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**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA**

**Financial Report
As of and For the Year Ended June 30, 2011**

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

Release Date **JAN 25 2012**

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Financial Report
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LUFFEY, HUFFMAN, RAGSDALE & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
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INDEPENDENT AUDITORS' REPORT

City of Monroe School Board Monroe, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the **City of Monroe School Board** (the School Board) as of and for the year ended June 30, 2011, which collectively comprise the School Board's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Board's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the City of Monroe School Board, as of June 30, 2011, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2011 on our consideration of the School Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that

**City of Monroe School Board
Independent Auditors' Report**

testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis presented on pages 5 through 13, the Budgetary Comparison Schedules, presented on pages 58 through 60 and the Schedule of Funding Progress for Other Post Employment Benefit Plan presented on page 63 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Monroe School Board's basic financial statements. The accompanying Supplemental Information, Other Supplementary Data and Supplementary Other Grant Activity as listed in the Table of Contents, including the Schedule of Expenditures of Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Shuffey Huffman, Registered Accountants & Advisors

(A Professional Accounting Corporation)

December 30, 2011

**REQUIRED SUPPLEMENTAL INFORMATION
(PART A)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF MONROE SCHOOL BOARD
Management's Discussion and Analysis

For The Year Ended June 30, 2011

We offer readers of the City of Monroe School Board's financial statements this narrative overview and analysis of the financial activities of the City of Monroe School Board for the fiscal year ended June 30, 2011. It is designed to assist the reader in focusing on significant financial issues and identifying changes in the School Board's financial position.

Financial Highlights

The City of Monroe School Board ended the 2010-2011 fiscal year with a fund balance in the General Fund of approximately \$16 million.

Other financial highlights for the 2010-11 fiscal year include the following:

- Statement of Net Assets – The assets of the City of Monroe School Board exceeded its liabilities at the close of the most recent fiscal year by \$33.3 million (net assets).
- Capital Assets – Total capital assets (net of depreciation) were \$71.5 million or 60% of the total assets. The City of Monroe School Board uses these assets to provide educational services to children and adults; consequently, these assets are not available for future spending.
- Long-Term Obligations – The School Board's total obligations increased by approximately \$9 million.
- Statement of Activities – The total net assets of the City of Monroe School Board decreased by approximately \$3 million for the year ended June 30, 2011.
- Governmental Funds Balance Sheet – As of the close of the 2010-2011 fiscal year, the City of Monroe School Board's governmental funds reported combined ending fund balance of \$34.1 million, a decrease of approximately \$3.4 million in comparison with the prior fiscal year. This fund balance is comprised of approximately (1) \$16.3 million in General Fund, (2) \$5.5 million in the debt service funds, and (3) \$12.3 million in the remaining special revenue and capital projects funds.
- Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances – Total revenues for the year ended June 30, 2011 for the governmental funds of the City of Monroe School Board amounted to \$111 million. Approximately 75% of this amount is received from three major revenue sources: (1) \$42.6 million from Minimum Foundation Program, (2) \$15.3 million from local ad valorem taxes, and (3) \$24.9 million from local sales and use taxes.

**CITY OF MONROE SCHOOL BOARD
Management's Discussion and Analysis**

For The Year Ended June 30, 2011

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School Board's basic financial statements. The City of Monroe School Board's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Monroe School Board's finances, in a manner similar to a private-sector business.

- The Statement of Net Assets presents information on all of the School Board's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Monroe School Board is improving or deteriorating.
- The Statement of Activities presents information showing how the School Board's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Monroe 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 City of Monroe School Board can be divided into two categories: governmental funds and fiduciary funds.

- *Governmental funds.* Governmental funds are used to account for essentially the same functions reported 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 at the end of the fiscal year. Such information may be useful in evaluating the City of Monroe School Board near-term financing 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 City of Monroe School Board's near-term financing decision. Both the governmental funds balance sheet and the governmental funds statement of revenues,

CITY OF MONROE SCHOOL BOARD
Management's Discussion and Analysis

For The Year Ended June 30, 2011

expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Monroe School Board maintains nineteen governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, Title 1 and 2001 Sales Tax all of which are considered to be major funds. Data for the other sixteen governmental fund groups are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Monroe School Board adopts an annual appropriated budget for its General Fund and all Special Revenue Funds. Budgetary comparison schedules have been provided to demonstrate compliance with these budgets.

- *Fiduciary funds.* Fiduciary funds are used to account for resources held for the benefit of parties outside the City of Monroe School Board. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Monroe School Board's own programs. The School Board maintains one fiduciary fund named the School Activity 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.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School Board's compliance with budgets for its major funds. The combining statements for non-major governmental funds are presented immediately following the required supplementary information.

Financial Analysis of Government-wide Activities

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Monroe School Board, assets exceed liabilities by \$33.3 million at the close of the most recent fiscal year.

The largest portion of the City of Monroe School Board's total assets totaling approximately \$118 million reflects its investment in capital assets of \$71.5 million (e.g. land, buildings, machinery, and equipment). The School Board uses these capital assets to provide educational services to children and adults; consequently, these assets are not available for future spending. Although the City of Monroe School Board's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided

**CITY OF MONROE SCHOOL BOARD
Management's Discussion and Analysis**

For The Year Ended June 30, 2011

from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Monroe School Board's Net Assets

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Current and other assets	\$ 46,960,336	\$ 49,019,363
Capital assets	<u>71,509,180</u>	<u>62,288,508</u>
Total assets	\$ <u>118,469,516</u>	\$ <u>111,307,871</u>
Current and other liabilities	\$ 12,727,399	\$ 11,799,635
Long-term liabilities	<u>72,437,883</u>	<u>63,252,775</u>
Total liabilities	\$ <u>85,165,282</u>	\$ <u>75,052,410</u>
Invested in capital assets, net of related debt	\$ 25,629,180	\$ 16,508,508
Restricted	12,789,687	18,380,584
Unrestricted	<u>(5,114,633)</u>	<u>1,366,369</u>
Total net assets	\$ <u>33,304,234</u>	\$ <u>36,255,461</u>

Restricted net assets of \$12.8 million are reported separately to show the legal constraints for the payment of outstanding long-term debt obligations and future construction projects and to limit the School Board from using these funds for day-to-day operations. Debt Service Funds account for \$5.4 million of the total, with capital projects accounting for \$6.8 million. The remaining balance is monies restricted for salaries and benefits.

Governmental activities decreased the City of Monroe School Board's net assets by \$3 million. Key elements of this increase are as follows:

**CITY OF MONROE SCHOOL BOARD
Management's Discussion and Analysis**

For The Year Ended June 30, 2011

City of Monroe School Board's Changes in Net Assets

	<u>Year Ended June 30, 2011</u>	<u>Year Ended June 30, 2010</u>
Revenues		
Program revenues		
Charges for services	\$ 216,447	\$ 238,076
Operating and capital grants & contributions	26,904,725	26,620,685
General revenues		
Ad valorem taxes	15,347,155	14,505,237
Sales taxes	24,878,002	25,009,684
Minimum Foundation Program	42,580,564	41,486,123
Interest on investments	172,190	88,922
Other general revenues	1,556,994	814,459
Total revenues	<u>111,656,077</u>	<u>108,763,186</u>
Expenses		
Instruction	65,482,498	61,586,669
Support services		
Pupil Support Services	7,776,850	6,123,050
Instructional Staff Support	6,122,187	6,475,818
General administration	2,845,639	3,161,740
School administration	5,168,505	4,793,648
Business services	1,571,660	1,625,331
Plant services	8,282,621	7,639,111
Student transportation services	3,991,191	3,620,331
Central services	4,175,939	3,714,276
School food services	6,529,817	6,003,201
Facility acquisition and construction	1,599,458	1,135,640
Debt service - interest on long-term obligations	1,060,939	1,861,249
Total expenses	<u>114,607,304</u>	<u>107,740,064</u>
Increase (decrease) in net assets	<u>\$ (2,951,227)</u>	<u>\$ 1,023,122</u>

CITY OF MONROE SCHOOL BOARD
Management's Discussion and Analysis

For The Year Ended June 30, 2011

Governmental Activities

Expenses are classified by functions/programs. Instructional services for fiscal 2011 totaled \$65,482,498, compared to a total of \$61,586,669 for 2010. The remaining functions are considered support services and relate to those functions that support the instructional services provided, such as pupil support, instructional staff support, administration, transportation, food services, and plant services. Support services for fiscal 2011 totaled \$39,934,592 compared to \$43,156,506 for 2010.

The remaining expenditures of \$9,190,214 consist of \$1,599,458 for facility acquisition and construction, \$6,529,817 food and service operations and \$1,060,939 of interest expense on long-term obligations.

The related program revenues for fiscal year 2011 directly related to these expenses totaled \$26,904,725, along with \$216,447 in charges for such services. The balance of expenses represents the cost to the taxpayers. The costs of governmental activities exceeding restricted state and federal grants are paid primarily from the following sources:

- **Minimum Foundation Program (MFP)** – MFP is the funding formula for the 69 school districts in the state of Louisiana. The School Board received \$42,580,564 in MFP funds in 2010-2011. This amounts to 38% of the total revenues received by the School Board.
- **Sales Tax revenues** – sales tax revenues are the second largest source of revenue for the School Board, generating \$24,878,002 in revenue, or 22% of total revenue.
- **Ad Valorem tax revenues** – Ad valorem, or property tax revenues, the third largest source of revenues, accounts for 13% of total revenues or \$15,347,155.

Financial Analysis of Governmental Funds

As noted earlier, the City of Monroe School Board uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the City of Monroe School Board's government funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Monroe School Board's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a School Board's net resources available for spending at the end of the fiscal year.

- As of the close of the current fiscal year, the City of Monroe School Board's governmental funds reported a combined ending fund balance of \$34,063,053 an increase of \$5,334,254 in comparison with the prior fiscal year.

**CITY OF MONROE SCHOOL BOARD
Management's Discussion and Analysis**

For The Year Ended June 30, 2011

- The General Fund is the chief operating fund of the City of Monroe School Board. At the end of the current fiscal year, the fund balance of the General Fund was \$16,296,909.
- The Debt Service Funds have a total fund balance of \$5,909,188 all of which is reserved for the payment of debt service.
- The Capital Projects Funds have a fund balance of \$6,834,620 all of which is reserved for construction projects.

General Fund Budgetary Highlights

In accordance with Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA-R.S 39:1301 et seq), the City of Monroe School Board must adopt a budget for the General Fund and all Special Revenue funds prior to September 15th. The original budget for the School Board was adopted on June 15, 2010.

The original General Fund Budget projected an ending fund balance of \$10.8 million, with the amended budget projecting to end the year with a positive balance of \$15.2 million. The actual ending balance for the General Fund came in at \$16.3 million. Expenses came in lower than projected in virtually all functional categories

Capital Assets and Debt Administration

Capital Assets: The City of Monroe School Board's investment in capital assets as of June 30, 2011, amounts to \$71,509,180 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment, and construction in progress. The table below shows the value at the end of the fiscal year.

**City of Monroe School Board's Capital Assets
(Net of depreciation)**

	<u>2011</u>	<u>2010</u>
Land	\$ 1,669,547	\$ 1,669,547
Buildings and improvements	53,510,638	54,156,823
Furniture and equipment	5,106,185	4,551,385
Construction in progress - buildings	<u>11,222,810</u>	<u>1,910,753</u>
Total	<u>\$ 71,509,180</u>	<u>\$ 62,288,508</u>

**CITY OF MONROE SCHOOL BOARD
Management's Discussion and Analysis**

For The Year Ended June 30, 2011

Long-Term Debt

**City of Monroe School Board Outstanding Debt
As of June 30, 2011**

	<u>Balance</u> <u>June 30, 2011</u>	<u>Balance</u> <u>June 30, 2010</u>
School Refunding Bonds		
Series 2001	\$ -	\$ 10,215,000
Series 2003	8,850,000	10,785,000
Series 2010	7,805,000	-
Sales Tax Bonds		
Series 2001	575,000	8,915,000
Series 2002	4,055,000	4,365,000
Series 2010	8,095,000	-
Revenue Bonds		
Series 2009	10,000,000	10,000,000
Series 2011	5,000,000	-
Certificates of Indebtedness		
Series 2006	-	750,000
Series 2008	1,230,775	1,406,660
Series 2008	1,500,000	1,500,000
Total	\$ <u>47,110,775</u>	\$ <u>47,936,660</u>

During fiscal year 2011, the School Board issued \$7,920,000 in General Obligation Bonds Series 2010 in order to refinance \$7,860,000 of General Obligations School Refunding Bonds Series 2001. Additionally, the School Board issued \$8,095,000 in Sales Tax School Refunding Bonds Series 2010 to refinance \$7,795,000 of Sales Tax School Refunding Bonds Series 2001.

In the 2010-2011 school year, the School Board participated in the QSCB program by incurring debt in the amount of \$5 million. The School Board has not yet identified the specific projects for completion with these QSCB funds.

Future Operations

The School Board established a goal of having a fund balance equal to 15% of the General Fund budget. This goal has been met and exceeded at the end of the current fiscal year. Maintaining

**CITY OF MONROE SCHOOL BOARD
Management's Discussion and Analysis**

For The Year Ended June 30, 2011

this balance will create significant challenges as the School Board continues to see a noticeable decline in federal and state funding. The School Board adopted a General Fund budget for 2011-2012 with an operating deficit for the current year of \$3.1 million. This leaves the projected ending fund balance significantly above the 15% fund balance goal. The State of Louisiana has again failed to allocate the 2.75% increase in Minimum Foundation Funding. The School Board has enjoyed an increase in the number of students attending our schools during the last year. This increase in student enrollment will positively impact the General Fund budget as increased student count results in increased funding through the State's Minimum Foundation Program. State Minimum Foundation Program Funding is largely based on the number of students served by the School Board. Even though the School Board has met the goal for the fund balance, commitment remains to providing a quality education, while remaining fiscally sound.

The increased cost of health insurance for School Board employees and the employer's share of retirement contributions continue to be areas of concern. Additionally, the cost of retirement contributions continues to negatively impact the bottom line for the General Fund.

Contacting the School Board's Financial Management

If you have questions about this report or need additional financial information, contact Derenda Flowers, Chief Financial Officer of the City of Monroe School Board, P. O. Box 4180, Monroe, LA 71211-4180, or call at (318) 325-0601.

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

**City of Monroe School Board
Monroe, Louisiana**

**Statement of Net Assets
Governmental Activities**

June 30, 2011

Assets	
Cash and cash equivalents	\$ 31,654,712
Investments	916,666
Receivables	
Ad valorem taxes	47,966
Sales and use taxes	4,071,232
Federal grants	8,216,512
State grants	148,883
Other	371,782
Bond issuance costs, net	544,425
Inventory	292,808
Other assets	695,350
Capital assets, net	
Land	1,669,547
Buildings and improvements	53,510,638
Furniture and equipment	5,106,185
Construction in progress	11,222,810
Total assets	<u>118,469,516</u>
Liabilities	
Accounts payable	1,846,418
Salaries and wages payable	10,487,657
Deferred revenue	18,783
Interest payable - bonds	374,541
Long-term liabilities	
Due within one year	5,905,822
Due in more than one year	66,532,061
Total liabilities	<u>85,165,282</u>
Net assets	
Invested in capital assets, net of related debt	25,629,180
Restricted for	
Capital projects	6,834,620
Debt service	5,390,014
Salaries and related benefits	565,053
Unrestricted	(5,114,633)
Total net assets	<u>\$ 33,304,234</u>

See accompanying notes to the basic financial statements

**City of Monroe School Board
Monroe, Louisiana**

**Statement of Activities
Governmental Activities**

For the Year Ended June 30, 2011

	PROGRAM REVENUES			NET (EXPENSES) REVENUES AND CHANGES IN NET ASSETS	
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS		CAPITAL GRANTS AND CONTRIBUTIONS
Functions/programs					
Current					
Instructional services					
Regular programs	\$ 32,624,841	\$ -	\$ 1,154,529	\$ -	(31,470,312)
Special education programs	14,597,854	-	2,243,097	-	(12,354,757)
Vocational programs	1,252,395	-	398,346	-	(854,049)
Other instructional programs	7,838,599	13,980	1,913,412	-	(5,911,207)
Special programs	8,566,390	-	8,071,710	-	(494,680)
Adult/continuing education	602,419	-	149,236	-	(453,183)
Support services					
Pupil support services	7,776,850	-	2,546,885	-	(5,229,965)
Instructional staff support services	6,122,187	-	4,846,075	-	(1,276,112)
General administration	2,845,639	-	1,036	-	(2,844,603)
School administration	5,168,505	-	669,048	-	(4,499,457)
Business services	1,571,660	-	47,293	-	(1,524,367)
Plant services	8,282,621	-	4,461	9,205	(8,268,955)
Student transportation services	3,991,191	-	231,729	-	(3,759,462)
Central services	4,175,939	-	76,022	-	(4,099,917)
Noninstructional services					
Food service operations	6,529,817	202,467	4,542,641	-	(1,784,709)
Facility acquisition and construction	1,599,458	-	-	-	(1,599,458)
Debt service					
Interest on long-term obligations	1,060,939	-	-	-	(1,060,939)
Total Governmental Activities	\$ 114,607,304	\$ 216,447	\$ 26,895,920	\$ 9,205	\$ (87,486,132)
General revenues					
Taxes					
Ad valorem taxes levied for					
General purposes					9,629,457
Debt service purposes					5,717,698
Sales taxes levied for					
General purposes					22,607,827
Salaries and related benefits					
					2,270,175
Grants and contributions not restricted to specific programs					
Minimum foundation program					42,580,564
State revenue sharing					303,721
Interest and investment earnings					
					172,190
Gain on disposals of assets					
					27,647
Other					
					1,225,626
Total general revenues					84,534,905
Changes in net assets					
Net assets at beginning of year					(2,951,227)
					36,255,461
Net assets at end of year					\$ 33,304,234

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

**City of Monroe School Board
Monroe, Louisiana**

**GOVERNMENTAL FUNDS
BALANCE SHEET**

June 30, 2011

	MAJOR FUNDS			AGGREGATE REMAINING FUNDS	
	GENERAL FUND	SPECIAL REVENUE		OTHER GOVERNMENTAL	TOTAL
		TITLE I	2001 SALES TAX		
Assets					
Cash and cash equivalents	\$ 15,080,260	\$ -	\$ 1,998,447	\$ 14,576,005	\$ 31,654,712
Investments	250,000	-	666,666	-	916,666
Accounts receivable	472,851	3,376,358	2,260,004	6,747,162	12,856,375
Due from other funds	7,989,979	-	-	-	7,989,979
Inventory	186,261	-	-	106,547	292,808
Other assets	636,487	7,568	5,239	46,056	695,350
Total assets	\$ 24,615,838	\$ 3,383,926	\$ 4,930,356	\$ 21,475,770	\$ 54,405,890
Liabilities and fund balances					
Liabilities					
Accounts payable	\$ 425,272	\$ 29,431	\$ 459,033	\$ 932,682	\$ 1,846,418
Salaries and wages payable	7,704,894	518,101	533,189	1,731,473	10,487,657
Due to other funds	188,763	2,836,394	148,973	4,815,849	7,989,979
Deferred revenue and other liabilities	-	-	-	18,783	18,783
Total liabilities	8,318,929	3,383,926	1,141,195	7,498,787	20,342,837
Fund balances					
Nonspendable					
Inventory and prepaids	822,748	-	-	122,052	944,800
Restricted for					
Salaries and related benefits	-	-	1,705,122	565,053	2,270,175
Instructional costs	-	-	-	215,951	215,951
Instructional and maintenance costs	-	-	2,084,039	-	2,084,039
Food services	-	-	-	730,119	730,119
Debt service	-	-	-	5,509,188	5,509,188
Capital projects	-	-	-	6,834,620	6,834,620
Unassigned reported in General Fund	15,474,161	-	-	-	15,474,161
Total fund balances	16,296,909	-	3,789,161	13,976,983	34,063,053
Total liabilities and fund balances	\$ 24,615,838	\$ 3,383,926	\$ 4,930,356	\$ 21,475,770	\$ 54,405,890

See accompanying notes to the basic financial statements.

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Reconciliation of the Governmental Funds'
Balance Sheet to Statement of Net Assets

June 30, 2011

Total fund balances - governmental funds \$ 34,063,053

The cost of capital assets (land, buildings, furniture and equipment) purchased or constructed is reported as an expenditure in Governmental Funds. The Statement of Net Assets includes those capital assets among the assets of the School Board as a whole. The cost of those capital assets is allocated over their estimated useful lives (as depreciation expense) to the various programs reported as Governmental Activities in the Statement of Activities. Because depreciation expense does not affect financial resources, it is not reported in governmental funds.

Cost of capital assets	\$ 111,906,763	
Accumulated depreciation	<u>(40,397,583)</u>	71,509,180

The costs associated with issuing bonds are reported as expenditures in the Governmental Funds. The issuance costs are not considered financial resources in the Statement of Net Assets; therefore, the costs are reported on the Statement of Net Assets as an asset net of accumulated

Bond issuance cost	\$ 1,193,031	
Less accumulated amortization	<u>(648,606)</u>	544,425

Elimination of interfund assets and liabilities

Interfund assets	\$ (7,989,979)	
Interfund liabilities	<u>7,989,979</u>	-

See accompanying notes to the basic financial statements.

(Continued)

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Reconciliation of the Governmental Funds'
Balance Sheet to Statement of Net Assets (Concluded)

June 30, 2011

Long-term liabilities applicable to the School Board's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the Statement of Net Assets.

Balances at June 30, 2011 are as follows:

Compensated absences payable	\$ (1,799,306)	
General obligation bonds payable	(16,655,000)	
Sales tax bonds payable	(12,725,000)	
Revenue bonds payable	(15,000,000)	
Certificates of indebtedness	(2,730,775)	
Other post employment benefits	(23,391,964)	
Deferred amount on refunding	1,119,925	
Capital lease	(715,251)	
Bond premium	<u>(540,512)</u>	(72,437,883)

Interest on outstanding bonds in the Governmental Funds is recorded as an expenditure when paid. Bond interest in the Statement of Net Assets is recognized as an expense as it accrues.

Accrued interest on outstanding bonds (374,541)

Net Assets \$ 33,304,234

See accompanying notes to the basic financial statements.

City of Monroe School Board
Monroe, Louisiana

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

For the Year Ended June 30, 2011

	MAJOR FUNDS			AGGREGATE REMAINING FUNDS	
	GENERAL FUND	SPECIAL REVENUE		OTHER GOVERNMENTAL	TOTAL
		TITLE 1	2001 SALES TAX		
REVENUES					
Local sources					
Ad valorem taxes	\$ 9,629,457	\$ -	\$ -	\$ 5,717,698	\$ 15,347,155
Sales and use taxes	-	-	13,855,166	11,022,836	24,878,002
Earnings on investments	90,472	-	2,796	78,922	172,190
Cash payments for meals	-	-	-	202,467	202,467
Other local revenue	657,337	-	-	71,363	728,700
State sources					
State equalization	42,180,564	-	-	400,000	42,580,564
Revenue sharing	303,721	-	-	-	303,721
Other Restricted revenue	170,933	-	154,853	532,086	857,872
Federal sources					
Federal Restricted grants-in-aid	225,811	8,338,775	-	17,345,087	25,909,673
Total revenues	53,258,295	8,338,775	14,012,815	35,370,459	110,980,344
EXPENDITURES					
Current					
Instructional services					
Regular programs	20,170,587	57,781	3,379,956	5,802,561	29,410,885
Special education programs	8,726,468	414	1,285,771	3,330,905	13,343,558
Vocational programs	701,004	-	86,714	347,406	1,135,124
Other instructional programs	3,377,598	458,942	619,335	2,503,696	7,159,571
Special programs	726,518	4,894,321	60,177	2,093,054	7,774,070
Adult/Continuing education programs	262,787	-	41,777	245,473	550,037
Support services					
Pupil support services	2,486,557	699,852	326,770	3,593,380	7,106,559
Instructional staff support	885,647	1,366,468	161,450	3,143,121	5,556,686
General administration	2,017,552	-	343,746	259,319	2,620,617
School administration	3,062,312	44,057	360,802	1,259,975	4,727,146
Business services	1,044,896	13,262	158,838	200,394	1,417,390
Plant services	5,330,567	10,202	1,678,715	455,523	7,475,007
Student transportation services	2,670,066	30,974	345,329	397,343	3,443,712
Central services	1,287,365	-	1,638,918	501,323	3,427,606
Noninstructional services					
Food service operations	193,083	-	390,880	5,318,190	5,902,153
Debt service					
Principal	175,825	-	384,000	5,260,000	5,819,825
Interest	12,500	-	150,006	1,361,272	1,523,778
Capital Outlay	732,127	-	325,894	10,326,564	11,384,585
Total expenditures	54,063,439	7,576,273	11,739,078	46,399,499	119,778,309
Excess (deficiency) of revenues over expenditures	(805,164)	762,502	2,273,737	(11,029,040)	(8,797,965)
OTHER FINANCING SOURCES (USES)					
Proceeds from sell of assets	27,647	-	-	-	27,647
Proceeds from issuance of debt	-	-	-	5,000,000	5,000,000
Insurance proceeds	436,064	-	-	-	436,064
Transfers in	1,694,125	-	-	1,740,758	3,434,883
Transfers out	(64,508)	(762,302)	(1,628,250)	(979,623)	(3,434,883)
Total other financing sources (uses)	2,093,328	(762,302)	(1,628,250)	5,761,135	5,463,711
Net change in fund balances	1,288,164	-	645,487	(5,267,905)	(3,334,254)
Fund balances at beginning of year	15,008,745	-	3,143,674	19,244,886	37,397,307
Fund balances at end of year	\$ 16,296,909	\$ -	\$ 3,789,161	\$ 13,976,983	\$ 34,063,053

See accompanying notes to the basic financial statements.

**CITY OF MONROE SCHOOL BOARD
Monroe, 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, 2011

Total net change in fund balances - Governmental Funds \$ (3,334,254)

Amounts reported for governmental activities in the Statement of Activities are different because:

Elimination of operating transfers in and out:

Transfers in	\$	(3,434,883)	
Transfers out		<u>3,434,883</u>	

Capital outlays are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation in the period:

Capital Outlays	\$	11,347,538	
Depreciation		<u>(2,848,030)</u>	8,499,508

Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 5,819,825

Proceeds from issuance of debt is a financing source in the Governmental Funds, but is an increase in liabilities in the Statement of Net Assets. (5,000,000)

See accompanying notes to the basic financial statements.

(Continued)

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Reconciliation of the Governmental Funds'
Statement of Revenues, Expenditures and Changes in
Fund Balances to the Statement of Activities (Continued)

For the Year Ended June 30, 2011

The costs associated with issuing bonds are reported as expenditures in the Governmental Funds. The issuance costs do not require the use of current financial resources; therefore, the costs are amortized over the life of the bond issue in the

Bond issuance cost	\$	299,586	
Amortization of bond issuance cost		<u>(117,127)</u>	182,459

In the Statement of Activities, certain operating expenses - compensated absences (vacations and sick leave) - are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, vacation and sick time earned (\$1,504,964) exceeded the amounts used (\$861,889). (643,075)

The deferred amount on refunding of bonded debt is shown as a reduction of long-term debt, however, the amount is amortized over the lesser of the life of the original bonds or the life of the refunding bonds.

Current year deferrals	\$	775,173	
Current year amortization		<u>(224,408)</u>	550,765

Other post employment benefits are reported in the Governmental funds as expenditures when paid. The unfunded annual contribution is reported in the Statements of Activities as it accrues. (8,786,933)

(Continued)

See accompanying notes to the basic financial statements.

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Reconciliation of the Governmental Funds'
Statement of Revenues, Expenditures and Changes in
Fund Balances to the Statement of Activities (Concluded)

For the Year Ended June 30, 2011

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because accrued interest received from bond sales is recognized as Other Financing Sources when received and interest on outstanding bonds is recognized as an expenditure in the governmental funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expenses are recognized as the interest accrues, regardless of when it

Interest expense payable as of June 30, 2011	\$	(374,541)	
Interest expense payable as of June 30, 2010		551,458	176,917

Bond premium from bond sales is reported in the Governmental Funds as Other Financing Sources when received. Bond premium is reported in the Government-wide Financial Statements as a liability and amortized over the life of the bonds.

Current year premium deferral	\$	(566,476)	
Current year bond premium amortization		150,037	(416,439)

Change in net assets of governmental activities	\$	(2,951,227)	
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See accompanying notes to the basic financial statements.

**City of Monroe School Board
Monroe, Louisiana**

**Statement of Assets and Liabilities
Fiduciary Fund Type - Agency Funds
School Activity Funds**

June 30, 2011

ASSETS

Cash and cash equivalents	\$	<u>707,560</u>
Total assets	\$	<u><u>707,560</u></u>

Liabilities and fund balances

Liabilities		
Amounts held for other organizations	\$	<u>707,560</u>
Total liabilities	\$	<u><u>707,560</u></u>

See accompanying notes to the basic financial statements.

**CITY OF MONROE SCHOOL BOARD
Monroe, LA**

Notes To The Basic Financial Statements

For The Year Ended June 30, 2011

Note 1 - Summary of Significant Accounting Policies

ORGANIZATION

The City of Monroe School Board (the School Board) is governed by a seven-member board, each of whom is elected from a single member district. It operates under the authority of the City of Monroe Charter of 1900, as amended by the Mayor-Council Home Rule Charter for the City of Monroe, adopted in August 1979. The School Board is authorized to establish and operate public schools within the City of Monroe.

The School Board is composed of a central office, 20 schools and 2 support facilities. The School Board serves approximately 8,600 students. The School Board employs approximately 1,490 persons of which over 820 are directly involved in the instructional process. The remainder provides ancillary support such as general administration, repair and maintenance, transportation and food service. The regular school term normally begins during the latter half of August and runs until the end of May.

A. Financial Reporting Entity

The School Board is the basic level of government which has oversight responsibility and control over all activities related to public school education in the City of Monroe. The School Board receives funding from Federal, state and local sources and must comply with the requirements of those funding source entities. However, the School Board is not included in any other governmental reporting entity as defined by Governmental Accounting Standards Board (GASB) Statement No. 14 *The Reporting Entity*, since the members of the School Board are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. Therefore, the School Board is a separate governmental reporting entity. For financial reporting purposes, the School Board's financial statements include all funds, school, agencies and committees for which the School Board is financially accountable. The School Board is not aware of any other entities that should be included within the financial statements.

Certain units of local government, such as other independently elected officials, the parish police jury and municipalities, are excluded from the accompanying financial statements. These units have their own elected governing authorities and are not financially accountable to the School Board.

**CITY OF MONROE SCHOOL BOARD
Monroe, LA**

Notes To The Basic Financial Statements

For The Year Ended June 30, 2011

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 includes its assets, liabilities, fund equity, revenues and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The School Board uses the following fund categories and fund types:

Governmental Funds

Governmental funds account for the School Board's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt.

Governmental funds are divided into major and nonmajor funds. Major funds are funds that meet certain dollar tests of their assets, liabilities, revenues and expenditures. Major funds are larger, more significant funds. Nonmajor funds are the governmental funds that do not meet the dollar tests for major funds. The major and nonmajor funds are described below.

Major Funds:

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 another fund. The General Fund is always a major fund.

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

Title I of the Elementary and Secondary Education Act (ESEA) is a federally financed program which provides for the needs of children who are at risk of not meeting challenging academic standards and who reside in areas of high concentrations of children from low-income families.

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2011

2001 Sales Tax Fund accounts for the collection and distribution of the sales tax levies to provide additional support to the school system to include funding of capital improvements and employee salaries.

Capital Projects Funds – Capital Projects Funds account for financial resources used for the acquisition or construction of major capital facilities and improvements.

Nonmajor Funds:

The School Board has 8 nonmajor Special Revenue Funds, 3 nonmajor Debt Service Funds and 5 nonmajor Capital Projects Funds. For a description of these funds, see the Nonmajor Funds section of this report.

Fiduciary Funds

Agency Funds – The Agency Funds account for assets held by the School Board in a trustee capacity or as an agent for individuals, private or school organizations, other governmental units and/or other funds. The School Activity Fund accounts for all individual school activity funds. While these funds are under the supervision of the School Board, they belong to the individual schools or their student bodies and are not available for use by the School Board.

C. *Basis of Accounting / Measurement Focus*

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

The Statement of Net Assets and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Non-exchange transactions are recognized when the School Board has an enforceable legal claim to the revenues, expenses, gains, losses, assets and liabilities.

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2011

Program Revenues

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

General Revenues

General revenues included in the Statement of Activities derive directly from local property and sales taxes and from unrestricted state grants. General revenues finance the remaining balance of a function not covered by program revenues.

Allocation of Indirect expenses

The School Board reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses (such as long-term debt interest) of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense is specifically identified by function and is included in the direct expense of each function.

Fund Financial Statements (FFS)

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

Governmental funds reported in the fund financial statements are accounted for on the modified accrual basis of accounting. Governmental fund revenues are recognized in the accounting period in which they become susceptible to accrual – that is when they become both measurable and available to pay current period liabilities. Such revenue items are ad valorem, sales and use taxes and federal and state entitlements. Ad valorem taxes are considered measurable in the calendar year of the tax levy. Ad valorem taxes are considered available because they are substantially collected within 60 days subsequent to year end. Sales taxes are

**CITY OF MONROE SCHOOL BOARD
Monroe, LA**

Notes To The Basic Financial Statements

For The Year Ended June 30, 2011

considered measurable and available when collected by the vendors. Revenue from state and Federal grants are recorded when the reimbursable expenditure have been incurred.

Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the Debt Service Funds for payments to be made early in the following year.

D. Cash and Cash Equivalents

Cash and cash equivalents include amounts in interest-bearing demand deposits as well as short-term investments with a maturity date within three months of the date acquired. Short-term investments are stated at cost, which approximates fair value.

Interest earned on balances maintained in the pooled bank account was distributed to the individual funds based on the cash balance maintained by the unrestricted participating fund during the year.

The School Board maintains separate "book" cash accounts for each fund that is pooled within the master bank account. Negative book cash balances appear in the financial statements as a liability, "Due to Other Funds." The balance of these amounts will be paid primarily through collections of grants receivable reimbursements from the Federal and State Departments of Education.

E. Investments

Investments, consisting of certificates of deposit, are stated at market value in accordance with the provisions of GASB Statement No. 31.

F. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as due from other funds or due to other funds on the fund financial statements balance sheet.

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2011

G. Elimination and Reclassifications

In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

H. Bond Issuance Costs/Bond Premiums

Costs associated with issuing bonds (bond rating fees, attorney fees, printing, etc.) are capitalized and amortized over the life of the bond issue in the government-wide financial statements. The bond issuance costs are reported as expenditures in the fund financial statements. Bond premium from bond sales is reported in the governmental funds as Other Financing Sources when received. Bond premium is reported in the Government-wide Financial Statements as a liability and amortized over the life of the bonds.

I. Inventory

Inventory of the School Food Service Fund consists of food and supplies. Inventory is recorded as an expenditure as it is consumed. Inventory is valued at cost on the first-in, first-out (FIFO) method. Commodities provided to the School Board by the United States Department of Agriculture (USDA) through the State Department of Education are reflected as revenue when received and as an expenditure when consumed. Commodities are valued at amounts assigned by the USDA.

J. Capital Assets

Capital Assets, which include land, buildings, and equipment, are reported as governmental funds in the governmental-wide financial statements. The School Board considers assets with an initial individual cost of \$5,000 or more and an estimated life of one year or more as a capital asset.

Capital assets are recorded at historical cost and depreciated over their estimated useful lives. Donated capital assets are recorded at their estimated fair value at the date of donation.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Capital assets have not been assigned a salvage value

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2011

because management feels that the salvage value is immaterial. Straight-line depreciation is used based on the following useful lives:

Buildings	40 years
Furniture and equipment	3-15 years

K. Interfund Activity

Interfund activity is reported as loans, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the Government-Wide Financial Statements.

L. Fund Balance

Nonspendable fund balance represents resources that cannot be physically used to settle obligations of the school system, such as food inventory.

Restricted fund balances represent resources restricted by tax ordinances or by local, state or Federal grant regulations for future use and are, therefore, not available for future appropriation or expenditure.

Committed fund balances indicate the School Board's tentative plans for the use of financial resources in a future period. Fund balance commitments are made by Board approved resolutions.

Assigned fund balances are those determined by the Superintendent and Business Manager, under authority given under a resolution of the Board, as needed for the payment of future commitments.

The School Board had no committed or assigned fund balances at June 30, 2011.

M. Compensated Absences

All employees receive ten sick days each year, with any unused portion being carried forward. Upon retirement, employees with twenty years of service or more are paid for up to 25 days of accumulated sick leave. Only employees who work 12

**CITY OF MONROE SCHOOL BOARD
Monroe, LA**

Notes To The Basic Financial Statements

For The Year Ended June 30, 2011

calendar months per year earn vacation days. The School Board's policy regarding payment of accumulated vacation days is to allow for a maximum accumulation and payment of no more than 30 days with persons credited with days in excess of 30 as of the effective date (July 1, 1994) being grandfathered in at their then-current accumulation.

N. Long-Term Liabilities

Bond premiums and discounts, as well as issuance costs, are recognized in the fund financial statements in the period the bonds are issued. Bond proceeds are reported as an Other Financing Source. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

O. Restricted Net Assets

For the Government-Wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments;

Imposed by law through constitutional provisions or enabling legislation.

In the Statement of Net Assets, the following items are considered restricted:

Capital projects are restricted because the proceeds from issuance of bonded debt is dedicated to acquiring and improving school property.

Debt service is considered restricted because an ad valorem tax has been levied specifically to meet the principal and interest payments of various bond issues. Salaries and related benefits are considered restricted as it represents undistributed salaries and related benefits from sales taxes restricted exclusively for this purpose.

P. Sales and Use Taxes

The voters of Ouachita Parish authorized the City of Monroe School Board and the Ouachita Parish School Board to jointly levy and collect a 0.5% sales and use tax. The net proceeds of the tax are to be allocated and prorated between the two school boards annually on the basis of average daily membership for the preceding school

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2011

year. Eighty-eight percent of the sales and use tax revenues received by the School Board are to be used for the payment of the salaries of teachers, as defined by the Louisiana State Department of Education. The remaining twelve percent is to be used for the payment of salaries to designated personnel other than teachers.

In March 1994, the voters of the City of Monroe approved the levy of a 0.5% sales and use tax. The net proceeds of the tax are to supplement salaries and benefits of certified teachers and other personnel and to provide additional funds for instructional activities. This sales tax went into effect in July 1994.

In July 2001, the citizens of the City of Monroe approved a 1% sales tax for additional support of the School Board. This sales tax went into effect in October 2001.

Q. Use of Estimates

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

Note 2 - Cash and Cash Equivalents and Investments

Custodial credit risk - deposits. The School Board's cash and cash equivalents and investments consist of deposits with financial institutions. State statutes govern the School Board's investment policy. Permissible investments include direct obligations of the U.S. Government and agency securities, certificates of deposit, and savings accounts or savings certificates of savings and loan associations and repurchase agreements. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates the local government investment pool. Collateral is required for demand deposits, certificates of deposit, savings certificates of savings and loan associations and repurchase agreements at 100% of all amounts not covered by deposit insurance. Obligations that may be pledged as collateral are obligations of the United States government and its agencies and obligations of the state and its subdivisions. Per Louisiana State law, collateral is not required for funds invested in LAMP.

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2011

The following is a schedule of the School Board's cash and cash equivalents (including school activity accounts in Agency Funds) at June 30, 2011. Differences between School Board balances and the bank balances arise because of the net effect of deposits-in-transit and outstanding checks.

	<u>School Board Balance</u>	<u>Bank Balance</u>	
Cash on Deposit	\$ 24,645,356	\$ 30,562,469	
Petty Cash	1,100	-	
Cash Equivalents:			
LAMP Investments	<u>7,715,816</u>	<u>7,715,816</u>	
TOTAL	\$ <u>32,362,272</u>	\$ <u>38,278,285</u>	

The School Board's deposits are collateralized as follows:

Federal Deposit Insurance	\$	1,000,000
Pledged Securities:		
Collateralized		<u>42,521,380</u>
Total	\$	<u>43,521,380</u>

The School Board's investments at June 30, 2011, consist of a certificate of deposit with a carrying and market value of \$250,000. It is held by the School Board's agent in the School Board's name and is collateralized. Also included in investments was \$666,666 transferred to the paying agent to be held in trust for the repayment of the School Board's Qualified School Construction Bonds.

Credit risk. The School Board's investments consist of the certificate of deposit and trust fund investments, therefore the School Board is exposed to no significant credit risk.

Concentration of credit risk. The School Board does not limit the amount that may be invested in securities of any one issuer. Applicable state statutes do not place limits on credit concentration.

Interest rate risk. The School Board manages its exposure to declines in fair values by limiting the maturity of its investments to no longer than one year.

CITY OF MONROE SCHOOL BOARD
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Notes To The Basic Financial Statements

For The Year Ended June 30, 2011

Note 3 - Ad Valorem Taxes

The Sheriff of Ouachita Parish, as provided by State law, bills and collects property taxes on behalf of the School Board using the assessed values determined by the tax assessor of Ouachita Parish. For the year ended June 30, 2011, taxes of 44.64 mills were levied on property with assessed valuations totaling \$337,062,437 and were dedicated as follows:

School Operations, Maintenance, Aid and Support	27.64 mills
Series 1994 & Series 1995 Bonds Debt Service	17.00 mills
	<u>44.64 mills</u>

The School Board's portion of the total taxes originally levied was \$17,130,725 of which \$15,046,475 was assessed on property owners and \$2,084,250 was assessed under Homestead Exemption. The School Board collected \$15,347,155 through June 30, 2011, of which a nominal amount was for prior year(s) levies. Approximately 85% of the homestead exemption is not appropriated by the State of Louisiana and therefore is not collected.

Property Tax Calendar

Millage Rates Adopted	September 15, 2010
Levy Date	November 30, 2010
Tax Bills Mailed	November 30, 2010
Total Taxes Are Due	December 31, 2010
Lien Date	January 1, 2011

Assessed values are established by the Ouachita Parish Tax Assessor each year on a uniform basis at the following ratios to fair market value.

10% Land	15% Machinery
10% Residential Improvements	15% Commercial Improvements
15% Industrial Improvements	25% Public Service Properties, Excluding Land

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For The Year Ended June 30, 2011

Note 4 - Capital Assets

A summary of the changes in capital assets for the year ended June 30, 2011, is as follows:

	<u>Balance</u> <u>June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 1,669,547	\$ -	\$ -	\$ 1,669,547
Construction-in-progress	<u>1,910,753</u>	<u>10,201,538</u>	<u>889,481</u>	<u>11,222,810</u>
Total capital assets not being depreciated	<u>3,580,300</u>	<u>10,201,538</u>	<u>889,481</u>	<u>12,892,357</u>
Capital Assets being depreciated				
Buildings & improvements	74,301,607	1,216,405	-	75,518,012
Furniture and equipment	<u>22,218,961</u>	<u>1,540,240</u>	<u>262,807</u>	<u>23,496,394</u>
Total capital assets being depreciated	<u>96,520,568</u>	<u>2,756,645</u>	<u>262,807</u>	<u>99,014,406</u>
Less accumulated depreciation				
Buildings and improvements	20,144,784	1,862,590	-	22,007,374
Furniture and equipment	<u>17,667,576</u>	<u>985,440</u>	<u>262,807</u>	<u>18,390,209</u>
Total accumulated depreciation	<u>37,812,360</u>	<u>2,848,030</u>	<u>262,807</u>	<u>40,397,583</u>
Total capital assets being depreciated, net	<u>58,708,208</u>	<u>(91,385)</u>	<u>-</u>	<u>58,616,823</u>
Governmental Activities Capital Assets, net	<u>\$ 62,288,508</u>	<u>\$ 10,110,153</u>	<u>\$ 889,481</u>	<u>\$ 71,509,180</u>

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Depreciation expense was charged to governmental activities as follows:

Instructional services:	
Regular programs	\$ 467,947
Special education programs	8,447
Vocational programs	11,288
Other instructional programs	10,560
Special programs	66,478
Adult/Continuing education	1,027
Support services:	
Pupil support services	6,773
Instructional staff support services	46,690
General Administration	1,694
Business services	21,932
Plant services	137,029
Student transportation services	225,949
Central services	428,307
Food service operations	76,597
Facility acquisition and construction	<u>1,337,312</u>
Total depreciation expense	<u>\$ 2,848,030</u>

Note 5 - Significant Concentrations of Risk

Amounts due from governmental agencies represent substantially all of receivables from outside sources. The School Board derives a majority of its revenue from grants by governmental agencies and is, therefore, economically dependent upon these grants.

Note 6 - Pension and Retirement Plans

State-sponsored Plans:

Substantially all employees of the School Board are members of two statewide retirement systems which are multiple-employer, cost-sharing public employee retirement systems. In general, professional employees such as teachers, principals and lunchroom workers are members of the Teachers' Retirement System of Louisiana (TRSL); other employees, such as custodial personnel and bus operators, are members of the Louisiana School Employees' Retirement System (LSERS). Generally, all full-time

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employees are eligible to participate in the systems, with employee benefits vesting after 10 years of service.

Teachers' Retirement System of Louisiana (TRSL)

Under the TRSL Regular Plan, there are two retirement formulas: the 2% formula and the 2.5% formula. Participants may retire under the 2% formula at age 60 with at least 10 years of service credit or at any age with 20 years of service credit. Under the 2.5% formula, participants may retire at age 65 with 20 years of service credit; at age 55 with 25 years of service credit; or at any age with 30 years of service credit. The retirement benefit formula is based on the average salary of the 36 highest consecutive months times the applicable retirement percentage formula.

Under the TRSL-Plan A, normal retirement is generally at any age with 30 or more years credited service, and at the age of 55 with at least 25 years of credited service and at age 60 with at least 10 years of credited service. The retirement benefit formula is generally 3% times the average salary of the 36 highest successive months.

Funding Policy: As provided by statute, the School Board's employer contributions to the TRSL are funded by the State of Louisiana through expenditures by the School Board of state Minimum Foundation Program (MFP) funds and local ad valorem and sales taxes. State statutes also require covered employees to contribute a percentage of their salaries to the system. As further provided by statute, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the system's prior fiscal year. The School Board's contribution rates were 20.20%, 15.5%, and 15.5% for the years ended June 30, 2011, 2010 and 2009 respectively. The School Board's contributions to the TRSL plans for the years ended June 30, 2011, 2010 and 2009 were \$10,601,508, \$7,713,773, and \$7,918,646 respectively, equal to the statutorily required contributions in each year.

The TRSL issues an annual, publicly-available financial report that includes financial statements and required supplementary information for the retirement system. The report may be obtained by writing the Teachers' Retirement System, P.O. Box 94123, Baton Rouge, Louisiana 70804-9123 or by calling (225) 925-6446.

Louisiana School Employees' Retirement System (LSERS)

Employees participating in the LSERS are eligible for normal retirement after 30 years of service at any age, 25 years of service at age 55, or 10 years of service at age 60. The maximum retirement allowance is computed at 3.3% times the highest 36 months of

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average salary, times the years of service plus a supplement of \$2.00 per month times the years of service.

Funding Policy: As provided by statute, the School Board's employer contributions to the LSERS are funded by the State of Louisiana through expenditures by the School Board of state MFP funds and local ad valorem and sales taxes. State statutes also require covered employees to contribute a percentage of their salaries to the system. As further provided by statute, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the system's prior fiscal year. The School Board's contribution rate of annual covered payroll were 24.3%, 17.6%, and 17.8% and for the years ended June 30, 2010, 2009 and 2008 respectively. The School Board's contributions to the LSERS plans for the years ended June 30, 2011, 2010 and 2009 were \$1,057,892, \$723,949, and \$815,648 respectively, equal to the statutorily required contributions in each year.

The LSERS issues an annual, publicly-available financial report that includes financial statements and required supplementary information for the retirement system. The report may be obtained by writing the Louisiana School Employees' Retirement System, P.O. Box 44516, Capitol Station, Baton Rouge, LA 70804 or by calling (225) 925-6484.

School Board-Sponsored Plan:

The School Board has adopted for its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The plan, available to all School Board employees, permits them to defer a portion of their salaries until future years. The School Board does not make any contributions to the plan. The deferred compensation is not available to employees until termination, retirement or unforeseen emergency. The deferred compensation is available to employee's beneficiaries in case of death.

Under the terms of a plan established in accordance with the terms of the amended IRC Section 457, all compensation deferred under the plan, all property and rights acquired with those amounts and all income attributable to those amounts and rights are solely the property and rights of the participants and their beneficiaries. As required by the amended IRC Section 457, the School Board has established custodial accounts with an unrelated third party administrator who holds in trust the assets and income of the plan. The trustee holds assets with a fair market value of \$652,619 at June 30, 2011.

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Note 7 - Other Postemployment Benefits

As permitted by Louisiana Revised Statute 17:1223, the School Board provides certain continuing health care and life insurance benefits for certain retired employees through the State group insurance plan, an agent multiple employer defined benefit plan. These benefits if they reach normal retirement age, as defined under the applicable retirement system (see Note 6), while working for the School Board. Currently the City of Monroe School Board's post employment benefits plan provides employees with a choice of participation in one of four medical insurance plans, each with varying benefits: preferred provider organization (PPO), exclusive provider organization (EPO), or health maintenance organization (HMO). LSA-R.S. 42:801 – 859 assigns the authority to establish benefit plans and premium rates and negotiate contracts to the Office of Group Benefits under the direction of the Commissioner of Administration. The Office of Group Benefits' financial report is included in the Louisiana Comprehensive Annual Financial Report (CAFR) which may be obtained from Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap; by writing to P.O. Box 94095, Baton Rouge, Louisiana 70804-9095; or by calling (225)342-0708.

The School Board recognizes the cost of providing these benefits (the School Board's portion of premiums) as an expenditure in the Governmental Funds when the monthly premiums are due. The cost of retiree benefits totaled approximately \$3,156,000 during fiscal 2011; approximately 545 retirees receive benefits under this plan.

In the Government-wide Financial Statements in accordance with GASB 45 starting with the 2009 fiscal year, the cost of health care and life insurance benefits for active employees is expensed when earned. The liability for health care and life insurance for active and retired employees previously earned benefits has been calculated and will be amortized over 30 years. The normal costs and the accrued liability for previously earned benefits are based on the following data and assumptions:

Mortality Rate

The mortality rate was determined by using the RP-2000 System Table (sex distinct) with floating AA projections.

Investment Return Assumption (Discount Rate) and Inflation Rate

While GASB 45 allocates the costs of a postretirement benefit plan over the years of active employment (when the promise of future benefits is potentially motivating an employee), it does not require the funding of such benefits. There are two key points

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that need to be noted in this regard. First, the choice of the discount rate used in measuring the liabilities of the benefits is tied to the funding vehicle or lack thereof. GASB 45 requires the use of a discount rate for an unfunded plan equal to what the sponsor earns on its general assets. Since a lower discount rate leads to higher liabilities, a funded plan will have lower liabilities than an unfunded plan with identical provisions and membership. Since it is anticipated that the annual required contribution will not be funded, a 4% annual investment return is assumed in the actuarial evaluation which represents a reasonable estimate of short-term pooled funds.

Amortization Method and Period

The level dollar closed amortization method has been used. An amortization period of 30 years has been used for the medical benefits and for the life insurance benefits. The valuation used the closed group method, under which future entrants are not considered.

Healthcare Cost Trend Rate

In the absence of readily available cost trend data from the Office of Group Benefits, the expected rate of increase in healthcare insurance premiums is based on an understanding of the plan and *Milliman's Health Cost Guidelines*. The assumed annual per capita cost of medical and pharmacy benefits for select ages are illustrated below. These are gross amounts prior to reduction for any retiree contributions.

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PPO

	Retiree Only	Retiree & Spouse
Pre-65	\$ 11,398	\$ 17,504
Post-65	\$ 3,211	\$ 5,772

EPO

	Retiree Only	Retiree & Spouse
Pre-65	\$ 11,398	\$ 17,504
Post-65	\$ 3,211	\$ 5,772

HMO

	Retiree Only	Retiree & Spouse
Pre-65	\$ 10,807	\$ 16,606
Post-65	\$ 3,096	\$ 5,550

Medical Inflation (Trend Assumption)

The trend assumptions for medical and pharmacy costs and retiree premiums are summarized below:

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<u>Year</u>	<u>Trend</u>
2011	6.60%
2012	6.30%
2013-2015	6.10%
2016-2020	6.00%
2021-2025	5.90%
2026-2032	5.80%
2033-2034	5.70%
2035	5.60%
2036-2037	5.50%
2038-2039	5.40%
2040-2042	5.30%
2043-2047	5.20%
2048-2053	5.10%
2054-2062	5.00%
2063-2076	4.90%
2077	4.80%
2078	4.60%
2079-2085	4.50%
2086 and ongoing	4.40%

Life Insurance

- Life insurance amount for active employees – \$77,000
- Life insurance benefits reduces to 75% of face value at age 65 and 50% of face value at age 70.

Withdrawal Rates

The following service related sample withdrawal rates are shown below:

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Age	Males	Females
25	7.0%	7.0%
30	8.0%	8.0%
35	6.0%	6.0%
40	3.0%	3.0%
45	2.0%	2.0%
50	2.0%	2.0%

The rate of withdrawal is multiplied by 1.25 for the year first of employment.

Disability Rates

The following service related sample disability rates are shown below:

Age	Male	Female
25	0.01%	0.01%
30	0.03%	0.03%
35	0.06%	0.06%
40	0.10%	0.10%
45	0.18%	0.18%
50	0.24%	0.24%
55	0.47%	0.47%

Retirement Rate

It is assumed that entitlement to benefits will commence at the expected retirement date (that is, the date at which the eligible employee will actually retire) under the pension plan which covers employees. It is assumed that this retirement date is three years later than the earliest date at which the employee is eligible for regular retirement benefits. That "regular retirement" date is defined as the earliest of the following:

- 30 years of service credit at any age; or
- 25 years of service credit at age 55; or
- 5 years of service credit at age 60
- 20 years of service at any age – early retirement

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The assumed percent of employees reaching retirement are as follows:

Retirement Rates

<u>Age</u>	<u>Male</u>	<u>Female</u>
38	5.00%	5.00%
39	6.00%	6.00%
40	4.00%	4.00%
45	3.00%	3.00%
50	3.00%	3.00%
55	10.30%	10.30%
60	27.70%	27.70%
65	33.00%	33.00%
70	38.30%	38.30%
71	38.50%	38.50%
72	100.00%	100.00%

Actuarial Methods and Assumptions

The amount of the current employer portion of the healthcare premiums for retiree coverage has been used as the basis for calculating the actuarial present value of benefits to be paid; the Office of Group Benefits' "*Official Schedule of Rates*" effective July 1, 2007 has been used for this purpose. It has been assumed 90 % of employees who elect coverage while in active employment and who are eligible for retiree medical benefits will continue the same medical coverage in retirement. It is assumed that 40% of members electing coverage will also elect coverage for a spouse. Females are assumed to be three years younger than males.

Actuarial Cost Method

The actuarial cost method determines, in a systematic way, the incidence of plan sponsor contributions required to provide plan benefits. It also determines how actuarial gains and losses are recognized in OPEB costs. These gains and losses result from the difference between the actual experience under the plan and what was anticipated by the actuarial assumptions.

The cost of the Plan is derived by making certain specific assumptions as to rates of interest, mortality, turnover, etc. which are assumed to hold for many years into the future.

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Since actual experience may differ somewhat from the long term assumptions, the costs determined by the valuation must be regarded as estimates of the true costs of the Plan.

Actuarial liabilities and comparative costs were computed using the unit credit actuarial cost method, which consists of the following cost components:

1. The normal cost is the actuarial present value of benefits allocated to the evaluation year.
2. The actuarial accrued liability is the actuarial present value of benefits accrued as of the valuation date.
3. Valuation assets are equal to the market value of assets as of the valuation date, if any.
4. Unfunded actuarial accrued liability is the difference between the actuarial accrued liability and the valuation assets. It is amortized over the maximum permissible period under GASB 45 of 30 years.

It should be noted that GASB 45 allows a variety of cost methods to be used. This method was selected because it is generally easy to understand and is widely used for the valuation of post employment benefits other than pensions.

Actuarial Value of Plan Assets

Actuarial value of assets is the value of cash, investments, and other property belonging to the plan, as used by the actuary for the purpose of an actuarial valuation. Since this is the first actuarial valuation, there are not any assets to be actuarially valued; however, it is anticipated that future valuations of actuarial assets will be based on Actuarial Standards Board Actuarial Standard of Practice Number 6, *Measuring Retiree Group Benefit Obligations*, which is applicable to post employment benefits plans and generally requires valuing dedicated plan assets using a method that takes into account market value.

Actuarial Methods and Assumptions

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

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

The following table shows the City of Monroe School Board's annual post employment benefits cost, percentage of that cost contributed and the net unfunded post employment benefits liability:

<u>Fiscal Year Ended</u>	<u>Annual Post Employment Benefits Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net Unfunded Post Employment Benefits Liability</u>
6/30/09	\$10,143,554	29.4%	\$7,164,864
6/30/10	\$10,555,929	29.5%	\$14,605,031
6/30/11	\$12,035,433	27.0%	\$23,391,964

Funded Status and Funding Progress

In the 2008-09 fiscal year the City of Monroe School Board started recording post-employment benefits in its financial statements. The School Board has not made any contribution to a post employment benefits plan trust. Therefore, the plan has no assets, and hence has a funded ratio of zero. As of June 30, 2011, the actuarial accrued liability was \$105,817,901, which is defined as that portion, as determined by a particular actuarial cost method (the City of Monroe School Board used the Unit Credit Cost method), of an actuarial present value of a post employment plan benefits and expenses which is not provided by normal cost (i.e. the cost of the actuarial present value of post employment benefits for active employees from their hire date through June 30, 2011, and for retired employees from their hire date through their date of retirement).

Since the plan was not funded in 2011, the entire actuarial accrued liability of \$105,817,901 was unfunded. The annual payroll of active employees covered by the plan, called the covered payroll, was \$41,646,836 in 2011; the ratio of the unfunded actuarial

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accrued liability to the covered payroll was 254.1%. (Salaries are not used to determine either medical or life post employment benefits).

Annual Post Employment Benefits Cost and Net Post Employment Benefits Liability

The table below shows the City of Monroe School Board's annual post employment benefits for the year ended June 30, 2011, and changes in the unfunded post employment benefits liability:

Normal Cost	\$ 5,980,281
30-year actuarial accrued liability amortization of medical and life insurance	<u>6,350,442</u>
Annual required contribution (ARC)	12,330,723
Interest on prior year net post employment benefits liability	584,201
Adjustments to the annual required contribution	<u>(876,491)</u>
OPEB Cost - June 30, 2011	12,038,433
Current year retiree premium	<u>(3,251,500)</u>
Increase in Net OPEB Obligation	8,786,933
Beginning Net OPEB Obligation - July 1, 2010	<u>14,605,031</u>
Ending Net OPEB Obligation - June 30, 2011	\$ <u>23,391,964</u>

Required Contribution Rates

As determined by the Office of Group Benefits and approved by the Louisiana Legislature, the employer paid 75% of the premium cost for post employment benefits for retired employees and their families, and the retirees paid 25% of the premium cost; monthly premium cost for retired employees ranged from approximately \$86 for a single retiree with Medicare in the HMO plan to approximately \$479 for a retiree and spouse without Medicare in the EPO plan. Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits.

The City of Monroe School Board's annual medical and life post employment benefits cost (expense) is calculated based on the annual required contribution of the employer, and amount actuarially determined in accordance with the parameters of GASB Statement

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Number 45. The City of Monroe School Board's annual required contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize the unfunded actuarial liability (or funding excess) over a period of thirty (30) years for health and life insurance. The total annual required contribution for the year ended June 30, 2011, is \$12,330,723, none of which the School Board opted to fund in 2011. Since the plan was not funded in fiscal year 2011, the entire actuarial accrued liability of \$105,817,901 is unfunded.

Funding Policy

Currently, there are no requirements for employers to contribute to their post employment benefits plans. In 2008-09, the City of Monroe School Board started recognizing the cost of providing these benefits (the City of Monroe School Board's portion of premiums) as an expense when the benefits premiums were due and thus financed the cost of post employment benefits on a pay-as-you-go basis. The School Board implemented Governmental Accounting Standards Board Statement Number 45, Accounting and Financial Reporting by employers for Post employment Benefits Other than Pension (GASB Statement 45), prospectively in 2007-08 and at that time began to record its portion of premiums as an expense during the period of active service by the employee (normal cost). In 2011, the City of Monroe School Board's portion of health care and life insurance benefit premium, for both active and retired employees totaled approximately \$10,874,000. The School Board at this time does not plan to fund the post employment liability other than the monthly health and life insurance premiums as they become due.

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Note 8 - Long-Term Obligations

The following is a summary of changes in Long-Term Obligations for the year ended June 30, 2011:

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
General obligation bonds	\$ 21,000,000	\$ 7,920,000	\$ 12,265,000	\$ 16,655,000
Less deferred amount of refunding	(569,160)	(775,173)	(224,408)	(1,119,925)
Unamortized bond premium	124,073	566,476	150,037	540,512
Sales tax bonds	13,280,000	8,095,000	8,650,000	12,725,000
Revenue bonds	10,000,000	5,000,000	-	15,000,000
Certificates of indebtedness	3,656,600	-	925,825	2,730,775
Other post employment benefits	14,605,031	8,786,933	-	23,391,964
Capital Lease	-	1,109,131	393,880	715,251
Compensated absences, net	1,156,231	1,504,964	861,889	1,799,306
TOTAL	\$ 63,252,775	\$ 32,207,331	\$ 23,022,223	\$ 72,437,883

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Long-term bonds and certificates of indebtedness outstanding at June 30, 2011 are comprised of the following:

	<u>Issue</u>	<u>Maturity</u> <u>Date</u>	<u>Interest</u> <u>Rate</u>	<u>Amount</u> <u>Outstanding</u>
<u>General Obligation Bonds</u>				
School Refunding Bonds,				
Series 2003	2003	3/1/2015	2.50-5.00	\$ 8,850,000
Series 2010	2010	3/1/2014	2.00-3.00	7,805,000
<u>Sales Tax Bonds</u>				
Sales Tax Bonds, Series 2001	2001	10/1/2021	3.875-5.00	575,000
Sales Tax Bonds, Series 2002	2002	10/1/2021	4.25-4.75	4,055,000
Sales Tax Bonds, Series 2010	2010	10/1/2021	2.00-4.00	8,095,000
<u>Certificates of Indebtedness</u>				
Series 2008	2008	7/1/2017	0.00	1,230,775
Series 2008	2009	7/1/2019	0.00	1,500,000
<u>Revenue Bonds</u>				
Revenue Bonds, Series 2009	2009	10/15/2024	0.50	10,000,000
Revenue bonds, Series 2011	2011	3/15/2026	0.40	<u>5,000,000</u>
Total Bonds and Certificates of Indebtedness				\$ <u>47,110,775</u>

Debt service requirements to maturity on all School Board bonds and certificates of indebtedness and capital leases outstanding at June 30, 2011, including interest of \$4,883,181 are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Total Principal</u> <u>& Interest Due</u>
2012	\$ 6,994,360
2013	6,894,491
2014	6,953,883
2015	4,293,979
2016	1,804,415
2017-2021	8,347,059
2022-2026	<u>16,705,769</u>
TOTAL	\$ <u>51,993,956</u>

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2011

During fiscal year 2011, the School Board issued \$7,920,000 in General Obligation Bonds Series 2010 with an average interest rate of 2.00% to 3.00%. The net proceeds from the issuance of the general obligation bonds were used to purchase government securities which were deposited in an irrevocable trust with an escrow agent to provide debt service until the bonds are called. The advance refund met the requirement of an in-substance debt defeasance and the bonds were removed from the School Board's financial statements. There is no outstanding balance of the defeased 2001 Series at June 30, 2011.

As a result of the advance refunding, the School Board reduced its total debt service requirement by \$351,815, which has resulted in an economic gain (difference between the present value of the debt service payments on old and new debt) of \$344,479.

In addition, during fiscal year 2011, the School Board issued \$8,095,000 in Sales Tax School Refunding Bonds Series 2010 with an average interest rate of 2.00% to 4.00%. The net proceeds from the issuance of the general obligation bonds were used to purchase government securities which were deposited in an irrevocable trust with an escrow agent to provide debt service until the bonds are called. The advance refund met the requirement of an in-substance debt defeasance and the bonds were removed from the School Board's financial statements. The outstanding balance of the defeased 2001 Series Sales Tax School Bonds at June 30, 2011 is \$575,000 and is included on the financial statements.

As a result of the advance refunding, the School Board reduced its total debt service requirement by \$541,477, which has resulted in an economic gain (difference between the present value of the debt service payments on old and new debt) of \$393,309.

Note 9 - Lease Commitments and Rental Expense

Operating Leases

The School Board leases various items of equipment and facilities under lease agreements which are subject to annual re-appropriation clauses. Generally, as equipment leases expire, they are replaced with other leases. Rent expense for the year ending June 30, 2011 totaled \$281,585.

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2011

Capital Leases

In August 2010, the School Board entered into a capital lease obligation for the purchase of computer equipment. The original amount of the obligation was \$1,109,131 with an interest rate of 6.6%. Future minimum lease payments are as follows:

Fiscal Year Ending	Future Minimum Lease Payments
June 30, 1011	\$ 787,760
Less: Amounts representing interest	(72,509)
Present Value of Future Minimum Lease Payments	\$ 715,251

Note 10 - Interfund Receivables and Payables (FFS level only)

Individual balances due to/from other funds at June 30, 2011, are as follows:

	Due From Other Funds	Due To Other Funds
Unreimbursed expenses:		
Major Funds:		
General Fund	\$ 7,989,979	\$ 188,763
Nonmajor Funds:		
1968 Sales Tax	-	322,473
1994 Sales Tax	-	300,682
Deficit Cash Balances:		
Major Funds:		
Title I	-	2,836,394
2001 Sales Tax	-	148,973
Nonmajor Funds:		
21st Century	-	978,292
Safe Schools	-	721,439
IDEA B	-	589,254
Other Federal Programs	-	1,812,272
State Grants	-	91,437
Total Due To/From Other Funds	\$ 7,989,979	\$ 7,989,979

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2011

Note 11 - Interfund Transfers

Transfers to/from other funds for the year ended June 30, 2011 were as follows:

	Transfers In	Transfers Out
Major Funds:		
General Fund	\$ 1,694,125	\$ 64,508
Special Revenue:		
2001 Sales Tax	-	1,628,250
Title I	-	762,502
Nonmajor Funds:		
Special Revenue:		
Reading First	1,653	1,800
School Food Service	14,063	-
Special Education		267,008
1994 Sales Tax	48,000	48,000
Other Federal Programs	10,914	662,815
State Grants	51,941	-
Debt Service:		
2001-2002 Sales Tax Bond Sinking	1,464,187	-
QZAB Sinking Fund	150,000	-
Total	\$ 3,434,883	\$ 3,434,883

Included in the transfers are \$1,464,187 from Special Revenue Funds-2001 Sales Tax to Debt Service Funds-2001-2002 Sales Tax Bonds for the use in paying bond principal and interest.

Note 12 - Risk Financing Activities

The School Board manages its exposure under general liability, fleet, and errors and omissions through the purchase of commercial insurance. Risk of loss under workers' compensation statutes is self-insured by the School Board for up to \$200,000 per occurrence, with reinsurance coverage in force for losses in excess of that amount. The self-insured plan is administered by a third party, with the claims under the self-insured amount paid by the General Fund; certain Special Revenue funds reimburse the General Fund for payment of their claims. Consistent with the provisions of GASB Statement

**CITY OF MONROE SCHOOL BOARD
Monroe, LA**

Notes To The Basic Financial Statements

For The Year Ended June 30, 2011

No. 10 *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, the School Board uses the General Fund to account for its risk financing activities. During the year ended June 30, 2011, the School Board incurred and paid claims under the worker's compensation plan of approximately \$405,665 net of reimbursements.

Note 13 - Litigation and Contingencies

The School Board is a defendant in several lawsuits. Management and legal counsel for the School Board believe that the potential claims against the School Board, not covered by insurance, would not materially affect the School Board's financial position.

Note 14 - Subsequent Events

On November 15, 2011, the School Board authorized the sale and issuance of \$3,045,000 of Sales Tax School Refunding Bonds, Series 2011. The bonds were issued for the purpose of advance refunding \$3,415,000 of Sales Tax School Bonds, Series 2002. The bonds will be repaid over a 10 year period with interest rates ranging from 2.0 to 3.0 percent. The bonds are secured by and payable from the dedication of 55 percent of a special 1 percent sales tax approved in an election held on July 21, 2001.

As a result of the advance refunding, the School Board realized an economic gain (difference between the present value of the debt service payments on old and new debt) of approximately \$157,000.

**REQUIRED SUPPLEMENTAL INFORMATION
(PART B)**

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

General Fund
Budgetary Comparison Schedule (GAAP Basis)

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Over (Under)
	Original Budget	Final Budget		
Budgetary fund balance at beginning of year	\$ 11,548,300	\$ 15,008,745	\$ 15,008,745	\$ -
Resources (inflows)				
Local sources				
Ad valorem taxes				
Constitutional tax	2,420,000	2,420,000	2,378,645	(41,355)
Renewable tax	6,980,000	6,980,000	6,924,265	(55,735)
Other than school taxes	286,205	286,205	326,547	40,342
Earnings on investments	40,000	65,000	90,472	25,472
Other local revenue	375,679	246,600	657,337	410,737
Total local sources	<u>10,101,884</u>	<u>9,997,805</u>	<u>10,377,266</u>	<u>379,461</u>
State and federal sources				
State equalization	42,916,655	42,172,174	42,180,564	8,390
State revenue sharing	310,000	310,000	303,721	(6,279)
State restricted revenue	333,900	189,900	170,933	(18,967)
Federal restricted grants-in-aid	326,000	300,000	225,811	(74,189)
Total state and federal sources	<u>43,886,555</u>	<u>42,972,074</u>	<u>42,881,029</u>	<u>(91,045)</u>
Other sources				
Proceeds from sale of assets	3,400	213,400	27,647	(185,753)
Insurance proceeds	2,000	2,000	436,064	434,064
Transfers in	1,077,180	1,500,000	1,694,125	194,125
Total other sources	<u>1,082,580</u>	<u>1,715,400</u>	<u>2,157,836</u>	<u>442,436</u>
Total resources	<u>55,071,019</u>	<u>54,685,279</u>	<u>55,416,131</u>	<u>730,852</u>
Amounts available for appropriations	<u>66,619,319</u>	<u>69,694,024</u>	<u>70,424,876</u>	<u>730,852</u>
Charges to appropriations (outflows)				
Current				
Instructional services				
Regular programs	19,835,463	20,263,532	20,170,587	92,945
Special education programs	8,851,537	8,673,673	8,726,468	(52,795)
Vocational programs	692,633	732,568	701,004	31,564
Other instructional programs	3,665,477	3,753,378	3,577,598	175,780
Special programs	649,324	730,916	726,518	4,398
Adult/Continuing education programs	348,439	264,998	262,787	2,211
Support Services				
Pupil support services	2,858,253	2,520,890	2,486,557	34,333
Instructional staff support	1,708,857	952,936	885,647	67,289
General administration	2,193,109	2,132,639	2,017,552	115,087
School administration	3,650,260	3,186,115	3,062,312	123,803
Business services	1,085,617	1,060,183	1,044,896	15,287
Plant services	5,702,409	5,272,065	5,330,567	(58,502)
Student transportation services	2,624,789	2,774,187	2,670,066	104,121
Central services	1,148,735	1,366,008	1,287,365	78,643
Non-instructional services				
Food service operations	179,159	180,870	193,083	(12,213)
Capital outlay	285,289	312,454	732,127	(419,673)
Debt service	176,000	176,000	188,325	(12,325)
Other uses				
Transfers out	77,000	150,000	64,508	85,492
Total charges to appropriations	<u>55,732,350</u>	<u>54,503,412</u>	<u>54,127,967</u>	<u>375,445</u>
Budgetary fund balance at end of year	\$ <u>10,886,969</u>	\$ <u>15,190,612</u>	\$ <u>16,296,909</u>	\$ <u>1,106,297</u>

See accompanying notes to budgetary comparison schedules

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Title I
Budgetary Comparison Schedule (GAAP Basis)

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Over (Under)
	Original Budget	Final Budget		
Budgetary fund balance at beginning of year	\$ -	\$ -	\$ -	\$ -
Resources (inflows)				
Federal sources				
Federal restricted grants-in-aid	9,132,572	8,843,140	8,338,775	(504,365)
Total federal sources	<u>9,132,572</u>	<u>8,843,140</u>	<u>8,338,775</u>	<u>(504,365)</u>
Amounts available for appropriations	<u>9,132,572</u>	<u>8,843,140</u>	<u>8,338,775</u>	<u>(504,365)</u>
Charges to appropriations (outflows)				
Current				
Instructional services				
Regular programs	55,297	57,781	57,781	-
Special education programs	-	414	414	-
Other instructional programs	338,092	626,849	458,942	167,907
Special programs	4,672,489	5,130,757	4,894,321	236,436
Support services				
Pupil support services	775,019	709,152	699,852	9,300
Instructional staff support	2,320,820	1,408,635	1,366,468	42,167
School administration	45,926	44,057	44,057	-
Business services	18,085	13,262	13,262	-
Plant services	17,680	10,202	10,202	-
Student transportation services	46,865	55,104	30,974	24,130
Other uses				
Transfers out	842,299	786,927	762,502	24,425
Total charges to appropriations	<u>9,132,572</u>	<u>8,843,140</u>	<u>8,338,775</u>	<u>504,365</u>
Budgetary fund balance at end of year	\$ -	\$ -	\$ -	\$ -

See accompanying notes to budgetary comparison schedules

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

2001 Sales Tax
Budgetary Comparison Schedule (GAAP Basis)

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Over (Under)
	Original Budget	Final Budget		
Budgetary fund balance at beginning of year	\$ 1,794,209	\$ 3,143,674	\$ 3,143,674	\$ -
Resources (inflows)				
Local sources				
Sales and use taxes	12,983,576	13,700,000	14,010,019	310,019
Interest on investments	7,500	7,500	2,796	(4,704)
Total local sources	<u>12,991,076</u>	<u>13,707,500</u>	<u>14,012,815</u>	<u>305,315</u>
Amounts available for appropriations	<u>14,785,285</u>	<u>16,851,174</u>	<u>17,156,489</u>	<u>305,315</u>
Charges to appropriations (outflows)				
Current				
Instructional services				
Regular programs	3,757,453	3,810,311	3,379,956	430,355
Special education programs	1,295,221	1,258,589	1,285,771	(27,182)
Vocational programs	9,958	16,123	86,714	(70,591)
Other instructional programs	480,373	404,741	619,335	(214,594)
Special programs	104,439	113,826	60,177	53,649
Adult education services	40,809	43,808	41,777	2,031
Support services				
Pupil support services	289,273	339,160	326,770	12,390
Instructional staff support	156,271	180,463	161,450	19,013
General administration	425,306	358,741	343,746	14,995
School administration	323,712	364,200	360,802	3,398
Business services	121,174	136,266	158,838	(22,572)
Plant services	1,446,606	1,745,593	1,678,715	66,878
Student transportation services	309,846	351,583	345,329	6,254
Central services	1,651,280	1,766,656	1,638,918	127,738
Non-Instructional services				
Food service operations	366,338	396,154	390,880	5,274
Capital outlay	1,201,309	1,004,802	325,894	678,908
Debt services	100,000	50,000	534,006	(484,006)
Other uses				
Transfers out	2,313,000	2,355,666	1,628,250	727,416
Total charges to appropriations	<u>14,392,368</u>	<u>14,696,682</u>	<u>13,367,328</u>	<u>1,329,354</u>
Budgetary fund balance at end of year	\$ <u>392,917</u>	\$ <u>2,154,492</u>	\$ <u>3,789,161</u>	\$ <u>1,634,669</u>

See accompanying notes to budgetary comparison schedules

**City of Monroe School Board
Monroe, Louisiana**

**Notes to Budgetary Comparison Schedules
Fiscal year Ended June 30, 2011**

Budget and Budgetary Accounting

The School Board utilized the following procedures in establishing the budgetary data reflected in the financial statements:

In September, the Superintendent submits to the School Board proposed annual appropriated budgets for the General Fund and the Special Revenue Funds for the fiscal year commencing the prior July 1. A public hearing is conducted to obtain taxpayer comments. Prior to September 15, the School Board legally enacts the budget through adoption. The only legal requirement is that the School Board adopts 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. The budget is revised periodically throughout the year, when deemed appropriate, but a balanced budget is always approved.

All budgets have annual appropriated budgets adopted on a basis consistent with GAAP. Except for grant-oriented funds, unencumbered appropriations lapse at the end of the fiscal year. Encumbered appropriations are utilized when goods or services are received. Grant-oriented fund budgets are adopted at the time the grant applications are approved by the grantor. Separate annual budgets are adopted for unencumbered appropriations of grant-oriented Special Revenue Funds at the beginning of the following fiscal year.

Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. All budgets are operational at the departmental or project level. The Superintendent of the School Board is authorized to transfer budget amounts between line item activity and between any functions of an individual fund; however, any supplemental appropriations that amend the total expenditures of any fund require School Board approval.

**CITY OF MONROE SCHOOL BOARD
REQUIRED SUPPLEMENTARY INFORMATION**

**OTHER POST EMPLOYMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS**

<u>Fiscal Year Ending</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as of Percentage of Covered Payroll ((b-a)/c)</u>
06/30/11	07/01/11	\$ -	\$ 105,817,901	\$ 105,817,901	0.0%	\$ 42,721,541	247.7%
06/30/10	07/01/10	-	92,434,614	92,434,614	0.0%	40,628,535	227.5%
06/30/09	07/01/09	-	92,434,614	92,434,614	0.0%	40,229,968	229.8%

The increase in covered payroll is a result of an increase in the number of covered employees and an increased in the Sales Tax distribution.

SUPPLEMENTAL INFORMATION

NONMAJOR FUNDS

CITY OF MONROE SCHOOL BOARD

Monroe, Louisiana

Nonmajor Funds

As of and for the Year Ended June 30, 2010

Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. These funds are primarily established for specific educational purposes and funded through the United States Department of Education or the Louisiana Department of Education.

- A. The Special Education funds is a Federal program that provides free appropriate education for all identified handicapped children from 3 to 21 years of age in the least restrictive environment.
- B. School Food Service accounts for the revenues and expenditures incurred, in providing to pupils, breakfast and lunch services during the school year and in the Summer Feeding program.
- C. Reading First is a federally financed program to ensure that all children achieve reading mastery by the end of the third grade.
- D. 1968 Sales Tax Fund accounts for the collection and distribution of a one-half percent sales tax to provide for supplemental salaries to School Board personnel. Certified personnel receive 88% of the collections with classified personnel receiving 12%.
- E. 1994 Sales Tax Fund accounts for the collection and distribution of a one-half percent sales tax levied to provide additional support to the school system to including funding of employee salaries and instructional purposes.
- F. The Other Federal Programs funds account for all other federal programs that were not specifically discussed above.
- G. The State Grants funds account for various programs funded by the Louisiana Department of Education.
- H. The Local Grants funds account for one grant from a private entity.

Debt Service Funds:

Debt Service Funds account for the accumulation of resources for the payment of general long-term principal, interest and related costs.

The Bond Redemption Fund accounts for the 1995 School Improvement Bonds and the related 2001 and 2003 refunding bonds.

CITY OF MONROE SCHOOL BOARD

Monroe, Louisiana

Nonmajor Funds

As of and for the Year Ended June 30, 2010

The 2001-2002 Sales Tax Bond Sinking Fund accounts for the 2001 and 2002 Series Sales Tax Bonds.

The QZAB Sinking Funds accounts for the 2011 Qualified Zone Academy Bonds.

Capital Projects Funds:

Capital Projects Funds account for the financial resources received and used for the acquisition, construction or improvements of capital facilities not reported in other governmental funds.

The QZAB (Qualified Zone Academy Bond) Fund accounts for proceeds from the issuance of \$1,582,450 of Certificates of Indebtedness for the purpose of rehabilitating or repairing schools and related facilities, purchasing equipment and developing course materials for education.

The QZAB Series 2009 (Qualified Zone Academy Bond) Fund accounts for proceeds from the issuance of \$1,500,000 of Certificates of Indebtedness for the purpose of rehabilitating or repairing schools and related facilities, purchasing equipment, teacher training and developing course materials for education.

The Capital Projects Fund accounts for resources accumulated and expended for improvements, acquisitions and construction of School Board Facilities.

The QSCB (Qualified School Construction Bonds) Fund accounts for proceeds from the issuance of \$10,000,000 of Revenue Bonds for the purpose of construction, rehabilitation or repair of public school facilities and equipping of school facilities.

The QSCB Series 2011 Fund accounts for the proceeds from the issuance of \$5,000,000 of Revenue Bonds for the purpose of construction, rehabilitation or repair of public school facilities and equipping of school facilities.

**City of Monroe School Board
Monroe, Louisiana**

**NONMAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet**

June 30, 2011

	Special Revenue	Debt Service	Capital Projects	Total
Assets				
Cash and cash equivalents	\$ 1,403,875	\$ 5,485,255	\$ 7,686,875	\$ 14,576,005
Accounts receivable	6,723,229	23,933	-	6,747,162
Inventory	106,547	-	-	106,547
Other assets	46,056	-	-	46,056
Total assets	\$ 8,279,707	\$ 5,509,188	\$ 7,686,875	\$ 21,475,770
 Liabilities and Fund Equity				
Liabilities				
Accounts payable	\$ 80,427	\$ -	\$ 852,255	\$ 932,682
Salaries and wages payable	1,731,473	-	-	1,731,473
Due to other funds	4,815,849	-	-	4,815,849
Other liabilities	18,783	-	-	18,783
Total liabilities	6,646,532	-	852,255	7,498,787
 Fund Equity				
Fund balances				
Nonspendable				
Inventory and prepaids	122,052	-	-	122,052
Restricted for				
Salaries and related benefits	565,053	-	-	565,053
Instructional Costs	215,951	-	-	215,951
Food services	730,119	-	-	730,119
Debt service	-	5,509,188	-	5,509,188
Capital projects	-	-	6,834,620	6,834,620
Total fund balances	1,633,175	5,509,188	6,834,620	13,976,983
Total liabilities and fund equity	\$ 8,279,707	\$ 5,509,188	\$ 7,686,875	\$ 21,475,770

**City of Monroe School Board
Monroe, Louisiana**

**NONMAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances**

For the Year Ended June 30, 2011

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Revenues				
Local Sources				
Ad valorem tax	\$ -	\$ 5,717,698	\$ -	\$ 5,717,698
Sales tax collections	11,022,836	-	-	11,022,836
Interest	7,282	15,090	56,550	78,922
School food service payment for meals	202,467	-	-	202,467
Other local revenue	71,363	-	-	71,363
State Sources				
State equalization	400,000	-	-	400,000
Restricted grants-in-aid	532,086	-	-	532,086
Federal Sources				
Restricted grants-in-aid	17,345,087	-	-	17,345,087
Total revenues	<u>29,581,121</u>	<u>5,732,788</u>	<u>56,550</u>	<u>35,370,459</u>
Expenditures				
Current				
Instructional				
Regular programs	5,802,561	-	-	5,802,561
Special education programs	3,330,905	-	-	3,330,905
Vocational programs	347,406	-	-	347,406
Other instructional programs	2,503,696	-	-	2,503,696
Special programs	2,093,054	-	-	2,093,054
Adult/Continuing education programs	245,473	-	-	245,473
Support Services				
Pupil support services	3,593,380	-	-	3,593,380
Instructional staff	3,143,121	-	-	3,143,121
General administration	88,837	170,482	-	259,319
School administration	1,259,975	-	-	1,259,975
Business services	200,394	-	-	200,394
Plant services	387,611	-	67,912	455,523
Student transportation services	397,343	-	-	397,343
Central services	501,323	-	-	501,323
Noninstructional				
Food service operations	5,318,190	-	-	5,318,190
Debt Service				
Principal	-	5,260,000	-	5,260,000
Interest	-	1,361,272	-	1,361,272
Capital outlay	143,025	-	10,183,539	10,326,564
Total expenditures	<u>29,356,294</u>	<u>6,791,754</u>	<u>10,251,451</u>	<u>46,399,499</u>
Excess (Deficiency) of Revenues Over Expenditures	224,827	(1,058,966)	(10,194,901)	(11,029,040)
Other Financing Sources (Uses)				
Proceeds from issuance of debt	-	-	5,000,000	5,000,000
Transfers in	126,571	1,614,187	-	1,740,758
Transfers out	(979,623)	-	-	(979,623)
Total other financing sources (Uses)	<u>(853,052)</u>	<u>1,614,187</u>	<u>5,000,000</u>	<u>5,761,135</u>
Net Change in Fund Balances	(628,225)	555,221	(5,194,901)	(5,267,905)
Fund Balances at Beginning of Year	<u>2,261,400</u>	<u>4,953,967</u>	<u>12,029,521</u>	<u>19,244,888</u>
Fund Balances at End of Year	<u>\$ 1,633,175</u>	<u>\$ 5,509,188</u>	<u>\$ 6,834,620</u>	<u>\$ 13,976,983</u>

**City of Monroe School Board
Monroe, Louisiana**

**NONMAJOR SPECIAL REVENUE FUNDS
Combining Balance Sheet**

June 30, 2011

	Special Revenue Funds							Total	
	Special Education	School Food Service	Reading First	1968 Sales Tax	1994 Sales Tax	Other Federal Programs	State Grants		Local Grants
Assets									
Cash and cash equivalents	\$ -	\$ 943,778	\$ 99	\$ 34,776	397,171	\$ -	\$ 28,051	\$ -	\$ 1,403,875
Accounts receivable	1,270,995	39,341	3,430	681,089	1,131,112	3,509,558	87,704	-	6,723,229
Inventory	-	106,547	-	-	-	-	-	-	106,547
Other assets	12,979	11,679	-	-	2,050	17,572	1,776	-	46,056
Total assets	<u>1,283,974</u>	<u>\$ 1,101,345</u>	<u>\$ 3,529</u>	<u>\$ 715,865</u>	<u>1,530,333</u>	<u>\$ 3,527,130</u>	<u>\$ 117,531</u>	<u>-</u>	<u>\$ 8,279,707</u>
Liabilities and Fund Equity									
Liabilities									
Accounts payable	\$ 12,165	\$ 21,126	\$ 99	\$ -	\$ 5,187	\$ 39,133	\$ 2,717	-	\$ 80,427
Salaries and wages payable	140,370	231,874	-	305,186	541,205	463,783	49,055	-	1,731,473
Due to other funds	1,129,952	-	2,841	322,473	300,681	3,005,464	54,438	-	4,815,849
Other liabilities	1,487	-	589	-	-	16,707	-	-	18,783
Total liabilities	<u>1,283,974</u>	<u>253,000</u>	<u>3,529</u>	<u>627,659</u>	<u>847,073</u>	<u>3,525,087</u>	<u>106,210</u>	<u>-</u>	<u>6,646,532</u>
Fund Equity									
Fund balances									
Nonspendable									
Inventory and prepaids	-	118,226	-	-	2,050	-	1,776	-	122,052
Restricted for									
Salaries and related benefits	-	-	-	88,206	476,847	-	-	-	565,053
Instructional Costs	-	-	-	-	204,363	2,043	9,545	-	215,951
Food services	-	730,119	-	-	-	-	-	-	730,119
Total fund balances	<u>-</u>	<u>848,345</u>	<u>-</u>	<u>88,206</u>	<u>683,260</u>	<u>2,043</u>	<u>11,321</u>	<u>-</u>	<u>1,633,175</u>
Total liabilities and fund equity	<u>\$ 1,283,974</u>	<u>\$ 1,101,345</u>	<u>\$ 3,529</u>	<u>\$ 715,865</u>	<u>\$ 1,530,333</u>	<u>\$ 3,527,130</u>	<u>\$ 117,531</u>	<u>\$ -</u>	<u>\$ 8,279,707</u>

City of Monroe School Board
Monroe, Louisiana

NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances

For the Year Ended June 30, 2011

	Special Revenue Funds							Total	
	Special Education	School Food Service	Reading First	1968 Sales Tax	1994 Sales Tax	Other Federal Programs	State Grants		Local Grants
Revenues									
Local Sources									
Sales tax collections	\$ -	\$ -	\$ -	\$ 4,093,802	\$ 6,929,034	\$ -	\$ -	\$ -	\$ 11,022,836
Interest	-	-	-	2,133	5,149	-	-	-	7,282
School food service payment for meals	-	202,467	-	-	-	-	-	-	202,467
Other local revenue	-	557	-	-	-	-	-	70,806	71,363
State Sources									
State equalization	-	400,000	-	-	-	-	-	-	400,000
Restricted grants-in-aid	45,473	-	83,536	-	-	34,785	368,292	-	532,086
Federal Sources									
Restricted grants-in-aid	2,979,843	4,526,615	53,182	-	-	9,741,801	43,646	-	17,345,087
Total revenues	3,025,316	5,129,639	136,718	4,095,935	6,934,183	9,776,586	411,938	70,806	29,581,121
Expenditures									
Current									
Instructional									
Regular programs	-	-	-	1,949,545	3,118,205	664,005	-	70,806	5,802,561
Special education programs	1,313,092	-	-	880,891	1,136,922	-	-	-	3,330,905
Vocational programs	-	-	-	84,466	100,498	156,812	5,630	-	347,406
Other instructional programs	-	-	-	324,871	468,106	1,710,719	-	-	2,903,696
Special programs	30,305	-	128,529	99,340	67,173	1,519,822	247,885	-	2,093,054
Adult/Continuing education programs	-	-	-	39,688	47,634	96,241	61,910	-	245,473
Support Services									
Pupil support services	1,115,298	-	-	269,896	409,907	1,780,689	17,590	-	3,593,380
Instructional staff	277,570	-	8,042	144,416	245,527	2,365,169	102,397	-	3,143,121
General administration	-	-	-	35,931	50,919	1,987	-	-	88,837
School administration	-	-	-	223,868	458,912	560,049	17,146	-	1,259,975
Business services	3,330	-	-	17,230	162,869	16,965	-	-	200,394
Plant services	-	-	-	124,828	254,349	8,434	-	-	387,611
Student transportation services	18,713	-	-	95,308	118,660	164,662	-	-	397,343
Central services	-	-	-	59,292	362,899	79,132	-	-	501,323
Noninstructional									
Food service operations	-	5,072,258	-	115,686	130,246	-	-	-	5,318,190
Capital outlay	-	58,773	-	-	84,252	-	-	-	143,025
Total expenditures	2,758,308	5,131,031	136,571	4,465,256	7,217,078	9,124,686	452,558	70,806	29,356,294
Excess (Deficiency) of Revenues Over Expenditures	267,008	(1,392)	147	(369,321)	(282,895)	651,900	(40,620)	-	224,827
Other Financing Sources (Uses)									
Transfers in	-	14,063	1,653	-	48,000	10,914	51,941	-	126,571
Transfers out	(267,008)	-	(1,800)	-	(48,000)	(662,815)	-	-	(979,623)
Total other financing sources (Uses)	(267,008)	14,063	(147)	-	-	(651,901)	51,941	-	(853,052)
Net Change in Fund Balances	-	12,671	-	(369,321)	(282,895)	-	11,321	-	(628,225)
Fund Balances at Beginning of Year	-	835,675	-	457,527	966,155	2,043	-	-	2,261,400
Fund Balances at End of Year	\$ -	\$ 848,345	\$ -	\$ 88,206	\$ 683,260	\$ 2,043	\$ 11,321	\$ -	\$ 1,633,175

DEBT SERVICE FUNDS

**City of Monroe School Board
Monroe, Louisiana**

**NONMAJOR DEBT SERVICE FUND
Balance Sheet**

June 30, 2011

	<u>Bond Redemption</u>	<u>2001-2002 Sales Tax Bond Sinking</u>	<u>QZAB Sinking</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 2,666,924	\$ 2,668,331	\$ 150,000	\$ 5,485,255
Receivables	<u>23,933</u>	<u>-</u>	<u>-</u>	<u>23,933</u>
Total assets	<u>\$ 2,690,857</u>	<u>\$ 2,668,331</u>	<u>\$ 150,000</u>	<u>\$ 5,509,188</u>
Fund Equity				
Fund balance - restricted for debt service	<u>\$ 2,690,857</u>	<u>\$ 2,668,331</u>	<u>\$ 150,000</u>	<u>\$ 5,509,188</u>
Total fund equity	<u>\$ 2,690,857</u>	<u>\$ 2,668,331</u>	<u>\$ 150,000</u>	<u>\$ 5,509,188</u>

**City of Monroe School Board
Monroe, Louisiana**

**NONMAJOR DEBT SERVICE FUNDS
Statement of Revenues, Expenditures,
and Changes in Fund Balances**

For the Year Ended June 30, 2011

	<u>Bond Redemption Debt Service</u>	<u>2001-2002 Sales Tax Bond Sinking</u>	<u>QZAB Sinking</u>	<u>Total</u>
Revenues				
Local Sources				
Ad valorem tax	\$ 5,717,698	\$ -	\$ -	\$ 5,717,698
Interest	6,330	8,760	-	15,090
Total revenues	<u>5,724,028</u>	<u>8,760</u>	<u>-</u>	<u>5,732,788</u>
Expenditures				
General Administration	170,482	-	-	170,482
Debt Service				
Principal	4,405,000	855,000	-	5,260,000
Interest	758,896	602,376	-	1,361,272
Total expenditures	<u>5,334,378</u>	<u>1,457,376</u>	<u>-</u>	<u>6,791,754</u>
Excess (deficiency) of revenues over expenditures	389,650	(1,448,616)	-	(1,058,966)
Other financing sources				
Transfers in	-	1,464,187	150,000	1,614,187
Total other financing sources	<u>-</u>	<u>1,464,187</u>	<u>150,000</u>	<u>1,614,187</u>
Net change in fund balances	389,650	15,571	150,000	555,221
Fund balances at beginning of year	<u>2,301,207</u>	<u>2,652,760</u>	<u>-</u>	<u>4,953,967</u>
Fund balances at end of year	<u>\$ 2,690,857</u>	<u>\$ 2,668,331</u>	<u>\$ 150,000</u>	<u>\$ 5,509,188</u>

CAPITAL PROJECTS FUNDS

**City of Monroe School Board
Monroe, Louisiana**

**NONMAJOR CAPITAL PROJECTS FUND
Balance Sheet**

June 30, 2011

	QZAB Projects	QZAB Series 2009	Capital Projects	QSCB	QSCB Series 2011	Total
Assets						
Cash and cash equivalents	\$ -	\$ 409,152	\$ 570,455	\$ 1,705,830	\$ 5,001,438	\$ 7,686,875
Total assets	\$ -	\$ 409,152	\$ 570,455	\$ 1,705,830	\$ 5,001,438	\$ 7,686,875
Liabilities and Fund Equity						
Liabilities						
Accounts Payable	\$ -	\$ 27,436	\$ 200,448	\$ 624,371	\$ -	\$ 852,255
Fund Equity						
Fund balance - restricted for capital projects	-	381,716	370,007	1,081,459	5,001,438	6,834,620
Total liabilities and fund equity	\$ -	\$ 409,152	\$ 570,455	\$ 1,705,830	\$ 5,001,438	\$ 7,686,875

**City of Monroe School Board
Monroe, Louisiana**

**NONMAJOR CAPITAL PROJECTS FUND
Statement of Revenues, Expenditures,
and Changes in Fund Balances**

For the Year Ended June 30, 2011

	<u>QZAB Projects</u>	<u>QZAB Series 2009</u>	<u>Capital Projects</u>	<u>QSCB</u>	<u>QSCB Series 2011</u>	<u>Total</u>
Revenues						
Local sources						
Interest	\$ 267	\$ 947	\$ 3,321	\$ 50,577	\$ 1,438	\$ 56,550
Total revenues	<u>267</u>	<u>947</u>	<u>3,321</u>	<u>50,577</u>	<u>1,438</u>	<u>56,550</u>
Expenditures						
Current						
Support services						
Plant services	-	23,223	11,285	33,404	-	67,912
Facility acquisition & construction	238,362	664,858	1,419,279	7,861,040	-	10,183,539
Total expenditures	<u>238,362</u>	<u>688,081</u>	<u>1,430,564</u>	<u>7,894,444</u>	<u>-</u>	<u>10,251,451</u>
Excess (deficiency) of revenues over expenditures	(238,095)	(687,134)	(1,427,243)	(7,843,867)	1,438	(10,194,901)
Other Financing Sources						
Proceeds from issuance of debt	-	-	-	-	5,000,000	5,000,000
Net change in fund balances	(238,095)	(687,134)	(1,427,243)	(7,843,867)	5,001,438	(5,194,901)
Fund balances at beginning of year	238,095	1,068,850	1,797,250	8,925,326	-	12,029,521
Fund balances at end of year	<u>\$ -</u>	<u>\$ 381,716</u>	<u>\$ 370,007</u>	<u>\$ 1,081,459</u>	<u>\$ 5,001,438</u>	<u>\$ 6,834,620</u>

OTHER SUPPLEMENTARY DATA

This section contains information that is presented as additional analytical data.

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
SCHEDULE OF COMPENSATION PAID BOARD MEMBERS
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>District</u>	<u>Compensation</u>
Victoria Dayton	1	\$ 9,600
Vickie Krutzer	2	9,600
Mickey Traweck, President	3	10,800
Jessie Handy	4	4,800
Clarence Sharp	4	4,800
Rodney McFarland	5	9,600
Stephanie Smith	6	4,800
Verbon Muhammad, Sr.	6	4,800
Brenda Shelling	7	4,800
Glenn Ludley	7	4,800
		<u>\$ 68,400</u>

SUPPLEMENTARY INFORMATION - GRANT ACTIVITY

LUFFEY, HUFFMAN, RAGSDALE & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

John L. Luffey, MBA, CPA (1963-2002)
Francis I. Huffman, CPA
Philip A. Ragsdale, CPA
David Ray Soignier, CPA, MBA

John Herman, CPA
Lynn Andries, CPA
Esther Alleberry, CPA
Sandra Harrington, CPA
Lori Woodard, MBA, CPA

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

**City of Monroe School Board
Monroe, Louisiana**

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the **City of Monroe School Board** (the School Board) as of and for the year ended June 30, 2011, which collectively comprise the School Board's basic financial statements and have issued our report thereon dated December 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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 combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the School Board's financial statements will not be prevented, or detected and corrected on a timely basis.

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

**City of Monroe School Board
Monroe, Louisiana**

Compliance and Other Matters

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

We noted certain other matters that we reported to management of the School Board in a separate letter dated December 30, 2011.

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

Jeffrey Huffman, Registered Accountant

(A Professional Accounting Corporation)

December 30, 2011

LUFFEY, HUFFMAN, RAGSDALE & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

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

City of Monroe School Board
Monroe, Louisiana

Compliance

We have audited the City of Monroe School Board's (the School Board) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2011. The School Board's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Board's management. Our responsibility is to express an opinion on the School Board's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred.

An audit includes examining, on a test basis, evidence about the School Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School Board's compliance with those requirements.

In our opinion, the School Board complied, in all material respects, with the 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, 2011.

**City of Monroe School Board
Monroe, Louisiana**

Internal Control Over Compliance

Management of the School Board is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School Board's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness on the School Board's internal control over compliance.

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

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

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

Jeffrey Huffman, Raymond, & Squires

(A Professional Accounting Corporation)

December 30, 2011

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

Federal Grantor/ Pass-Through Grantor/ Program Title	C.F.D.A. Number	Pass Through Grant Number	Expenditures / Issues
DIRECT PROGRAMS:			
U.S. DEPARTMENT OF DEFENSE			
R.O.T.C.	N/A	N/A	\$ 192,100
Total U.S. Department of Defense			<u>192,100</u>
U.S. DEPARTMENT OF EDUCATION			
Impact Aid	84.041	N/A	31,471
Gear UP	84.334	N/A	878,175
ARRA Title VII - Educator for Homeless Youth	84.387	28-09-H2-65	475
Safe Schools Healthy Students	84.184L	N/A	970,017
Safe Schools Healthy Students	84.184L	N/A	1,374,793
Total U.S. Department of Education			<u>3,254,931</u>
Total Direct Programs			<u>3,447,031</u>
PASS THROUGH PROGRAMS:			
U. S. DEPARTMENT OF EDUCATION			
Passed through Louisiana Department of Education			
LA Advanced Placement Test Fee Program	84.330B	28-11-26-65	<u>2,240</u>
TITLE I CLUSTER			
Title I Grants to Local Educational Agencies			
Part A - Basic			
Regular Program	84.010A	28-11-TI-65	5,706,398
School Improvement	84.010A	28-10-TA-65	242,415
ARRA-Title I	84.389A	28-09-A1-65	2,355,341
Total Title I Cluster			<u>8,304,154</u>
Title I Grants to Local Educational Agencies			
Part A - Basic			
School Improvement	84.377A	28-09-TC-65	34,621
Total Title I School Improvement			<u>34,621</u>
SPECIAL EDUCATION CLUSTER:			
Special Education-Individuals With Disabilities Education Act IDEA B			
IDEA B	84.027A	28-11-B1-65	1,135,522
IDEA B	84.027A	28-10-B1-65	760,092
ARRA - IDEA B	84.391A	28-09-A1-65	1,006,647
Preschool	84.173A	28-10-P1-65	26,682
Preschool	84.173A	28-11-P1-65	27,777
Preschool	84.173A	28-12-P1-65	849
ARRA - Preschool	84.392A	28-09-AP-65	22,275
SM in Support of Literacy	84.027A	28-11-SM-65	14,658
Total Special Education Cluster			<u>2,994,502</u>
Title II - Part A, Teacher and Principal Training and Recruiting			
Regular	84.367A	28-11-50-65	1,173,164
Total Title II			<u>1,173,164</u>
Title IV - Safe and Drug-Free Schools and Communities - State Grants			
Regular	84.186A	28-10-70-65	46,174
Total Title IV			<u>46,174</u>

(Continued)

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Schedule of Expenditures of Federal Awards (Concluded)
For the Year Ended June 30, 2011

Federal Grantor/ Pass-Through Grantor/ Program Title	C.F.D.A. Number	Pass Through Grant Number	Expenditures / Issues
21st Century	84.287C	28-09-7C-65	792,331
21st Century	84.287C	28-10-75-65	782,138
21st Century	84.287C	28-10-6C-65	736,819
Total 21st Century			2,311,288
Educational Technology State Grants			
Technology Literacy Challenge Grant	84.318X	28-11-14-65	240,837
Enhancing Education Through Technology	84.318X	28-10-49-65	973
ARRA - Education Technology State Grants	84.386A	28-09-59-65	56,113
Total Educational Technology State Grants			297,923
Reading First			
Reading First	84.357A	28-08-RF-65	36,175
Reading First	84.357A	28-09-RF-65	17,007
Total Reading First			53,182
Education Jobs Grants			
ARRA Education Jobs	84.410A	28-11-EJ-65	877,001
ARRA Education Jobs Supplement	84.410A	28-11-EM-65	1,041,152
Total Education Jobs Grants			1,918,153
Math & Science Partnership			
Total Educational Technology State Grants	84.366B	28-10-MP-65	252,178
Vocational Education			
Total Vocational Education	84.048A	28-11-02-65	115,219
			115,219
Total U.S. Dept. of Education Passed Through LA DOE			17,502,798
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Louisiana Department of Education			
Temporary Assistance for Needy Families (TANF)			
The Cecil J. Picard LA 4 Early Childhood Program	93.558	28-11-36-65	389,584
Jobs for America's Graduates-LA	93.558	28-11-JS-65	43,646
Total U. S. Department of Health and Human Services Passed Through LA DOE			433,230
U.S. DEPARTMENT OF AGRICULTURE (USDA)			
Passed through Louisiana Department of Education			
CHILD NUTRITION CLUSTER:			
School Breakfast Program	10.553	N/A	1,051,994
School Lunch Program	10.555	N/A	2,566,352
School Snack Program	10.555	N/A	81,353
Commodities	10.555	N/A	223,765
Summer Feeding	10.559	N/A	164,342
Fresh Fruit and Vegetable Program	10.582	N/A	435,899
USDA Team Nutrition	10.574	28-09-TM-65	2,909
Total Child Nutrition Cluster			4,526,614
Total U.S. Dept. of Agriculture Passed Through LA DOE			4,526,614
TOTAL PASS THROUGH PROGRAMS			22,462,642
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 25,909,673

See Notes to Schedule of Expenditures of Federal Awards

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2011

A. General

The preceding Schedule of Expenditures of Federal Awards presents the activity of all Federal financial assistance programs of the City of Monroe School Board (the School Board). The School Board reporting entity is defined in Note 1 to the School Board's general purpose financial statements. All Federal financial assistance received directly from Federal agencies as well as Federal financial assistance passed through other government agencies is included on the schedule.

B. Basis of Accounting

The Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the School Board's financial statements.

C. Relationship to Financial Statements

The following reconciliation is provided to help the reader of the School Board's financial statements and supplementary information relate such information to the Schedule of Expenditures of Federal Awards for the year ended June 30, 2011:

	Title I Funds	Special Education Funds	Reading First Funds	Other Federal Programs Funds	State Grants Funds	School Food Service Funds
Total Expenditures	\$ 7,576,273	\$ 2,729,351	\$ 51,382	\$ 9,064,328	\$ 43,646	\$ 4,526,615
Transfer of						
Indirect Cost	762,502	265,151	1,800	662,814	-	-
Expenditures per Schedule	<u>\$ 8,338,775</u>	<u>\$ 2,994,502</u>	<u>\$ 53,182</u>	<u>\$ 9,727,142</u>	<u>\$ 43,646</u>	<u>\$ 4,526,615</u>

	General Fund		
	Special Education	R.O.T.C.	Total
Total Expenditures	\$ 33,711	\$ 192,100	\$ 24,217,406
Transfer of			
Indirect Cost	-	-	1,692,267
Expenditures per Schedule	<u>\$ 33,711</u>	<u>\$ 192,100</u>	<u>\$ 25,909,673</u>

Included in the Child Nutrition Cluster is \$360,139 of non-cash awards in the form of commodities provided by the United States Department of Agriculture.

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2011

Section 1 – Summary of Auditor’s Results

Financial Statements:

Type of Auditor’s Report Issued: Unqualified

Internal Control Over Financial Reporting:

Material weaknesses identified? ___ Yes X No

Significant Deficiencies identified not considered to be material weaknesses?
___ Yes X No

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 not considered to be material weakness(es)?
___ Yes X No

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133,
Section .510(a)? ___ Yes X No

Dollar threshold used to distinguish between Type A and Type B programs \$777,290

Auditee qualified as low-risk auditee? ___ Yes X No

Identification of Major Programs:

<u>CFDA #</u>	<u>PROGRAM TITLE</u>
10.553; 10.555; 10.559 & 10.582	Child Nutrition Cluster
84.184L	Safe Schools/Healthy Students
84.287C	21 st Century
84.334	Gear Up
84.367A	Title II
84.410	Education Jobs Grants

**CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2011**

Section II – Financial Statement Findings and Questioned Costs:

None Reported

Section III – Federal Awards Findings and Questioned Costs:

None reported.

**CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana**

Summary Status of Prior Year Findings

For the Year Ended June 30, 2011

The following is a summary of the status of the prior year findings included in Luffey, Huffman, Ragsdale & Soignier's (APAC) audit report dated December 30, 2011 of the City of Monroe School Board as of and for the year ended June 30, 2011.

10-01 INFORMATION SYSTEMS CONTROLS

Recommendation:

The School Board must ensure that all computer files are backed up daily and stored offsite. Comprehensive written policies and procedures should be developed or updated as needed for all aspects of the management information system to include security, access to systems and a disaster recovery plan.

Status:

The MIS Department has completed the implementation of a comprehensive backup solution for all district data. In addition, written policies and procedures have been created for backup and data retention and daily routine backups are taking place for all of the backend enterprise systems. In addition, the asset system particularly has been moved off of a single end user workstation, and migrated to our SQL backend environment – which is one of the servers covered by our comprehensive backup solution and managed from an enterprise computing environment standard. End users connect to the database from their workstation; no local asset information is stored on the end users workstation

10-02 MISUSE OF SCHOOL BOARD PROPERTY

Recommendation:

The School Board should closely monitor the activities of all employees with access to Board equipment and other assets. Periodic physical inventories should be taken of all School Board equipment. Employees should be instructed in the ethical behavior expected of them and of the consequences that will result in any violations of laws or School Board policies.

(Continued)

**CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana**

Summary Status of Prior Year Findings

For the Year Ended June 30, 2011

Status:

Monroe City Schools has worked diligently to improve controls over fixed asset accounting. Specifically, the district has: 1) installed security cameras in warehouse storage areas to monitor all activity 2) Provided ethics training for district administrators, site level administrators, supervisors and managers on appropriate use of district resources 3) designated an individual at each site and at the district level who is responsible for annual inventories, property transfers, and check in and out procedures. Additionally, Central level staff conducts periodic physical inventories.

MANAGEMENT LETTER

Recommendation:

It was recommended that management of the School Board review and document the internal control of the School Board using the COSO framework in order that management and the Board may discharge their responsibility to design and implement controls and monitor those controls for effectiveness over time. As part of this review and documentation, the School Board should utilize the comments and recommendations included in the Louisiana Legislative Auditor's Advisory Services Report dated January 21, 2009 which was based on the *Checklist of Best Practices in Government*.

Status:

The District has many existing procedures in place for effective internal control. The District continues to evaluate the internal control procedures and has developed written documentation for the control activity component as outlined in the Committee of Sponsoring Organizations of the Treadway Commission Report (COSO). The District continues to use all available resources to improve internal controls.

Recommendation:

It was recommended that School Board personnel review personnel files to ensure that all required federal and state forms are present in each employee's file. Also, all employees should be offered new withholding forms at the beginning of each calendar year to ensure compliance with federal and state laws.

(Continued)

**CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana**

Summary Status of Prior Year Findings (Concluded)

For the Year Ended June 30, 2011

Status:

The Human Resources Department is in the process of reviewing personnel files to make sure that appropriate federal and state forms are present. See current year Management Letter.

Section III – Federal Awards Findings and Questioned Costs:

None reported.

OTHER INFORMATION

LUFFEY, HUFFMAN, RAGSDALE & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

John L. Luffey, MBA, CPA (1963-2002)
Francis I. Huffman, CPA
Phillip A. Ragsdale, CPA
David Ray Soignier, CPA, MBA

John Herman, CPA
Lynn Andries, CPA
Esther Atteberry, CPA
Sandra Harrington, CPA
Lori Woodard, MBA, CPA

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES AS OF AND FOR THE YEAR ENDED JUNE 30, 2011

CITY OF MONROE SCHOOL BOARD MONROE, LOUISIANA

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the City of Monroe School Board (the School Board) and the Legislative Auditor, State of Louisiana (collectively, the Specified Users), solely to assist users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of the City of Monroe School Board and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE). This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the Specified Users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings relate to the accompanying schedules required by state law and are as follows:

General Fund Instructional and Support Expenditures and Certain Local Revenue Sources (Schedule 1)

1. We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:
 - Total General Fund Instructional Expenditures,
 - Total General Fund Equipment Expenditures,
 - Total Local Taxation Revenue,
 - Total Local Earnings on Investment in Real Property,
 - Total State Revenue in Lieu of Taxes,
 - Nonpublic Textbook Revenue, and
 - Nonpublic Transportation Revenue.

**City of Monroe School Board
Monroe, Louisiana**

Education Levels of Public School Staff (Schedule 2)

2. We reconciled the total number of full-time classroom teachers per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (Schedule 4) to the combined total number of full-time classroom teachers per this schedule and to School Board supporting payroll records as of October 1, 2010.
3. We reconciled the combined total of principals and assistant principals per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (Schedule 4) to the combined total of principals and assistant principals per this schedule.
4. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1, 2010 and as reported on the schedule. We traced a random sample of 25 teachers to the individual's personnel file and determined if the individual's education level was properly classified on the schedule.

Number and Type of Public Schools (Schedule 3)

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

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

6. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1, 2010 and as reported on the schedule and traced the same sample used in procedure 4 to the individual's personnel file and determined if the individual's experience was properly classified on the schedule.

Public School Staff Data: Average Salaries (Schedule 5)

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

**City of Monroe School Board
Monroe, Louisiana**

Class Size Characteristics (Schedule 6)

9. We obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule 3 data, as obtained in procedure 5. We then traced a random sample of 10 classes to the October 1, 2010 roll books for those classes and determined if the class was properly classified on the schedule.

Louisiana Educational Assessment Program (LEAP) (Schedule 7)

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

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

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

iLeap Tests (Schedule 9)

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

Our twelve procedures enumerated above did not disclose any exceptions.

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

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

Snuffey, Huffman, Royal, & Son

(A Professional Accounting Corporation)

December 30, 2011

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Schedules Required by State Law (R.S. 24:514 - Performance and Statistical Data)
As of and for the Year Ended June 30, 2011

Schedule 1 - General Fund Instructional and Support Expenditures and Certain Local Revenue Sources

This schedule includes general fund instructional and equipment expenditures. It also contains local taxation revenue, earnings on investments, revenue in lieu of taxes, and nonpublic textbook and transportation revenue. This data is used either in the Minimum Foundation Program (MFP) formula or is presented annually in the MFP 70% Expenditure Requirement Report.

Schedule 2 - Education Levels of Public School Staff

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

Schedule 3 - Number and Type of Public Schools

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

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

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

Schedule 5 - Public School Staff Data: Average Salaries

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

Schedule 6 - Class Size Characteristics

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

Schedule 7 - Louisiana Educational Assessment Program (LEAP)

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

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Schedules Required by State Law (R.S. 24:514 - Performance and Statistical Data)
As of and for the Year Ended June 30, 2011

Schedule 8 - Graduation Exit Examination (GEE)

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

Schedule 9 -iLEAP Tests

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

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

**General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
Fiscal Year Ended June 30, 2011**

General Fund Instructional and Equipment Expenditures**General Fund Instructional Expenditures:****Teacher and Student Interaction Activities:**

Classroom Teacher Salaries	\$ 19,202,811	
Other Instructional Staff Activities	3,262,055	
Instructional Staff Employee Benefits	10,542,655	
Purchased Professional and Technical Services	2,830	
Instructional Materials and Supplies	296,577	
Instructional Equipment	53,112	
Total Teacher and Student Interaction Activities		\$ 33,360,040

Other Instructional Activities

76,042

Pupil Support Activities

2,698,290

Less: Equipment for Pupil Support Activities

-

Net Pupil Support Activities

2,698,290

Instructional Staff Services

1,096,772

Less: Equipment for Instructional Staff Services

-

Net Instructional Staff Services

1,096,772

School Administration

3,280,896

Less: Equipment for School Administration

-

Net School Administration

3,280,896

Total General Fund Instructional Expenditures

\$ 40,512,040**Total General Fund Equipment Expenditures****\$ 1,305,656****Certain Local Revenue Sources****Local Taxation Revenue:**

Constitutional Ad Valorem Taxes	\$ 2,378,645
Renewable Ad Valorem Tax	6,924,265
Debt Service Ad Valorem Tax	-
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	326,547
Sales and Use Taxes	-
Total Local Taxation Revenue	\$ 9,629,457

Local Earnings on Investment in Real Property:

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

(Continued)

MONROE CITY SCHOOL BOARD
Monroe, Louisiana

**General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources (Concluded)**
Fiscal Year Ended June 30, 2011

State Revenue in Lieu of Taxes:

Revenue Sharing-Constitutional Tax	\$	303,721
Revenue Sharing-Other Taxes		-
Revenue Sharing-Excess Portion		-
Other Revenue in Lieu of Taxes		-
Total State Revenue in Lieu of Taxes	\$	<u>303,721</u>

Nonpublic Transportation Revenue

\$ -

Nonpublic Textbook Revenue

\$ 21,303

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Education Levels of Public School Staff
As of October 1, 2010

Category	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	2	0.3%	5	0.8%	-	-	-	-
Bachelor's Degree	349	53.0%	3	0.5%	-	-	-	-
Master's Degree	192	29.2%	1	0.2%	7	25.9%	-	-
Master's Degree +30	96	14.6%	-	0.0%	17	63.0%	-	-
Specialist in Education	3	0.5%	-	0.0%	1	3.7%	-	-
Ph.D. or Ed.D.	7	1.1%	-	0.0%	2	7.4%	-	-
Total	649	99%	9	1%	27	100%	-	-

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Number and Type of Public Schools
Fiscal Year Ended June 30, 2011

<u>Type</u>	<u>Number</u>
Elementary	12
Middle/ Junior High	3
Secondary	4
Combination	<u>1</u>
Total	<u><u>20</u></u>

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

**Experience of Public Principals, Assistant Principals,
and Full-time Classroom Teachers**
As of October 1, 2010

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	-	-	-	2	-	1	4	7
Principals	-	-	-	2	7	7	4	20
Classroom Teachers	69	56	174	68	80	90	121	658
Total	69	56	174	72	87	98	129	685

**CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana**

**Public School Staff Data: Average Salaries
As of June 30, 2011**

	All Classroom Teachers	Classroom Teachers Excluding ROTC, Rehired Retirees, and Flagged Salary Reductions
Average Classroom Teachers' Salary Including Extra Compensation	\$53,400.00	\$53,060.00
Average Classroom Teachers' Salary Excluding Extra Compensation	\$52,921.00	\$52,610.00
Number of Teacher full-time Equivalents (FTEs) used in Computation of Average Salaries	655	634

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

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Class Size Characteristics
As of October 1, 2010

School Type	Class Size Range							
	1 - 20		21-26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	63%	1,200	36%	697	1%	23	0%	0
Elementary Activity Classes	58%	124	40%	84	2%	4	0%	0
Middle/Jr. High	73%	412	23%	131	4%	24	0%	0
Middle/Jr. High Activity Classes	86%	107	9%	11	5%	6	0%	0
High	74%	794	20%	211	6%	59	0%	4
High Activity Classes	79%	107	10%	14	7%	9	4%	5
Combination	100%	41	0%	0	0%	0	0%	0
Combination Activity Classes	100%	4	0%	0	0%	0	0%	0
		2,789		1,148		125		9

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

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Louisiana Educational Assessment Program (LEAP)
Three Fiscal Years Ended June 30, 2011

District Achievement Level Results	English Language Arts						Mathematics					
	2011		2010		2009		2011		2010		2009	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	48	7%	42	6%	19	3%	75	11%	80	12%	16	2%
Mastery	158	24%	174	26%	149	23%	141	22%	176	26%	84	13%
Basic	308	47%	300	44%	358	56%	282	43%	285	42%	348	54%
Approaching Basic	102	16%	110	16%	94	15%	103	16%	89	13%	140	22%
Unsatisfactory	37	6%	55	8%	21	3%	52	8%	51	7%	53	8%
Total	653		681		641		653		681		641	

District Achievement Level Results	Science						Social Studies					
	2011		2010		2009		2011		2010		2009	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	18	3%	42	6%	25	4%	51	8%	80	12%	16	3%
Mastery	111	17%	174	26%	94	15%	105	16%	176	26%	86	13%
Basic	337	51%	300	44%	342	53%	330	50%	285	42%	361	56%
Approaching Basic	147	22%	110	16%	141	22%	113	17%	89	13%	128	20%
Unsatisfactory	42	6%	55	8%	39	6%	56	9%	51	7%	49	8%
Total	655		681		641		655		681		640	

(continued)

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Louisiana Educational Assessment Program (LEAP)
Three Fiscal Years Ended June 30, 2011

District Achievement Level Results	English Language Arts						Mathematics					
	2011		2010		2009		2011		2010		2009	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	16	3%	11	2%	9	1%	17	3%	11	2%	42	7%
Mastery	68	14%	36	6%	96	16%	15	3%	17	3%	37	6%
Basic	171	35%	219	38%	318	53%	197	39%	224	39%	326	54%
Approaching Basic	193	39%	223	39%	156	26%	147	29%	188	33%	140	23%
Unsatisfactory	42	9%	82	14%	25	4%	130	26%	131	23%	60	10%
Total	490		571		604		506		571		605	

District Achievement Level Results	Science						Social Studies					
	2011		2010		2009		2011		2010		2009	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	5	1%	3	1%	18	3%	6	1%	2	0%	4	1%
Mastery	65	13%	44	7%	109	18%	57	11%	31	5%	80	13%
Basic	140	28%	199	33%	235	39%	177	35%	260	43%	302	50%
Approaching Basic	146	29%	228	38%	185	31%	152	30%	159	27%	148	25%
Unsatisfactory	148	29%	126	21%	54	9%	110	22%	146	24%	67	11%
Total	504		600		601		502		598		601	

(concluded)

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Graduation Exit Exam (GEE)
Three Fiscal Years Ended June 30, 2011

District Achievement Level Results	English Language Arts						Mathematics					
	2011		2010		2009		2011		2010		2009	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 10												
Advanced	4	1%	3	1%	7	2%	38	7%	30	7%	25	6%
Mastery	53	11%	60	14%	34	8%	76	15%	75	18%	60	14%
Basic	219	44%	196	47%	190	44%	235	45%	201	48%	221	50%
Approaching Basic	143	29%	118	28%	147	34%	73	14%	62	15%	79	18%
Unsatisfactory	82	16%	39	9%	58	13%	95	18%	49	12%	54	12%
Total	501		416		436		517		417		439	

District Achievement Level Results	Science						Social Studies					
	2011		2010		2009		2011		2010		2009	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 11												
Advanced	10	2%	6	2%	8	2%	3	1%	3	1%	2	1%
Mastery	35	8%	32	9%	43	12%	26	6%	17	5%	35	10%
Basic	161	38%	149	43%	131	37%	207	49%	186	54%	149	42%
Approaching Basic	116	28%	96	28%	108	30%	101	24%	80	23%	102	29%
Unsatisfactory	98	23%	62	18%	66	19%	83	20%	59	17%	67	19%
Total	420		345		356		420		345		355	

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

ILEAP Tests
Three Fiscal Years Ended June 30, 2011

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2009		2009		2009		2009	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	46	7%	49	7%	29	4%	16	2%
Mastery	165	24%	134	19%	128	18%	178	26%
Basic	307	44%	311	45%	289	42%	317	46%
Approaching Basic	112	16%	119	17%	183	26%	109	16%
Unsatisfactory	64	9%	81	12%	65	9%	72	10%
Total	694		694		694		692	

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2009		2009		2009		2009	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	15	2%	27	4%	6	1%	38	6%
Mastery	107	18%	62	10%	93	15%	76	13%
Basic	291	48%	319	53%	269	45%	313	52%
Approaching Basic	126	21%	97	16%	164	27%	117	19%
Unsatisfactory	65	11%	99	16%	72	12%	60	10%
Total	604		604		604		604	

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2009		2009		2009		2009	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	18	4%	47	9%	5	1%	23	5%
Mastery	83	17%	64	13%	60	12%	38	8%
Basic	249	50%	263	52%	218	43%	215	43%
Approaching Basic	105	21%	69	14%	175	35%	144	29%
Unsatisfactory	47	9%	59	12%	44	9%	82	16%
Total	502		502		502		502	

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2009		2009		2009		2009	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	13	2%	17	3%	3	1%	2	0%
Mastery	42	8%	50	9%	67	12%	60	11%
Basic	242	44%	276	50%	240	44%	259	47%
Approaching Basic	182	33%	132	24%	158	29%	138	25%
Unsatisfactory	74	13%	80	14%	82	15%	91	17%
Total	553		555		550		550	

District Achievement Level Results	English Language Arts		Mathematics	
	2009		2009	
	Number	Percent	Number	Percent
Grade 9				
Advanced	3	0%	24	4%
Mastery	47	7%	55	8%
Basic	354	53%	291	44%
Approaching Basic	207	31%	161	24%
Unsatisfactory	57	9%	137	21%
Total	668		668	

(Continued)

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

ILEAP Tests
Three Fiscal Years Ended June 30, 2011

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	33	5%	45	7%	27	4%	29	4%
Mastery	163	24%	130	19%	116	18%	132	19%
Basic	322	48%	311	46%	314	49%	340	50%
Approaching Basic	111	16%	132	19%	176	27%	115	17%
Unsatisfactory	45	7%	61	9%	9	1%	63	9%
Total	674		679		642		679	

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	24	4%	37	6%	10	2%	21	4%
Mastery	134	23%	76	13%	90	16%	92	16%
Basic	265	46%	306	53%	278	48%	306	53%
Approaching Basic	110	19%	79	14%	149	26%	108	19%
Unsatisfactory	46	8%	81	14%	51	9%	51	9%
Total	579		579		578		578	

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	18	3%	16	3%	9	2%	55	10%
Mastery	102	18%	59	10%	73	13%	68	12%
Basic	294	52%	324	58%	275	49%	234	42%
Approaching Basic	104	19%	86	15%	160	29%	122	22%
Unsatisfactory	44	8%	77	14%	44	8%	82	15%
Total	562		562		561		561	

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	26	6%	38	8%	6	1%	12	3%
Mastery	46	11%	44	9%	67	14%	67	14%
Basic	198	47%	210	44%	147	31%	215	46%
Approaching Basic	96	23%	110	23%	172	36%	107	23%
Unsatisfactory	53	13%	75	16%	81	17%	69	15%
Total	419		477		473		470	

District Achievement Level Results	English Language Arts		Mathematics	
	2010		2010	
	Number	Percent	Number	Percent
Grade 9				
Advanced	11	2%	37	6%
Mastery	67	10%	76	13%
Basic	297	45%	306	53%
Approaching Basic	208	32%	79	14%
Unsatisfactory	77	12%	81	14%
Total	660		579	

(Continued)

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

ILEAP Tests (Concluded)
Three Fiscal Years Ended June 30, 2011

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	36	5%	56	8%	38	5%	29	4%
Mastery	167	24%	128	18%	118	17%	132	19%
Basic	318	45%	298	42%	325	46%	310	44%
Approaching Basic	112	16%	119	17%	162	23%	135	19%
Unsatisfactory	72	10%	104	15%	61	9%	98	14%
Total	705		705		704		704	

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	27	4%	59	10%	21	3%	48	8%
Mastery	110	18%	73	12%	105	17%	98	16%
Basic	286	47%	290	47%	279	46%	261	43%
Approaching Basic	129	21%	98	16%	166	27%	129	21%
Unsatisfactory	60	10%	92	15%	41	7%	76	12%
Total	612		612		612		612	

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	10	2%	31	6%	5	1%	19	3%
Mastery	74	13%	48	9%	58	10%	52	9%
Basic	288	52%	263	47%	271	49%	251	45%
Approaching Basic	135	24%	116	21%	175	31%	146	26%
Unsatisfactory	52	9%	104	19%	49	9%	90	16%
Total	559		562		558		558	

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	23	4%	16	3%	10	2%	13	3%
Mastery	69	13%	42	8%	72	14%	64	12%
Basic	243	47%	262	51%	219	42%	217	42%
Approaching Basic	129	25%	123	24%	151	29%	121	23%
Unsatisfactory	55	11%	75	14%	65	13%	102	20%
Total	519		518		517		517	

District Achievement Level Results	English Language Arts		Mathematics	
	2011		2011	
	Number	Percent	Number	Percent
Grade 9				
Advanced	N/A	N/A	N/A	N/A
Mastery	N/A	N/A	N/A	N/A
Basic	N/A	N/A	N/A	N/A
Approaching Basic	N/A	N/A	N/A	N/A
Unsatisfactory	N/A	N/A	N/A	N/A
Total				

(Concluded)

LUFFEY, HUFFMAN, RAGSDALE & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

John L. Luffey, MBA, CPA (1963-2002)
Francis I. Huffman, CPA
Philip A. Ragsdale, CPA
David Ray Soignier, CPA, MBA

John Herman, CPA
Lynn Andries, CPA
Esther Atteberry, CPA
Sandra Harrington, CPA
Lori Woodard, MBA, CPA

MANAGEMENT LETTER

City of Monroe School Board Monroe, Louisiana

In planning and performing our audit of the financial statements of the City of Monroe School Board (the School Board) for the year ended June 30, 2011, we considered its internal control structure in order to determine our auditing procedures for purposes of expressing our opinion on the financial statements and not to provide assurance on the internal control structure or overall compliance with laws and regulations.

However, during our audit, we became aware of certain matters that are opportunities for strengthening internal controls and the overall environment for compliance with laws and regulations. This letter will summarize our comments and suggestions regarding those matters. This letter does not affect our report dated December 30, 2011 on the financial statements of the School Board.

Documentation of Internal Control

Management of the School Board is charged with establishing and maintaining internal control and to assess internal control for effectiveness in design and operation. Those components are outlined in the Committee of Sponsoring Organizations of the Treadway Commission Report (commonly referred to as the COSO Report, or COSO) and consist of the Control Environment; Risk Assessment; Control Activities; Information and Communication; and Monitoring. While certain elements of the components of internal control exist and certain aspects of the control activities have been documented, the School Board does not possess written documentation of all components of internal control over School Board operations.

For management and those charged with governance to properly discharge their responsibility to establish and maintain internal control, there must exist a level of documentation of internal control sufficient to allow them to assess operating effectiveness and design, not just at a point in time, but over a period of time. As circumstances change, controls should be re-evaluated for ongoing effectiveness.

Management's Response:

The District has many existing procedures in place that provide for effective internal control. The district has evaluated the internal control procedures and has developed written documentation for the control activity component as outlined in the Committee of Sponsoring

**City of Monroe School Board
Monroe, Louisiana
Management Letter
Page 2 of 2**

Organizations of the Treadway Commission Report (COSO). We are also developing documentation for the Control Environment, Risk Assessment, Information and Communication, and Monitoring which are the other components of COSO. Likewise, the District has utilized many available resources, such as the COSO framework.

Maintenance of Personnel Files

Finding:

During our compliance test of payroll transactions, we noted that a significant number of School Board personnel files did not contain required federal and state withholding forms. From a sample of 60 personnel files, we observed 16 files which did not contain a State of Louisiana Employee Withholding Exemption Certificate, Form L-4. We also noted 6 personnel files that did not contain a Federal Form W-4, Employee's Federal Withholding Allowance Certificate. In addition to the missing withholding forms, we noted that 4 files did not contain INS I-9 forms. INS-9 forms are required for employees hired on or after November 6, 1986 and must be kept on file for 3 years after the date a person is hired or 1 year after the person's employment is terminated, whichever is longer. These forms are required for federal and state tax withholding purposes, as well as to verify an employee's eligibility to work in the United States.

Recommendation:

School Board personnel should review personnel files to ensure that all required federal and state forms are present in each employee's file. Also, all employees should be offered new withholding forms at the beginning of each calendar year to ensure compliance with federal and state laws.

Management's Corrective Action Plan:

The School Board will review personnel files to make sure the required federal and state forms are present.

Jeffrey Huffman, Roydale, & Squires

(A Professional Accounting Corporation)

December 30, 2011