-	-	159,989	246	-
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Total liabilities and

fund balance

\$ 741,439	\$ 538,762	\$ 144,261	\$ 66,287	\$ 159,989	\$ 246	\$ 58,032
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(continued)

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
FOR THE YEAR ENDED JUNE 30, 2023

Special Revenue Fund

<u>Assets</u>	School Food Service	Donations	Extended Day Tuition	Title IV	Redesign Grant	DSS
Cash and cash equivalents	\$ 207,508	\$ 7,308	\$ 183,177	\$ -	\$ -	\$ -
Receivables	-	-	-	8,338	-	360
Due from other funds	764,633	-	-	-	-	-
Prepays	-	-	-	-	-	-
Other assets	-	150	-	-	-	-
Inventory	37,719	-	-	-	-	-
Total assets	\$ 1,009,860	\$ 7,458	\$ 183,177	\$ 8,338	\$ -	\$ 360
<u>Liabilities and Fund Balance</u>						
Liabilities:						
Salaries, payroll deductions, and expenses payable	\$ 65,834	\$ -	\$ 183,177	\$ -	\$ -	\$ -
Due to other funds	-	-	-	8,338	-	360
Total liabilities	65,834	-	183,177	8,338	-	360
Fund balance:						
Nonspendable	37,719	150	-	-	-	-
Restricted for:						
School Food Service	906,307	-	-	-	-	-
Other purposes	-	7,308	-	-	-	-
Assigned:						
Capital Construction	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balance	944,026	7,458	-	-	-	-
Total liabilities and fund balance	\$ 1,009,860	\$ 7,458	\$ 183,177	\$ 8,338	\$ -	\$ 360

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
FOR THE YEAR ENDED JUNE 30, 2023

	Special Revenue Fund					
<u>Assets</u>	School Activity Account	Childcare & Development Block Grant	Steve Carter Literacy Tutoring	Total Special Revenue Fund	Capital Projects Fund	Total Non- Major Government al Funds
Cash and cash equivalents	\$ 2,159,990	\$ -	\$ -	\$ 2,558,229	\$ 1,401,551	\$3,959,780
Receivables	-	97,816	18,690	1,707,004	70,000	1,777,004
Due from other funds	-	-	-	891,603	-	891,603
Prepays	-	-	-	-	-	-
Other assets	-	-	-	150	-	150
Inventory	-	-	-	37,719	-	37,719
Total assets	\$ 2,159,990	\$ 97,816	\$ 18,690	\$ 5,194,705	\$ 1,471,551	\$6,666,256
<u>Liabilities and Fund Balance</u>						
Liabilities:						
Salaries, payroll deductions, and expenses payable	\$ 44,999	\$ -	\$ -	\$ 294,010	\$ 611,669	\$ 905,679
Due to other funds	-	97,816	13,744	1,669,039	-	1,669,039
Total liabilities	44,999	97,816	13,744	1,963,049	611,669	2,574,718
Fund balance:						
Nonspendable	-	-	-	37,869	-	37,869
Restricted for:						
School Food Service	-	-	-	906,307	-	906,307
Other purposes	2,114,991	-	4,946	2,287,480	-	2,287,480
Assigned:				-		
Capital Construction	-	-	-	-	859,882	859,882
Unassigned	-	-	-	-	-	-
Total fund balance	2,114,991	-	4,946	3,231,656	859,882	4,091,538
Total liabilities and fund balance	\$ 2,159,990	\$ 97,816	\$ 18,690	\$ 5,194,705	\$ 1,471,551	\$6,666,256

(concluded)

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023

	Special Revenue Fund						
	Title I	Special Education	Title II	Voc Ed	State Grants	Exxon	TANF
<u>Revenues</u>							
Local sources:							
Food sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Earnings on investments	-	-	-	-	-	-	-
Extended day program tuition	-	-	-	-	-	-	-
Student activities	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
State sources:							
Unrestricted grants-in-aid	-	-	-	-	-	-	-
Restricted grants-in-aid	-	-	-	-	298,462	-	583,110
Federal sources:							
Restricted grants-in-aid - subgrants	1,026,417	1,181,496	362,714	72,905	-	-	-
Commodities - United States Department of Agriculture	-	-	-	-	-	-	-
Total revenues	1,026,417	1,181,496	362,714	72,905	298,462	-	583,110
<u>Expenditures</u>							
Current:							
Instruction:							
Regular education programs	450,699	-	225,626	-	-	-	-
Special education programs	-	448,557	-	-	66,725	-	-
Other education programs	444,272	90,878	-	71,585	85,019	-	583,110
Support services:							
Pupil support services	25,333	56,201	-	-	-	-	-
Instructional staff services	19,774	367,737	120,807	1,320	59,961	-	-
General administration	-	-	-	-	-	-	-
School administration	-	-	-	-	-	-	-
Business and central services	-	5,976	-	-	-	-	-
Plant operation and maintenance	-	-	-	-	-	-	-
Transportation	52,860	180,197	-	-	-	-	-
Non-Instructional Services:							
School food service	-	-	-	-	-	-	-
Facility acquisition and construction	-	-	-	-	-	-	-
Total expenditures	992,938	1,149,546	346,433	72,905	211,705	-	583,110
Excess (deficiency) of revenues over expenditures	33,479	31,950	16,281	-	86,757	-	-
Other financing uses							
Operating transfers out	(33,479)	(31,950)	(16,281)	-	-	-	-
Operating transfers in	-	-	-	-	-	-	-
Total other sources (uses)	(33,479)	(31,950)	(16,281)	-	-	-	-
Net changes in fund balances	-	-	-	-	86,757	-	-
Fund balance at beginning of year	-	-	-	-	73,232	246	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -	\$ 159,989	\$ 246	\$ -

(continued)

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023

	Special Revenue Fund					
	School Food Service	Donations	Extended Day Tuition	Title IV	Redesign Grant	DSS
<u>Revenues</u>						
Local sources:						
Food sales	\$ 532,717	\$ -	\$ -	\$ -	\$ -	\$ -
Earnings on investments	9,517	-	-	-	-	-
Extended day program tuition	-	-	354,509	-	-	-
Student activities	-	-	-	-	-	-
Other	-	-	-	-	-	-
State sources:						
Unrestricted grants-in-aid	31,361	-	-	-	-	-
Restricted grants-in-aid	-	-	-	-	-	-
Federal sources:						
Restricted grants-in-aid - subgrants	2,063,795	-	-	56,585	-	360
Commodities - United States						
Department of Agriculture	204,985	-	-	-	-	-
Total revenues	2,842,375	-	354,509	56,585	-	360
<u>Expenditures</u>						
Current:						
Instruction:						
Regular education programs	-	-	-	-	-	-
Special education programs	-	-	-	-	-	-
Other education programs	-	-	354,509	54,047	-	360
Support services:						
Pupil support services	-	-	-	-	-	-
Instructional staff services	-	-	-	2,538	-	-
General administration	-	-	-	-	-	-
School administration	-	-	-	-	-	-
Business and central services	-	-	-	-	-	-
Plant operation and maintenance	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Non-Instructional Services:						
School food service	2,909,955	-	-	-	-	-
Facility acquisition and construction	-	-	-	-	-	-
Total expenditures	2,909,955	-	354,509	56,585	-	360
Excess (deficiency) of revenues over expenditures	(67,580)	-	-	-	-	-
Other financing uses						
Operating transfers out	-	-	-	-	-	-
Operating transfers in	-	-	-	-	-	-
Total other sources (uses)	-	-	-	-	-	-
Net changes in fund balances	(67,580)	-	-	-	-	-
Fund balance at beginning of year	1,011,606	7,458	-	-	-	-
Fund balance at end of year	\$ 944,026	\$ 7,458	\$ -	\$ -	\$ -	\$ -

(continued)

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023

	Special Revenue Fund					
	School Activity Account	Childcare & Development Block Grant	Steve Carter Literacy Tutoring	Total Special Revenue Fund	Capital Projects Fund	Total Non-Major Governmental Funds
<u>Revenues</u>						
Local sources:						
Food sales	\$ -	\$ -	\$ -	\$ 532,717	\$ -	\$ 532,717
Earnings on investments	-	-	-	9,517	-	9,517
Extended day program tuition	-	-	-	354,509	-	354,509
Student activities	4,107,965	-	-	4,107,965	-	4,107,965
Other	-	-	-	-	227,548	227,548
State sources:						
Unrestricted grants-in-aid	-	-	-	31,361	-	31,361
Restricted grants-in-aid	-	-	18,690	900,262	-	900,262
Federal sources:				-		
Restricted grants-in-aid - subgrants	-	118,520	-	4,882,792	-	4,882,792
Commodities - United States						
Department of Agriculture	-	-	-	204,985	-	204,985
Total revenues	4,107,965	118,520	18,690	11,024,108	227,548	11,251,656
<u>Expenditures</u>						
Current:						
Instruction:						
Regular education programs	-	-	-	676,325	-	676,325
Special education programs	-	-	-	515,282	-	515,282
Other education programs	3,757,373	114,117	13,744	5,569,014	-	5,569,014
Support services:				-		
Pupil support services	-	-	-	81,534	-	81,534
Instructional staff services	-	-	-	572,137	-	572,137
General administration	-	-	-	-	-	-
School administration	-	-	-	-	-	-
Business and central services	-	-	-	5,976	-	5,976
Plant operation and maintenance	-	-	-	-	21,937	21,937
Transportation	-	-	-	233,057	-	233,057
Non-Instructional Services:						
School food service	-	-	-	2,909,955	-	2,909,955
Facility acquisition and construction	-	-	-	-	1,172,826	1,172,826
Total expenditures	3,757,373	114,117	13,744	10,563,280	1,194,763	11,758,043
Excess (deficiency) of revenues over expenditures	350,592	4,403	4,946	460,828	(967,215)	(506,387)
Other financing uses						
Operating transfers out	-	(4,403)	-	(86,113)	-	(86,113)
Operating transfers in	-	-	-	-	1,000,000	1,000,000
Total other sources (uses)	-	(4,403)	-	(86,113)	1,000,000	913,887
Net changes in fund balances	350,592	-	4,946	374,715	32,785	407,500
Fund balance at beginning of year	1,764,399	-	-	2,856,941	827,097	3,684,038
Fund balance at end of year	\$ 2,114,991	\$ -	\$ 4,946	\$ 3,231,656	\$ 859,882	\$ 4,091,538

(concluded)

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

SCHEDULE OF BOARD MEMBERS' COMPENSATION

FOR THE YEAR ENDED JUNE 30, 2023

David Dayton	\$ 6,000
Brandy Westmoreland (Term ended 12/31/2022)	3,000
Kenneth Mackie	6,000
Marty Hughes	6,000
Elizabeth ' Beth" Kimmell (Term ended 12/31/2022)	3,000
Hubert Owen (Term ended 12/31/2022)	3,000
Elecia Lathon	6,000
Donna Ann Watkins (Term ended 12/31/2022)	3,000
Gaynell Young	6,000
Ryan Talbot (Term began 1/1/2023)	3,000
Laura Freeman (Term began 1/1/2023)	3,000
Andrew Gaines (Term began 1/1/2023)	3,000
Crystal London (Term began 1/1/2023)	3,000
Total	\$ <u>54,000</u>

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO THE
SUPERINTENDENT

Superintendent (7/1/2022 to 7/14/2023): Vernon Scott Devillier

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 205,593
Benefits:	
Group Insurance	11,400
Retirement – Employer Portion	52,554
Medicare – Employer Portion	3,212
Life Insurance – Employer Portion	1,131
Workers Compensation	733
Car Allowance	9,600
Incentive Pay	10,650
	<u>\$ 294,873</u>

Superintendent (5/30/23 to current): Benjamin Necaise

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 14,492
Benefits:	
Retirement – Employer Portion	3,814
Medicare – Employer Portion	233
Car Allowance	775
Incentive Pay	111
	<u>\$ 19,425</u>

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

Zachary Community School Board
Zachary, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Zachary Community School Board (the School Board) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements, and have issued our report thereon dated December 27, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

The School Board's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School System's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The School System's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

EisnerAmper LLP

EISNERAMPER, LLP
Baton Rouge, Louisiana
December 27, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board Members
Zachary Community School Board
Zachary, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Zachary Community School Board's (the School Board) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School Board's major federal programs for the year ended June 30, 2023. The School Board's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Zachary Community School Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Zachary Community School Board and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School Board's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School Board's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School Board's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School Board's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding East Baton Rouge Parish School System's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School Board's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School Board's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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



Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

EisnerAmper LLP

EISNERAMPER, LLP
Baton Rouge, Louisiana
December 27, 2023

EISNERAMPER
LLP



ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/ Pass-Through Grantor/ Program Name	Grantor Project Number	Assistance Listing Number	Expenditures 2023
<u>UNITED STATES DEPARTMENT OF AGRICULTURE</u>			
Passed through Louisiana Department of			
Agriculture and Forestry - Food Distribution	LDE/103-63	10.555 ¹	\$ 204,985
Passed through Louisiana Department of Education:			
National School Lunch Program	LDE/103-63	10.555 ¹	1,438,519
National School Breakfast Program	LDE/103-63	10.553 ¹	450,554
Supply Chain Assistance - Covid 19	LDE	10.555 ¹	174,722
Subtotal			<u>2,268,780</u>
<u>UNITED STATES DEPARTMENT OF EDUCATION</u>			
Passed through Louisiana Department of Education:			
Title I - Grants to Local Educational Agencies	28-23-T1-67	84.010A	1,026,417
Direct Student Services	28-23-DSS-67	84.010A	360
			<u>1,026,777</u>
Special Education, IDEA	28-23-B1-67	84.027A ²	993,190
IDEA 611 - Covid-19	28-22-IA11-67	84.027X ²	172,946
IDEA - Preschool	28-23-P1-67	84.173A ²	5,480
IDEA 619 - Covid-19	28-22-IA19-67	84.173X ²	9,880
Vocational Education (Carl Perkins)	28-23-02-67	84.048A	72,905
Title II - Part A, Teacher & Principal Training & Recruiting	28-23-50-67	84.367A	362,714
Title IV - Student Support and Academic Enrichment	28-23-71-67	84.424A	56,585
COVID-19 ESSERF Incentive	28-20-ESRI-67	84.425D	7,581
COVID-19 ESSERF II Formula	28-21-ES2F-67	84.425D	1,029,859
COVID-19 ESSERF II Incentive	28-21-ES2I-67	84.425D	19,650
COVID-19 ESSERF III Formula	28-21-ES3F-67	84.425U	2,350,547
COVID-19 ESSERF III Incentive	28-21-ES3I-67	84.425U	32,680
COVID-19 ESSER III EB Interventions	28-21-ESEB-67	84.425U	506,990
Homeless ARP- Covid-19	28-22-HARP-67	84.425W	3,558
			<u>3,950,865</u>
Subtotal			<u>6,651,342</u>
<u>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed through Louisiana Department of Education:			
Early Childhood Network Lead Agencies - CCDF	28-22-COLC-67	93.575 ³	14,281
Believe Category 1 - Covid-19	28-21-CCCR-67	93.575 ³	44,283
Believe Category 2 StabAdmin	28-21-B2SA-67	93.575 ³	19,814
Believe Category 3 ARPA CCDBG- Covid-19	28-21-B3CC-67	93.575 ³	22,288
Believe Category 4 CCDBG	28-21-B4CC-67	93.575 ³	17,854
			<u>118,520</u>
<u>UNITED STATES DEPARTMENT OF DEFENSE</u>			
ROTC - Navy Junior Reserve Officers Training Program - (Direct Funding)	n/a	12.U01	<u>72,206</u>
<u>UNITED STATES DEPARTMENT OF HOMELAND SECURITY (FEMA)</u>			
Passed through State of Louisiana Governor's Office of Homeland Security and Emergency Preparedness:			
Louisiana Severe Winter Storm Disaster	FEMA-DR-4590-LA	97.036	<u>27,188</u>
Total Expenditures			<u>\$ 9,138,036</u>

¹ Child nutrition cluster = \$2,268,780

² Special education cluster (IDEA) = \$1,181,496

³ CCDF Cluster = \$118,520

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

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Zachary Community School Board and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

NOTE B – NONMONETARY ASSISTANCE

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. The School Board received \$204,985 of commodities during the year ended June 30, 2023. At June 30, 2023, the School Board had food commodities totaling \$37,719 in inventory.

NOTE C – RECONCILIATION TO FINANCIAL STATEMENTS

Total Federal Award Expenditures per schedule	\$ 9,138,036
Total federal revenue per the Statement of Revenues, Expenditures and Changes in Fund Balance for the year ended June 30, 2023 are reported in the revenue accounts as follows:	
General Fund – Restricted grants-in-aid-direct	\$ 99,394
Other Governmental Funds:	
Restricted grants-in-aid-sub grants	8,833,657
Commodities	204,985
	<u>\$ 9,138,036</u>

NOTE D – DE MINIMUS COST RATE

During the year ended June 30, 2023, the School Board did not elect to use the 10% de minimus cost rate as covered in §200.414 of the Uniform Guidance.

NOTE E – AMOUNTS PASSED THROUGH TO SUBRECIPIENTS

During the year ended June 30, 2023, the School Board did not pass through any federal funding to subrecipients.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

A. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

- Material weakness(es) identified? _____ x yes _____ no
- Significant deficiencies identified that are not considered to be material weaknesses? _____ yes _____ x none reported

Noncompliance material to financial statements noted?

_____ yes _____ x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes _____ x no
- Significant deficiencies identified that are not considered to be material weaknesses? _____ yes _____ x none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)?

_____ yes _____ x no

Identification of major programs:

Assistance Listing Name of Federal Program or Cluster

Child Nutrition Cluster

10.553	School Breakfast Program
10.555	National School Lunch Program

Education Stabilization Fund (ESF)

84.425D	COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund
84.425D	COVID-19 ESSERF II Formula
84.425U	COVID-19 ESSERF III Formula
84.425U	COVID-19 ESSERF III Incentive
84.425U	COVID-19 ESSER III EB Interventions
84.425W	Homeless ARP- Covid-19

The threshold for distinguishing types A & B programs was program expenditures exceeding \$750,000.

- Zachary Community School Board was determined to be a low-risk auditee.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2023-001 Accounting for In-Substance Defeasance of Bonds

<i>Criteria:</i>	In accordance with GASB Codification Section D20- <i>Debt Extinguishments and Troubled Debt Restructuring</i> , debt is considered defeased in substance for accounting and financial reporting purposes if the debtor irrevocably places cash or other assets with an escrow agent in a trust to be used solely for satisfying scheduled payments of both interest and principal of the defeased debt. When debt is defeased, the assets held in escrow and related debt are no longer reported on the face of the balance sheet.
<i>Condition:</i>	The Bond indenture for the Qualified School Construction Bonds (QSCB) Program entered into in 2009 require the School System to annually deposit the sinking fund value as established under the terms of the debt agreement into trust accounts with an escrow agent. The School System does not have access to these accounts. As a result, the cash and investments held in escrow and the related QSCB debt should not have been recorded on the School Board's financial statements, and a restatement was required.
<i>Cause:</i>	The School Board reported the deposits into the sinking fund as cash and investments with the intention of recording the debt payments at the date of maturity when the escrow funds will be withdrawn to pay the debt.
<i>Effect:</i>	Investments and QSCB debt were overstated, as previously reported.
<i>Recommendation:</i>	We recommend that the School Board establish procedures to ensure that transactions that meet the definition of an in-stance defeasance are properly in accordance with generally accepted accounting principles.
<i>View of Responsible Officials:</i>	<i>We will continue to ensure compliance with the financial reporting requirements.</i>

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

None.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

A. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

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

2022-001 Special Tests and Provisions–Wage Rate Requirements Questioned Costs: \$115,307

U.S. DEPARTMENT OF EDUCATION
passed through the Louisiana Department of Education

Education Stabilization Fund (ESF)
84.425D COVID-19 ESSERF II Formula

Criteria: Per Office of Management and Budget (OMB) Compliance Supplement, all laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of \$2,000 financed by federal assistance funds must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the Department of Labor (DOL), if required in the federal grant. Nonfederal entities shall include in their construction contracts subject to the Wage Rate Requirements (which still may be referenced as the Davis-Bacon Act) a provision that the contractor or subcontractor comply with those requirements and the DOL regulations (29 CFR Part 5, Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction). This includes a requirement for the contractor or subcontractor to submit to the nonfederal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls).

Condition: Management did not have a process in place to identify that Wage Rate Requirements applied to construction costs paid with ESF funds. For the four construction projects tested, there was no evidence that the contractors and subcontractors were notified that these were subject to federal Wage Rate Requirements. Therefore, certified payrolls were not obtained.

Universe/population: Population of construction projects financed by ESF funds includes 4 contracts for a total of \$115,307 of labor costs.

Effect: Without obtaining required documentation for construction projects relating to wage-rate requirements, the School Board is at risk for non-compliance and potential loss of ESF grant funding.

ZACHARY COMMUNITY SCHOOL BOARD
ZACHARY, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**B. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT
(continued)**

U.S. DEPARTMENT OF EDUCATION (continued)

Cause: The School Board does not have a policy in place to notify contractors and subcontractors, paid with federal funding, of the requirements to comply with the Wage Rate Requirements nor obtain copies of certified payrolls. The construction costs were originally paid for by the General Fund and then the School Board received approval from the granting authority to be reimbursed by the ESF fund for these costs.

Recommendation: The School Board should notify contractors when using federal dollars for construction projects and should obtain weekly certified payrolls for the construction period, when required by the federal grant award. The School Board should put in place safeguards and controls to ensure compliance with federal wage rate requirements when applicable.

Views of Responsible Officials: Management will update their policies and procedures to ensure compliance with construction projects relating to wage rate requirements.

Current Status: Resolved