

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

**Financial Report
For the Year Ended June 30, 2007**

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

Release Date 1/23/08

CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2007

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MONROE, LOUISIANA

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MONROE, LOUISIANA

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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, 2007, 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, the standards for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide* issued by the Louisiana Legislative Auditor and the Louisiana Society of Certified Public Accountants. 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, 2007, 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 21, 2007 on our consideration of the School Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws,

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

regulations, contracts and grants. 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 and the "Budgetary Comparison Schedules", presented on pages 47 through 49 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 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.



(A Professional Accounting Corporation)

December 21, 2007

**REQUIRED SUPPLEMENTAL INFORMATION
(PART A)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

MONROE CITY SCHOOLS
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2007

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, 2007. 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 2006-2007 fiscal year with a fund balance in the General fund of just over \$8.3 million.

Other financial highlights for the 2006-07 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 \$35.9 million (net assets).
- Statement of Activities – The total net assets of the City of Monroe School Board increased by \$7.1 million for the year ended June 30, 2007.
- Governmental Funds Balance Sheet – As of the close of the 2006-2007 fiscal year, the City of Monroe School Board's governmental funds reported combined ending fund balance of \$22 million, an increase of \$3.3 million in comparison with the prior fiscal year. The majority of this fund balance is comprised of approximately (1) \$8.3 million in General Fund, (2) \$7 million in the debt service funds, and (3) \$6.6 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, 2007 for the governmental funds of the City of Monroe School Board amounted to \$90.8 million. Approximately 77% of this amount is received from three major revenue sources: (1) \$32.5 million from Minimum Foundation Program, (2) \$13.4 million from local ad valorem taxes, and (3) \$24.1 million from local sales and use taxes.
- General Fund's Ending Fund Balance – At the end of the fiscal year, the fund balance for the General Fund is \$8.3 million.
- Capital Assets – Total capital assets (net of depreciation) were \$65.5 million or 67% of the total assets. The Monroe City School Board uses these assets to provide educational services to children and adults; consequently, these assets are not available for future spending.
- Long-Term Debt – The School Board's total debt decreased by approximately \$2.7 million.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the district'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 district'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, 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 seventeen governmental fund groups. 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, Bond Redemption and Title 1, all of which are considered to be major funds. Data for the other fourteen 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 Monroe City 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 \$35.9 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 \$97.2 million reflects its investment in capital assets of \$65.5 million (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. 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 from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Monroe City School Board's Net Assets

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Current and other assets	\$ 31,695,903	\$ 28,647,461
Capital assets	<u>65,531,609</u>	<u>64,981,632</u>
Total assets	<u>\$ 97,227,512</u>	<u>\$ 93,629,093</u>
Current and other liabilities	\$ 9,682,872	\$ 10,033,400
Long-term liabilities	<u>51,625,042</u>	<u>54,363,088</u>
Total liabilities	<u>\$ 61,307,914</u>	<u>\$ 64,396,488</u>
Net assets:		
Invested in capital assets, net of related debt	\$ 14,342,422	\$ 11,812,941
Restricted	11,418,290	12,287,443
Unrestricted	<u>10,158,886</u>	<u>5,132,221</u>
Total net assets	<u>\$ 35,919,598</u>	<u>\$ 29,232,605</u>

Restricted net assets of \$11.4 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 \$7 million of the total, with capital projects accounting for \$2.4 million. The remaining balance is monies restricted for salaries and benefits.

Governmental activities increased the City of Monroe School Board's net assets by \$7.1 million. Key elements of this increase are as follows:

City of Monroe School Board's Changes in Net Assets

	<u>Year ended June 30, 2007</u>	<u>Year ended June 30, 2006</u>
Revenues:		
Program revenues:		
Charges for services	\$ 300,571	\$ 324,252
Operating and capital grants & contributions	19,008,644	18,725,907
General revenues:		
Ad valorem taxes	13,352,848	14,763,629
Sales taxes	24,088,111	24,140,575
Minimum Foundation Program	32,454,720	30,711,057
Interest on investments	1,136,332	709,347
Other general revenues	<u>646,350</u>	<u>471,892</u>
Total revenues	\$ <u>90,987,576</u>	\$ <u>89,846,659</u>
Expenses:		
Instruction	\$ 46,980,996	\$ 48,526,915
Support services:		
Pupil Support Services	4,099,447	2,905,708
Instructional Staff Support	4,690,323	4,631,907
General administration	1,982,870	1,880,606
School administration	3,578,240	3,750,527
Business services	1,108,987	909,587
Plant services	6,397,667	6,269,335
Student transportation services	3,056,430	3,034,652
Central services	2,556,588	1,659,837
School food services	4,932,528	4,857,298
Facility acquisition and construction	2,056,817	1,577,025
Debt service – interest on long-term obligations	<u>2,401,725</u>	<u>2,604,059</u>
Total expenses	\$ <u>83,842,618</u>	\$ <u>82,607,456</u>
Increase in net assets	\$ <u>7,144,958</u>	\$ <u>7,239,203</u>

Governmental Activities

Expenses are classified by functions/programs. Instructional services for fiscal 2007 totaled \$46,980,996, compared to a total of \$48,526,915 for 2006. 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 2007 totaled \$32,403,080 compared to \$29,899,457 for 2006.

The remaining expenditures of \$4,458,542 consist of \$2,056,817 for facility acquisition and construction and \$2,401,725 of interest expense on long-term obligations.

The related program revenues for fiscal year 2007 directly related to these expenses totaled \$19,008,644, along with \$300,571 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 70 school districts in the state of Louisiana. The School Board received \$32,454,720 in MFP funds in 2006-2007. This amounts to 36% 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 \$24,088,111 in revenue, or 27% of total revenue.
- **Ad Valorem tax revenues** – Ad valorem, or property tax revenues, the third largest source of revenues, accounts for 15% of total revenues or \$13,352,848.

Financial Analysis of Governmental Funds

As noted earlier, the Monroe City 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 \$22,026,685 an increase of \$3.3 million in comparison with the prior fiscal year.
- 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 \$8,333,071.
- The Debt Service Funds have a total fund balance of \$7.04 million all of which is reserved for the payment of debt service.

- The Capital Projects Fund has a fund balance of \$2,434,275 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 Monroe City 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 27, 2006.

The original General Fund Budget projected an ending fund balance of \$4,652,956, with the amended budget projecting to end the year with a positive balance of \$7,033,574. The actual ending balance for the General Fund came in at \$8,333,071. Revenue for the district was positively impacted by ad valorem taxes. Expenses came in lower than projected, primarily in the areas of salaries and benefits.

Capital Assets and Debt Administration

Capital Assets: The City of Monroe School Board's investment in capital assets as of June 30, 2007, amounts to \$65,531,609 (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>2007</u>	<u>2006</u>
Land	\$ 1,483,883	\$ 1,483,883
Buildings, building improvements and land	57,476,041	59,060,097
Furniture and equipment	6,016,200	3,828,573
Construction in progress – buildings	<u>555,485</u>	<u>151,114</u>
Total	\$ <u>65,531,609</u>	\$ <u>64,523,667</u>

Long-Term Debt:

**Monroe City School Board Outstanding Debt
As of June 30, 2007**

	<u>Balance June 30, 2007</u>	<u>Balance June 30, 2006</u>
School Refunding Bonds		
Series 2001	\$16,605,000	\$ 18,525,000
Series 2003	16,055,000	17,645,000
Sales Tax Bonds		
Series 2001	10,375,000	10,815,000
Series 2002	5,230,000	5,490,000
Certificates of Indebtedness		
Series 1998	360,000	530,000
Series 2006	<u>1,400,000</u>	<u>-</u>
 Total	 <u>\$ 50,025,000</u>	 <u>\$ 53,005,000</u>

Sales Tax Revenue Bonds 2001 & 2002 issues were issued for the purpose of capital improvements including classroom additions, junior high school gymnasiums, improvements to high school stadiums, three high school all-weather tracks, and other improvements as determined.

In 2003, the School Board entered into a five-year lease for the purchase of 15 buses and in 2004 the School Board entered into a lease for approximately 790 computers. In 2006-07, the district borrowed \$1,400,000 to purchase new buses. In 2006-07, the school board entered into a capital lease for computer equipment totaling \$1,086,797. Other long-term liabilities include accrued vacation pay and sick leave. Details about long-term obligations are presented in the notes to the financial statements.

Future Operations

The City of Monroe School Board operated with a deficit in the General Fund for over ten years, beginning in 1995. This deficit grew to a high of \$2,691,343 for the fiscal year ended 2001. All operating deficits were eliminated during the 2003-2004 fiscal year. Eliminating this deficit, while simultaneously improving the quality of education provided to students proved to be a great challenge to the School Board. However, the School Board met the challenge and has built a positive fund balance in the general fund of \$8.3 million.

The district was successful in eliminating the deficit and building the fund balance by viewing each year as a new opportunity for improved fiscal accountability. The following gives a view

of the yearly progress made by the district. The General Fund ended fiscal year 2002-2003 with a deficit fund balance of approximately \$728,000, and fiscal year 2003-2004 with a positive fund balance of just under \$20,000. Fiscal year 2004-2005 and 2005-2006 showed positive fund balances of \$1,387,251 and \$4,648,469 respectively. The district established a goal of having a fund balance equal to 15% of the General Fund budget. For the fiscal year ended June 2007, the goal was met with a positive fund balance of \$8.3 million

Building this positive fund balance represents great effort on the part of Monroe City Schools, especially in light of continued increases in expenditures associated with district operations. Except for the student gain associated with Katrina, the district continues to see a noticeable decline in student enrollment. This decline will continue to negatively impact revenue, as loss of students results in a loss of funding through the State's Minimum Foundation Program. State Minimum Foundation Program Funding, which accounts for 36% of total revenue, is largely based on the number of students served by the District. Even though the district has met the goal for the fund balance, commitment remains to having a district that provides 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 cause significant increases in expenditures.

Increased Health insurance costs:

Monroe City Schools participates in the state managed health care program. The School Board incurs expenses for its portion of employees health care cost. The State Group health care program incurred premium increases averaging 10% per year for several years. Increases in the costs of employee health care will continue to have a significant impact on expenditures. Also, the cost of health insurance coverage for retirees of the school district continues to rise at an alarming rate.

Mandated contributions to Retirement systems

For several years, School Employees Retirement System discontinued the School Board's matching portion to the retirement system based on actuarial recommendations. In fiscal year 2003-2004, La School Employees Retirement System reinstated the employer's matching portion at the rate of 8.5 percent for salaries for Custodians and Bus Drivers. In 2004-2005 the employer contribution rate was increased to 14.8%. The employer contribution rate for 2005-2006 was set at 18.4% and 19.6% for 2006-2007. The Teachers retirement system set employer rates at 15.9% for 2005-06 and 15.8% for 2006-2007. Overall, Monroe City Schools continues to make both academic and fiscal improvements throughout the District.

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 Monroe City 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, 2007

Assets:	
Cash and cash equivalents	\$ 19,732,783
Investments	250,000
Receivables:	
Ad valorem taxes	147,897
Sales and use taxes	3,098,648
Federal grants	6,334,149
State grants	781,250
Other	19,973
Bond issuance costs, net	568,722
Inventory	234,725
Other assets	374,258
Noncurrent receivables	153,498
Capital assets, net:	
Land	1,483,883
Buildings and improvements	57,476,041
Furniture and equipment	6,016,200
Construction in progress	555,485
Total assets	<u>97,227,512</u>
Liabilities:	
Accounts payable	570,873
Salaries and wages payable	8,253,750
Deferred revenue	90,523
Interest payable - bonds	735,874
Retainage payable - construction contracts	31,852
Long-term liabilities:	
Due within one year	6,134,324
Due in more than one year	45,490,718
Total liabilities	<u>61,307,914</u>
Net assets:	
Invested in capital assets, net of related debt	14,342,422
Restricted for:	
Capital projects	2,434,275
Debt service	7,022,048
Salaries and related benefits	1,961,967
Unrestricted	10,158,886
Total net assets	<u>\$ 35,919,598</u>

See accompanying notes to the basic financial statements

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

**Statement of Activities
Governmental Activities**

Fiscal Year Ended June 30, 2007

	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS	
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS		CAPITAL GRANTS AND CONTRIBUTIONS
Functions/programs:					
Current					
Instructional services:					
Regular programs	\$ 25,116,262	\$ -	\$ 1,040,425	\$ 195,389	\$ (23,880,448)
Special education programs	11,029,440	-	1,445,059	9,944	(9,574,437)
Vocational programs	1,157,929	-	153,588	25,545	(978,796)
Other instructional programs	4,268,958	57,995	647,024	-	(3,563,939)
Special programs	5,006,563	-	5,454,803	14,470	462,710
Adult/continuing education	401,844	-	57,782	-	(344,062)
Support services:					
Pupil support services	4,099,447	-	1,473,700	1,570	(2,624,177)
Instructional staff support services	4,690,323	-	2,901,359	68,751	(1,720,213)
General administration	1,982,870	-	-	-	(1,982,870)
School administration	3,578,240	-	43,669	-	(3,534,571)
Business services	1,108,987	-	11,944	-	(1,097,043)
Plant services	6,397,667	-	252,257	1,156,369	(4,989,041)
Student transportation services	3,056,430	-	78,650	-	(2,977,780)
Central services	2,556,588	-	301,095	-	(2,255,493)
Noninstructional services:					
Food service operations	4,932,528	242,576	3,672,316	2,935	(1,014,701)
Facility acquisition and construction	2,056,817	-	-	-	(2,056,817)
Debt service:					
Interest on long-term obligations	2,401,725	-	-	-	(2,401,725)
Total Governmental Activities	\$ 83,842,618	\$ 300,571	\$ 17,533,671	\$ 1,474,973	\$ (64,533,403)
General revenues:					
Taxes:					
Ad valorem taxes levied for:					
General purposes					9,803,802
Debt service purposes					3,549,046
Sales taxes levied for:					
General purposes					24,088,111
Grants and contributions not restricted to specific programs:					
Minimum foundation program					32,454,720
State revenue sharing					326,807
Interest and investment earnings					1,136,332
Gain or (loss) on disposals of assets					14,712
Other					304,831
Total general revenues					71,678,361
Changes in net assets					7,144,958
Net assets at beginning of year (as restated, see Note 4)					28,774,640
Net assets at end of year					\$ 35,919,598

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, 2007

	MAJOR FUNDS			AGGREGATE	TOTAL
	GENERAL FUND	TITLE I	BOND REDEMPTION DEBT SERVICE	REMAINING FUNDS OTHER GOVERNMENTAL	
Assets:					
Cash and cash equivalents	\$ 7,023,348	\$ -	\$ 4,532,491	\$ 8,176,944	\$ 19,732,783
Investments	250,000	-	-	-	250,000
Accounts receivable	159,216	-	29,944	3,077,358	3,266,518
Due from other governments:					
Due from federal sources	26,473	3,113,549	-	3,194,127	6,334,149
Due from state sources	182,402	-	-	598,848	781,250
Due from other funds	5,952,284	-	-	-	5,952,284
Inventory	112,501	-	-	122,224	234,725
Other assets	363,152	816	-	10,290	374,258
Total assets	\$ 14,069,376	\$ 3,114,365	\$ 4,562,435	\$ 15,179,791	\$ 36,925,967
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ 163,892	\$ 87,567	\$ -	\$ 319,414	\$ 570,873
Salaries and wages payable	5,572,413	459,579	-	2,221,758	8,253,750
Due to other funds	-	2,527,189	-	3,425,095	5,952,284
Deferred revenue and other liabilities	-	40,030	-	82,345	122,375
Total liabilities	5,736,305	3,114,365	-	6,048,612	14,899,282
Fund balances:					
Reserved for debt service	-	-	4,562,435	2,486,200	7,048,635
Reserved for inventory	112,501	-	-	122,224	234,725
Reserved for capital projects	-	-	-	2,434,275	2,434,275
Reserved for salaries and related benefits	-	-	-	1,961,967	1,961,967
Unreserved:					
Unreserved/undesignated reported in:					
General Fund	8,220,570	-	-	-	8,220,570
Special Revenue Funds	-	-	-	2,126,513	2,126,513
Total fund balances	8,333,071	-	4,562,435	9,131,179	22,026,685
Total liabilities and fund balances	\$ 14,069,376	\$ 3,114,365	\$ 4,562,435	\$ 15,179,791	\$ 36,925,967

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
Fiscal Year Ended June 30, 2007**

Total fund balances - governmental funds		\$ 22,026,685
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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	\$ 92,796,312	
Accumulated depreciation	<u>(27,264,703)</u>	65,531,609

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 amortization.

Bond issuance cost	899,629	
Less accumulated amortization	<u>(330,907)</u>	568,722

Elimination of interfund assets and liabilities

Interfund assets	(5,952,284)	
Interfund liabilities	5,952,284	

Certain receivables were not collected within sixty days of year-end and, therefore, are not available to pay current year expenditures		153,498
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See accompanying notes to the basic financial statements.		(Continued)
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**City of Monroe School Board
Monroe, Louisiana**

**Reconciliation of the Governmental Funds'
Balance Sheet to Statement of Net Assets (Concluded)
Fiscal Year Ended June 30, 2007**

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, 2007 are:

Long-term liabilities:

Compensated absences payable	(1,600,642)	
General obligation bonds payable	(32,660,000)	
Sales tax bonds payable	(15,605,000)	
Certificates of indebtedness	(1,760,000)	
Capital lease	(706,222)	
Deferred amount on refunding	910,653	
Bond premium	<u>(203,831)</u>	(51,625,042)

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	<u>(735,874)</u>
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Net Assets	<u>\$ 35,919,598</u>
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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

Fiscal Years Ended June 30, 2007

	MAJOR FUNDS			AGGREGATE	TOTAL
	GENERAL FUND	TITLE 1	BOND REDEMPTION DEBT SERVICE	REMAINING FUNDS OTHER GOVERNMENTAL	
REVENUES					
Local sources:					
Ad valorem taxes	\$ 9,803,802	\$ -	\$ 3,549,046	\$ -	\$ 13,352,848
Sales and use taxes	-	-	-	24,088,111	24,088,111
Earnings on investments	480,933	-	271,596	383,803	1,136,332
Cash payments for meals	-	-	-	242,576	242,576
Other local revenue	362,826	-	-	1,251,419	1,614,245
State sources:					
State equalization	32,054,720	-	-	400,000	32,454,720
Revenue sharing	326,807	-	-	-	326,807
Restricted grants-in-aid	242,489	-	-	1,004,514	1,247,003
Federal sources:					
Federal Restricted grants-in-aid	278,254	6,172,583	-	9,905,887	16,356,724
Total revenues	<u>43,549,831</u>	<u>6,172,583</u>	<u>3,820,642</u>	<u>87,276,310</u>	<u>98,819,366</u>
EXPENDITURES					
Current:					
Instructional services:					
Regular programs	15,614,142	285,486	-	8,575,271	24,474,899
Special education programs	6,912,144	-	-	4,135,898	11,048,042
Vocational programs	666,603	-	-	442,511	1,109,116
Other instructional programs	2,487,821	123,907	-	1,611,478	4,223,206
Special programs	111,861	2,622,277	-	2,285,202	5,019,340
Adult/Continuing education	233,703	-	-	166,814	400,517
Support services:					
Pupil support services	1,818,722	688,672	-	1,611,039	4,118,433
Instructional staff support	1,106,946	1,537,372	-	2,014,831	4,659,149
General administration	1,562,998	-	104,517	321,432	1,988,947
School administration	2,657,398	38,930	-	899,829	3,596,157
Business services	820,229	4,357	-	273,837	1,098,443
Plant services	3,794,568	79,175	-	2,521,101	6,394,844
Student transportation services	2,148,706	23,141	-	591,752	2,763,599
Central services	450,503	300,970	-	1,289,939	2,041,412
Noninstructional services:					
Food service operations	-	-	-	4,902,578	4,902,578
Debt service:					
Principal	170,000	-	9,510,000	1,244,265	4,924,265
Interest	27,165	-	1,509,772	750,831	2,287,768
Capital Outlay	1,329,313	64,440	-	3,604,222	4,997,975
Total expenditures	<u>41,912,824</u>	<u>5,768,727</u>	<u>5,124,289</u>	<u>37,242,850</u>	<u>90,048,690</u>
Excess (deficiency) of revenues over expenditures	<u>1,637,007</u>	<u>403,856</u>	<u>(1,303,647)</u>	<u>33,460</u>	<u>770,676</u>
OTHER FINANCING SOURCES (USES)					
Sale of assets	14,712	-	-	-	14,712
Proceeds from the issuance of debt	1,400,000	-	-	1,086,797	2,486,797
Transfers in	775,104	-	-	1,680,031	2,455,135
Transfers out	(142,221)	(403,856)	-	(1,909,058)	(2,455,135)
Total other financing sources (uses)	<u>2,047,595</u>	<u>(403,856)</u>	<u>-</u>	<u>837,770</u>	<u>2,501,509</u>
Net change in fund balances	3,684,602	-	(1,303,647)	891,230	3,272,185
Fund balances at beginning of year	4,648,469	-	5,866,082	8,239,949	18,754,500
Fund balances at end of year	<u>\$ 8,333,071</u>	<u>\$ -</u>	<u>\$ 4,562,435</u>	<u>\$ 9,131,179</u>	<u>\$ 22,026,685</u>

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
Fiscal Year Ended June 30, 2007**

Total net change in fund balances - Governmental Funds \$ 3,272,185

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

Elimination of operating transfers in and out:

Transfers in	(2,455,135)	
Transfers out	<u>2,455,135</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

Capital Outlays	\$ 4,382,763	
Depreciation	<u>(3,374,821)</u>	1,007,942

Capital Assets nor depreciation are reported in the Governmental Funds. In the Statement of Net Assets capital assets and accumulated depreciation are reported. When an asset is disposed, it results in a gain or loss on the disposal of the asset in the Statement of Activities. During the current year the School Board sold assets with zero carrying value for \$14,712, resulting in a gain on disposal of capital assets of \$14,712.

The proceeds from the issuance of new debt is recorded as other financing sources in the Governmental Funds. However, the incurrence of debt increases long-term liabilities in the Statement of Net Assets. (2,486,797)

Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 4,380,000

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)
Fiscal Year Ended June 30, 2007**

Repayment of capital leases is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 544,265

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 Statement of Activities. For the year ended June 30, 2007, there were no bond issuance costs.

Amortization of bond issuance cost (74,949)

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 used (\$1,138,896) exceeded the amounts earned 387,820

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 amortization (113,832)

Some revenues will not be collected for several months after year-end and are not considered "available" revenues in the governmental funds

E-Rate reimbursements 153,498

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 (Concluded)
Fiscal Year Ended June 30, 2006**

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 is due.

Interest expense payable as of June 30, 2007	(735,874)	
Interest expense payable as of June 30, 2006	<u>784,111</u>	48,237

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 bond premium amortization	<u>26,589</u>	
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Change in net assets of governmental activities	\$ <u>7,144,958</u>	
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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**

For the Year Ended June 30, 2007

ASSETS

Cash and cash equivalents	\$ 606,399
Certificates of deposit	<u>163,606</u>
Total assets	<u>\$ 770,005</u>

Liabilities and fund balances

Liabilities:

Amounts held for other organizations	\$ <u>770,005</u>
Total liabilities	<u>\$ 770,005</u>

See accompanying notes to the basic financial statements.

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

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 9,100 students. The School Board employs approximately 1,400 persons of which over 750 are directly involved in the instructional process. The remainder provides ancillary support such as general administration, repair and maintenance, bus 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, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

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 Fund is a major fund:

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, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

Debt Service Funds – Debt Service Funds account for the accumulation of resources for the payment of general long-term debt principal, interest and related costs. The following Debt Service Fund is a major fund:

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

Nonmajor Funds:

The School Board has 12 nonmajor Special Revenue 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.

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

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

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 (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. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

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 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

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

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.

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.

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

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 \$1,000 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 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

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

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 Reserves

Fund reserves are portions of fund equity that are legally restricted for future use and are therefore not available for current operations. The fund balance reserved for inventories represents the cost of inventories on hand and is, therefore, not available for expenditures.

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 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.

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

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

Capital projects is 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. Reserves and Designations of Fund Financial Statements

Portions of fund equity reported in the Fund Financial Statements are reserved for future use and are; therefore, not available for current appropriation or expenditure. Designations of unreserved fund balances indicate the School Board's tentative plans for the use of financial resources in a future period.

Q. 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 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.

R. 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

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

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 certificates of deposit 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.

The following is a schedule of the School Board's cash and certificates of deposit at June 30, 2007. Differences between School Board balances and the bank balances arise because of the net effect of deposits-in-transit and outstanding checks.

	School Board Balance	Bank Balance
Cash on Deposit	\$ 5,946,110	\$ 7,700,473
Cash Equivalents:		
LAMP Investments	13,786,673	13,786,673
Certificates of Deposit	250,000	250,000
TOTAL	\$ 19,982,783	\$ 21,737,146

The School Board's deposits are collateralized as follows:

Federal Deposit Insurance	\$ 200,000
Pledged Securities:	
Collateralized	19,697,468
Total	\$ 19,897,468

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

The School Board's investments at June 30, 2007, 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.

Credit risk. The School Board's only investment is the certificate of deposit mentioned above, therefore the School Board is exposed to no 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.

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, 2007, taxes of 40.62 mills were levied on property with assessed valuations totaling \$318,120,696 and were dedicated as follows:

School Operations, Maintenance, Aid and Support	29.62 mills
Series 1994 & Series 1995 Bonds Debt Service	11.00 mills
	40.62 mills

The School Board's portion of the total taxes originally levied was \$14,795,457 of which \$12,922,082 was assessed on property owners and \$1,873,375 was assessed under Homestead Exemption. The School Board collected \$13,352,848 through June 30, 2007, 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 27, 2006
Levy Date	November 24, 2006
Tax Bills Mailed	November 24, 2006
Total Taxes Are Due	December 31, 2006
Lien Date	January 1, 2007

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

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

Note 4 - Capital Assets

A summary of the changes in capital assets for the year ended June 30, 2007, is as follows:

	Balance July 1, 2006 (restated)	Additions	Deletions	Balance June 30, 2007
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 1,483,883	\$ -	\$ -	\$ 1,483,883
Construction-in-progress	151,114	694,832	290,461	555,485
Total capital assets not being depreciated	1,634,997	694,832	290,461	2,039,368
Capital Assets being depreciated:				
Buildings & improvements	72,156,626	155,784	-	72,312,410
Furniture and equipment	14,973,246	3,822,608	351,320	18,444,534
Total capital assets being depreciated	87,129,872	3,978,392	351,320	90,756,944
Less accumulated depreciation:				
Buildings and improvements	13,096,529	1,739,840	-	14,836,369
Furniture and equipment	11,144,673	1,634,981	351,320	12,428,334
Total accumulated depreciation	24,241,202	3,374,821	351,320	27,264,703
Total capital assets being depreciated, net	62,888,670	603,571	-	63,492,241
Governmental Activities Capital Assets, net	\$ 64,523,667	\$ 1,298,403	\$ 290,461	\$ 65,531,609

The balance in furniture and equipment at July 1, 2006 was increased by \$283,747 due to a reclassification of assets previously reported as buildings and improvements, which was reduced by the same amount. The related accumulated depreciation was also reclassified in the amount of \$249,892. Also, buildings and improvements was decreased by \$5,257 and accumulated depreciation for furniture and equipment was increased by \$452,708 for amounts not recorded in prior years.

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

Depreciation expense was charged to governmental activities as follows:

Instructional services:	
Regular programs	\$ 763,307
Special education programs	36,443
Vocational programs	54,339
Other instructional programs	66,794
Special programs	12,231
Adult/Continuing education	3,323
Support services:	
Pupil support services	1,534
Instructional staff support services	54,388
General Administration	3,833
Business services	16,017
Plant services	34,684
Student transportation services	306,600
Central services	525,347
Food service operations	54,376
Facility acquisition and construction	<u>1,441,605</u>
Total depreciation expense	<u>\$ 3,374,821</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 employees are eligible to participate in the systems, with employee benefits vesting after 10 years of service.

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

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 16.6%, 15.8%, and 15.5% for the years ended June 30, 2007, 2006 and 2005 respectively. The School Board's contributions to the TRSL plans for the years ended June 30, 2007, 2006 and 2005 were \$6,625,374, \$6,686,316, and \$6,632,143 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 2.5% times the highest 36 months of average salary, times the years of service plus a supplement of \$2.00 per month times the years of service.

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

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 19.6%, 18.4%, and 14.8% for the years ended June 30, 2007, 2006, and 2005 respectively. The School Board's contributions to the LSERS plans for the years ended June 30, 2007, 2006 and 2005 were \$773,208, \$709,043, and \$553,487 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 \$396,852 at June 30, 2007.

Note 7 - Other Employee and Postemployment Benefits

The School Board offers a cafeteria plan fringe benefit program under the Internal Revenue Code Section 125 for all employees who elect to participate. The Plan covers the 75% of the cost of group health coverage of participating employees.

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

Group health and life insurance is provided to participating employees and retirees through the State Employees Group Benefits Program. In fiscal year 2007, the School Board paid \$9,009,411 in connection with providing these benefits, including \$2,512,651 attributable to 506 retirees.

Note 8 - Long-Term Obligations

The following is a summary of changes in Long-Term Obligations for the year ended June 30, 2007:

	Balance July 1, 2006	Increases	Decreases	Balance June 30, 2007
General obligation bonds	\$ 36,170,000	\$ -	\$ 3,510,000	\$ 32,660,000
Less deferred amount of refunding	(1,024,484)	-	(113,831)	(910,653)
Unamortized bond Premium	230,417	-	26,586	203,831
Sales tax bonds	16,305,000	-	700,000	15,605,000
Certificates of indebtedness	530,000	1,400,000	170,000	1,760,000
Capital leases	163,691	1,086,797	544,266	706,222
Compensated absences, net	1,988,463	751,076	1,138,897	1,600,642
TOTAL	\$ 54,363,087	\$ 3,237,873	\$ 5,975,918	\$ 51,625,042

Long-term bonds and certificates of indebtedness outstanding at June 30, 2007, are comprised of the following:

	Issue	Maturity Date	Interest Rate	Amount Outstanding
General Obligation Bonds				
School Refunding Bonds,				
Series 2001	2001	3/1/2014	4.00 - 4.625	\$16,605,000
Series 2003	2003	3/1/2015	2.50 - 5.00	16,055,000
Total General Obligation Bonds				<u>32,660,000</u>
Sales Tax Bonds				
Sales Tax Bonds, Series 2001	2001	10/1/2021	3.875 - 5.00	10,375,000
Sales Tax Bonds, Series 2002	2002	10/1/2021	4.25 - 4.75	5,230,000

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

Certificate of Indebtedness

Series 1998	1998	7/1/2008	4.70 – 4.95	360,000
Series 2006	2006	7/1/2011	0.10 – 5.00	<u>1,400,000</u>
Total Bonds and Certificate of Indebtedness				<u>\$17,365,000</u>

Debt service requirements to maturity on all School Board bonds and certificates of indebtedness outstanding at June 30, 2007, including interest of \$12,242,748 are as follows:

<u>Year Ending June 30,</u>	<u>Total Principal & Interest Due</u>
2008	\$ 6,813,168
2009	6,865,724
2010	6,924,818
2011	6,992,899
2012	7,059,668
2013-2017	20,365,756
2018-2022	<u>7,245,716</u>
TOTAL	<u>\$ 62,267,748</u>

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 reappropriation clauses. Generally, as equipment leases expire, they are replaced with other leases.

Rent expense for the year ending June 30, 2007 totaled \$247,106.

Capital Leases

In fiscal 2007, the School Board entered into a capital lease obligation for the purchase of computers and printers. The original amount of the obligations were \$1,039,202 and \$47,595, respectively. Both leases bear an interest rate of 5.15%. Future minimum lease payments until maturity are as follows:

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

Fiscal Year Ending	Future Minimum Lease Payments
June 30, 2007	\$ 761,149
Less: Amounts representing interest	(54,927)
Present Value of Future Minimum Lease Payments	\$ 706,222

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

Individual balances due to/from other funds at June 30, 2007, are as follows:

	Due To Other Funds	Due From Other Funds
Unreimbursed expenses:		
Major Funds:		
General Fund	\$ -	\$ 5,952,284
Nonmajor Funds:		
1968 Sales Tax	43,085	-
1994 Sales Tax	132,130	-
Deficit Cash Balances:		
Major Funds:		
Title I	2,527,189	-
Nonmajor Funds:		
School Food Service	3,317	-
Special Education	621,166	-
Vocational/Adult Education	92,128	-
Reading First	613,131	-
2001 Sales Tax	302,361	-
Other Federal Programs	1,274,337	-
State Grants	343,440	-
Total Due To/From Other Funds	\$ 5,952,284	\$ 5,952,284

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

Note 11 - Interfund Transfers

Transfers to/from other funds for the year ended June 30, 2007 were as follows:

	Transfers <u>In</u>	Transfers <u>Out</u>
Major Funds:		
General Fund	\$ 775,104	\$ 142,221
Special Revenue:		
Title I	-	403,856
Nonmajor Funds:		
Special Revenue:		
School Food Service	29,533	-
Special Education	3	141,488
Reading First	-	31,712
1994 Sales Tax	48,000	48,000
2001 Sales Tax	-	1,489,810
Other Federal Programs	478	198,048
State Grants	72,768	-
Local Grants	68,972	-
Debt Service:		
2001-2002 Sales Tax Bond Sinking	1,460,277	-
Total	<u>\$ 2,455,135</u>	<u>\$ 2,455,135</u>

Included in the transfers are \$775,104 of indirect cost to the General Fund from various Federal programs and \$1,460,277 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. Qualifying employees and retirees may participate in the state group medical and life insurance plan. 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

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

Statement 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. There were no material claims outstanding at June 30, 2006, however, during the year ended June 30, 2007, the School Board incurred and paid claims under the worker's compensation plan of approximately \$201,371 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.

**REQUIRED SUPPLEMENTAL INFORMATION
(PART B)**

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

**General Fund
Budgetary Comparison Schedule (GAAP Basis)**

Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Over (Under)
	Original Budget	Final Budget		
Budgetary fund balance at beginning of year	\$ 4,648,469	\$ 4,648,469	\$ 4,648,469	\$ -
Resources (inflows)				
Local sources:				
Ad valorem taxes:				
Constitutional tax	1,980,000	2,243,751	2,291,828	48,077
Renewable tax	6,228,333	7,105,130	7,255,624	150,494
Other than school taxes	270,000	270,000	256,350	(13,650)
Earnings on investments	180,000	350,000	480,933	130,933
Other local revenue	404,541	452,676	362,826	(89,850)
Total local sources	9,062,874	10,421,557	10,647,561	226,004
State and federal sources:				
State equalization	32,179,651	32,054,720	32,054,720	-
State revenue sharing	316,830	310,000	326,807	16,807
Federal Restricted grants-in-aid	210,000	346,000	278,254	(67,746)
State Restricted grants-in-aid	262,066	191,377	242,489	51,112
Total state and federal sources	32,968,547	32,902,097	32,902,270	173
Other sources:				
Proceeds from sale of assets	20,000	9,000	14,712	5,712
Proceeds from the issuance of debt	-	1,400,000	1,400,000	-
Judgments receivable	5,000	-	-	-
Transfers in	600,000	600,000	775,104	175,104
Total other sources	625,000	2,009,000	2,189,816	180,816
Amounts available for appropriations	47,304,890	49,981,123	50,388,116	406,993
Charges to appropriations (outflows)				
Current:				
Instructional services:				
Regular programs	16,996,575	15,902,399	15,614,142	288,257
Special education programs	8,001,110	7,025,055	6,912,144	112,911
Vocational programs	521,839	670,626	666,605	4,021
Other instructional programs	2,139,701	2,497,826	2,487,821	10,005
Special programs	65,691	34,110	111,863	(77,751)
Adult/Continuing education programs	237,677	235,591	233,703	1,888
Support Services:				
Pupil support services	1,268,124	1,789,061	1,818,722	(29,661)
Instructional staff support	1,353,295	1,150,577	1,106,946	43,631
General administration	1,560,795	1,634,743	1,562,998	71,745
School administration	2,555,332	2,924,818	2,657,398	267,420
Business services	880,047	898,534	820,229	78,305
Plant services	4,072,410	3,935,482	3,794,568	140,914
Student transportation services	2,311,031	2,266,715	2,148,706	118,009
Central services	489,298	455,240	450,503	4,737
Capital outlay	4,000	1,321,772	1,329,313	(7,541)
Debt service	195,000	205,000	197,165	7,835
Other Uses:				
Transfers out	-	-	142,221	(142,221)
Total Charges to Appropriations	42,651,925	42,947,549	42,055,045	892,504
Budgetary fund balance at end of year	\$ 4,652,965	\$ 7,033,574	\$ 8,333,071	\$ 1,299,497

See accompanying notes to budgetary comparison schedules

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

**Title I
Budgetary Comparison Schedule (GAAP Basis)**

Fiscal Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Budgetary fund balance at beginning of year	\$ -	\$ -	\$ -	\$ -
Resources (inflows)				
Federal sources:				
Federal restricted grants-in-aid	7,378,426	6,172,583	6,172,583	-
Total federal sources	<u>7,378,426</u>	<u>6,172,583</u>	<u>6,172,583</u>	<u>-</u>
Amounts available for appropriations	<u>7,378,426</u>	<u>6,172,583</u>	<u>6,172,583</u>	<u>-</u>
Charges to appropriations (outflows)				
Current:				
Instructional services:				
Regular programs	332,827	285,486	285,486	-
Other instructional programs	235,977	123,907	123,907	-
Special programs	3,125,638	2,622,277	2,622,277	-
Pupil support services	780,937	688,672	688,672	-
Instructional staff support	1,798,086	1,537,372	1,537,372	-
General administration	3,000	-	-	-
School administration	-	38,930	38,930	-
Business services	12,817	4,357	4,357	-
Plant services	127,894	79,175	79,175	-
Student transportation services	29,130	23,141	23,141	-
Central services	351,932	300,970	300,970	-
Capital outlay	64,233	64,440	64,440	-
Other Uses:				
Transfers out	515,955	403,856	403,856	-
Total Charges to Appropriations	<u>7,378,426</u>	<u>6,172,583</u>	<u>6,172,583</u>	<u>-</u>
Budgetary fund balance at end of year	\$ -	\$ -	\$ -	\$ -

See accompanying notes to budgetary comparison schedules

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

**Notes to Budgetary Comparison Schedules
Fiscal year Ended June 30, 2007**

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 budget 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.

SUPPLEMENTAL INFORMATION

NONMAJOR FUNDS

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

**NONMAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet**

June 30, 2007

	<u>Special Revenues</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 3,256,469	\$ 2,486,200	\$ 2,434,275	\$ 8,176,944
Accounts receivable	3,077,358	-	-	3,077,358
Due from other governments:				
Due from federal sources	3,194,127	-	-	3,194,127
Due from state sources	598,848	-	-	598,848
Due from other funds	-	-	-	-
Inventory	122,224	-	-	122,224
Other assets	10,290	-	-	10,290
Total assets	<u>10,259,316</u>	<u>\$ 2,486,200</u>	<u>\$ 2,434,275</u>	<u>\$ 15,179,791</u>

Liabilities and Fund Equity

Liabilities:

Accounts payable	\$ 319,414	\$ -	\$ -	\$ 319,414
Salaries and wages payable	2,221,758	-	-	2,221,758
Due to other funds	3,425,095	-	-	3,425,095
Other liabilities	82,345	-	-	82,345
Total liabilities	<u>6,048,612</u>	-	-	<u>6,048,612</u>

Fund Equity:

Fund balances:

Reserved for inventory	122,224	-	-	122,224
Reserved for salaries and related benefits	1,961,967	-	-	1,961,967
Reserved for debt service	-	2,486,200	-	2,486,200
Reserved for capital projects	-	-	2,434,275	2,434,275
Unreserved-undesignated	2,126,513	-	-	2,126,513
Total fund balances	<u>4,210,704</u>	<u>2,486,200</u>	<u>2,434,275</u>	<u>9,131,179</u>
Total liabilities and fund equity	<u>\$ 10,259,316</u>	<u>\$ 2,486,200</u>	<u>\$ 2,434,275</u>	<u>\$ 15,179,791</u>

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

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

Fiscal Year Ended June 30, 2007

	Special Revenues	Debt Service	Capital Projects	Total
Revenues				
Local Sources:				
Sales tax collections	\$ 24,088,111	\$ -	\$ -	\$ 24,088,111
Interest	145,749	106,750	131,304	383,803
School food service payment for meals	242,576	-	-	242,576
Other local revenue	1,251,419	-	-	1,251,419
State Sources:				
State equalization	400,000	-	-	400,000
Restricted grants-in-aid	1,004,514	-	-	1,004,514
Federal Sources:				
Restricted grants-in-aid	9,905,887	-	-	9,905,887
Total revenues	37,038,256	106,750	131,304	37,276,310
Expenditures				
Current:				
Instructional:				
Regular programs	8,575,271	-	-	8,575,271
Special education programs	4,135,898	-	-	4,135,898
Vocational programs	442,511	-	-	442,511
Other instructional programs	1,611,478	-	-	1,611,478
Special programs	2,285,202	-	-	2,285,202
Adult/Continuing education programs	166,814	-	-	166,814
Support Services:				
Pupil support services	1,611,039	-	-	1,611,039
Instructional staff	2,014,831	-	-	2,014,831
General administration	321,432	-	-	321,432
School administration	899,829	-	-	899,829
Business services	273,857	-	-	273,857
Plant services	2,484,920	-	36,181	2,521,101
Student transportation services	591,752	-	-	591,752
Central services	1,289,939	-	-	1,289,939
Noninstructional:				
Food service operations	4,902,578	-	-	4,902,578
Debt Service				
Principal	544,265	700,000	-	1,244,265
Interest	6,710	744,121	-	750,831
Capital outlay	3,308,894	-	295,328	3,604,222
Total expenditures	35,467,220	1,444,121	331,509	37,242,850
Excess (Deficiency) of Revenues Over Expenditures	1,571,036	(1,337,371)	(200,205)	33,460
Other Financing Sources (Uses)				
Transfers in	219,754	1,460,277	-	1,680,031
Proceeds from capital leases	1,086,797	-	-	1,086,797
Transfers out	(1,909,058)	-	-	(1,909,058)
Total other financing sources (Uses)	(602,507)	1,460,277	-	857,770
Net Change in Fund Balance	968,529	122,906	(200,205)	891,230
Fund Balances at Beginning of Year	3,242,175	2,363,294	2,634,480	8,239,949
Fund Balances at End of Year	\$ 4,210,704	\$ 2,486,200	\$ 2,434,275	\$ 9,131,179

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana
NONMAJOR FUNDS

As of and for the Year Ended June 30, 2007

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. Vocational and Adult Education funds are used to more fully develop the academic and occupational skills of students to enhance their ability to compete in a technologically advancing workplace.
- D. Reading First is a federally financed program to ensure that all children achieve reading mastery by the end of the third grade.
- E. 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%.
- F. 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.
- G. 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.
- H. The Other Federal Programs funds account for all other federal programs that were not specifically discussed above.
- I. The State Grants funds account for Louisiana Department of Education grants for programs such as the Model Early Childhood, the Supplemental Instruction Program, and LEAP/GEE21 Remediation and various other grants.

CITY OF MONROE SCHOOL BOARD

Monroe, Louisiana

NONMAJOR FUNDS

As of and for the Year Ended June 30, 2007

- J. The Local Grants funds account for all grants from entities within the local community.

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 2001-2002 Sales Tax Bond Sinking Fund accounts for the 2001 and 2002 Series Sales Tax 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 Capital Projects Fund accounts for resources accumulated and expended for improvements, acquisitions and construction of School Board Facilities.

City of Monroe School Board
Monroe, Louisiana

NONMAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet

June 30, 2007

Special Revenue Funds

ASSETS	Special Education	School Food Service	Vocational/Adult Education	Reading First	1968		1994		2001		Other Federal Programs	State Grants	Local Grants	Total
					Sales	Tax	Sales	Tax	Sales	Tax				
Cash and cash equivalents	\$ -	\$ 446,220	\$ -	\$ -	\$ 179,505	\$ -	\$ 752,768	\$ 1,838,102	\$ -	\$ -	\$ 35,663	\$ 4,211	\$ -	\$ 3,256,469
Accounts receivable	-	408	-	-	344,985	-	543,445	2,188,520	-	-	-	-	-	3,077,358
Due from other governments:														
Due from federal sources	739,128	51,420	98,147	673,025	-	-	-	-	-	1,632,407	-	-	-	3,194,127
Due from state sources	26,966	-	-	-	-	-	-	-	-	-	571,882	-	-	598,848
Inventory	-	122,224	-	-	-	-	-	-	-	-	-	-	-	122,224
Other assets	-	30	-	-	-	-	-	700	9,560	-	-	-	-	10,290
Total assets	\$ 766,094	\$ 620,302	\$ 98,147	\$ 673,025	\$ 524,490	\$ -	\$ 1,296,213	\$ 4,027,322	\$ 1,641,967	\$ 607,545	\$ 4,211	\$ -	\$ -	\$ 10,259,316

Liabilities and Fund Equity

Liabilities:														
Accounts payable	\$ 3,727	\$ 16,795	\$ 1,988	\$ 689	\$ 689	\$ -	\$ 10,379	\$ 128,217	\$ 79,807	\$ 77,812	\$ -	\$ -	\$ -	\$ 319,414
Salaries and wages payable	130,999	234,661	4,031	59,205	293,694	-	555,270	552,573	225,637	161,477	4,211	-	-	2,221,758
Due to other funds	621,166	3,317	92,128	613,131	43,085	-	132,130	302,361	1,274,337	343,440	-	-	-	3,425,095
Other liabilities	10,202	-	-	-	-	-	274	31,852	40,017	-	-	-	-	82,345
Total liabilities	\$ 766,094	\$ 254,773	\$ 98,147	\$ 673,025	\$ 336,779	\$ -	\$ 698,053	\$ 1,015,003	\$ 1,619,798	\$ 582,729	\$ 4,211	\$ -	\$ -	\$ 6,048,612

Fund Equity:

Fund balances:														
Reserved for inventory	-	122,224	-	-	-	-	-	-	-	-	-	-	-	122,224
Reserved for salaries and related benefits	-	-	-	-	187,711	-	418,712	1,355,544	-	-	-	-	-	1,961,967
Unreserved-undesignated	-	243,305	-	-	-	-	179,448	1,656,775	22,169	24,816	-	-	-	2,126,513
Total fund balances	-	365,529	-	-	187,711	-	598,160	3,012,319	22,169	24,816	-	-	-	4,210,704
Total liabilities and fund equity	\$ 766,094	\$ 620,302	\$ 98,147	\$ 673,025	\$ 524,490	\$ -	\$ 1,296,213	\$ 4,027,322	\$ 1,641,967	\$ 607,545	\$ 4,211	\$ -	\$ -	\$ 10,259,316

City of Monroe School Board
Monroe, Louisiana

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

Fiscal Year Ended June 30, 2007

Special Revenue Funds

	Special Education	School Food Service	Vocational/ Adult Education	Reading First	1994			2001 Sales Tax	Other Federal Programs	State Grants	Local Grants	Total
					Sales	Tax	Other					
Revenues												
Local Sources:												
Sales tax collections	\$ -	\$ -	\$ -	\$ -	\$ 4,253,807	\$ 6,682,253	\$ 13,132,011	\$ -	\$ -	\$ -	\$ -	\$ 24,068,111
Interest	-	-	-	-	43,502	79,229	23,018	-	-	-	-	145,749
School food service payments for meals	-	242,576	-	-	-	-	-	-	-	-	-	242,576
Other local revenue	-	-	-	-	-	-	1,136,369	50,000	-	-	45,000	1,251,419
State Sources:												
State equalization	-	400,000	-	-	-	-	-	-	-	-	-	400,000
Restricted grants-in-aid	44,982	-	-	-	-	-	-	128,680	830,852	-	-	1,004,514
Federal Sources:												
Restricted grants-in-aid	2,084,902	1,675,231	192,556	976,856	-	-	-	3,051,322	-	-	-	9,905,887
Total revenues	2,049,884	4,317,827	192,556	976,856	4,297,309	6,761,322	14,331,398	3,230,002	830,852	45,000	-	37,038,256
Expenditures												
Current:												
Instructional:												
Regular programs	930,381	-	16,854	41,030	1,902,382	2,878,842	3,038,663	512,752	156,107	45,485	-	8,573,271
Special education programs	-	-	150,965	-	289,364	1,023,847	1,275,452	-	-	-	-	4,135,898
Vocational programs	-	-	-	-	92,768	98,652	97,463	-	2,623	-	-	442,511
Other instructional programs	5,361	-	-	-	287,511	417,348	547,905	202,144	151,209	-	-	1,611,478
Special programs	-	-	-	-	6,853	5,263	30,439	1,213,139	231,254	-	-	2,285,202
Adult/Continuing education programs	-	-	-	-	34,789	36,304	37,939	-	57,782	-	-	166,814
Support Services:												
Pupil support services	684,910	-	-	-	221,377	334,361	269,773	73,417	26,701	-	-	1,611,039
Instructional staff	247,500	-	3,650	105,808	135,325	311,024	145,968	790,612	216,417	68,337	-	2,014,871
General administration	-	115	-	-	34,454	48,785	238,078	-	-	-	-	321,432
School administration	-	-	-	-	199,908	363,981	331,251	-	4,739	-	-	899,859
Business services	7,517	-	-	52	16,371	159,433	90,426	18	-	-	-	273,857
Plant services	1,436	-	-	-	120,512	193,031	2,151,803	18,146	-	-	-	2,484,920
Student transportation services	21,325	-	542	-	92,594	111,265	332,384	25,768	7,874	-	-	591,753
Central services	25	-	-	-	35,199	271,387	983,228	100	-	-	-	1,286,519
Noninstructional:												
Food service operations	-	4,207,370	-	-	132,452	133,386	429,570	-	-	-	-	4,902,578
Debt Service	-	-	-	-	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	544,265	-	-	-	-	544,265
Interest	-	-	-	-	-	-	6,710	-	-	-	-	6,710
Capital outlay	9,984	2,935	25,845	-	-	3,100	3,051,630	191,642	24,058	-	-	3,308,894
Total expenditures	1,908,399	4,210,420	197,556	945,144	4,191,659	6,390,529	13,602,587	3,027,740	878,804	114,072	-	33,467,230
Excess (Deficiency) of Revenues Over Expenditures	141,485	107,407	-	31,712	105,650	370,993	728,451	202,262	(47,952)	(68,972)	-	1,571,036
Other Financing Sources (Uses)												
Transfers in	3	29,533	-	-	-	48,000	-	478	72,768	68,972	-	219,754
Proceeds from capital lease	(141,488)	-	-	-	-	(48,000)	1,086,797	(198,048)	-	-	-	1,065,797
Transfers out	(141,485)	29,533	-	(31,712)	-	(48,000)	(403,013)	(197,570)	72,768	68,972	-	(1,905,639)
Total other financing sources (Uses)	-	156,990	-	-	105,650	370,993	325,438	4,692	24,816	-	-	988,529
Net Change in Fund Balance	-	228,589	-	-	82,061	227,167	2,656,881	17,477	-	-	-	3,243,175
Fund Balances at Beginning of Year	-	-	-	-	-	-	-	-	-	-	-	-
Fund Balances at End of Year	\$ -	\$ 365,529	\$ -	\$ -	\$ 187,711	\$ 598,160	\$ 3,012,319	\$ 22,169	\$ 24,816	\$ -	\$ -	\$ 4,210,704

DEBT SERVICE FUND

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

**NONMAJOR DEBT SERVICE FUND
Balance Sheet**

June 30, 2007

	2001-2002 Sales Tax <u>Bond Sinking</u>
ASSETS	
Cash and cash equivalents	\$ <u>2,486,200</u>
Total assets	\$ <u><u>2,486,200</u></u>
FUND EQUITY	
Fund balance - reserved for debt service	\$ <u>2,486,200</u>
Total fund equity	\$ <u><u>2,486,200</u></u>

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

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

Year Ended June 30, 2007

	<u>2001-2002 Sales Tax Bond Sinking</u>
Revenues	
Local Sources:	
Interest	\$ 106,750
Total revenues	<u>106,750</u>
Expenditures	
Debt Service:	
Principal	700,000
Interest	744,121
Total expenditures	<u>1,444,121</u>
Excess (deficiency) of revenues over expenditures	(1,337,371)
Other financing sources	
Transfers in	<u>1,460,277</u>
Total other financing sources	<u>1,460,277</u>
Net change in fund balance	122,906
Fund balance at beginning of year	<u>2,363,294</u>
Fund balance at end of year	<u>\$ 2,486,200</u>

CAPITAL PROJECTS FUND

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

**NONMAJOR CAPITAL PROJECTS FUND
Balance Sheet**

June 30, 2007

	<u>Capital Projects</u>
ASSETS	
Cash and cash equivalents	\$ <u>2,434,275</u>
Total assets	\$ <u><u>2,434,275</u></u>
FUND EQUITY	
Fund balance - reserved for capital projects	\$ <u>2,434,275</u>
Total fund equity	\$ <u><u>2,434,275</u></u>

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

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

Year Ended June 30, 2007

	<u>Capital Projects</u>
Revenues	
Local Sources:	
Interest	\$ 131,304
Total revenues	<u>131,304</u>
Expenditures	
Current:	
Support Services	
Plant services	36,181
Capital outlay	<u>295,328</u>
Total expenditures	<u>331,509</u>
Excess (deficiency) of revenues over expenditures	(200,205)
Fund balance at beginning of year	<u>2,634,480</u>
Fund balance at end of year	<u>\$ 2,434,275</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, 2007**

	<u>District</u>	<u>Compensation</u>
Victoria Dayton, President January 1, 2007-June 30, 2007	1	\$ 10,200
Tony Cain	2	2,400
Vickie Krutzer	2	6,963
Mickey Traweek	3	9,600
Jessie Handy, President July 1, 2006-December 31, 2006	4	10,200
Rodney McFarland	5	9,600
Stephanie Smith	6	9,600
Brenda Shelling	7	<u>9,600</u>
		<u>\$ 68,163</u>

SUPPLEMENTARY INFORMATION – GRANT ACTIVITY



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

John Herman, CPA
Lynn Andries, CPA
Esther Atteberry, CPA
Sandra Harrington, CPA

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
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 **City of Monroe School Board** (the School Board) as of and for the year ended June 30, 2007, and have issued our report thereon dated December 21, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide*, issued by the Louisiana Society of Certified Public Accountants and the Louisiana Legislative Auditor.

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.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School Board's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a

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

misstatement of the School Board's financial statements that is more than inconsequential will not be prevented or detected by the School Board's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Questions Costs listed as 07-01 and 07-02 to be significant deficiencies in the internal control over financial reporting.

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

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

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 matters that we reported to management of the School Board in a separate letter dated December 21, 2007.

The School Board's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the School Board's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management of the School Board, 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.


(A Professional Accounting Corporation)

December 21, 2007



John L. Luffey, MBA, CPA (1963-2002)
Francis I. Huffman, CPA
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Phillip A. Ragsdale, CPA
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Sandra Harrington, CPA

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO 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 compliance of the **City of Monroe School Board** (the School Board) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended June 30, 2007. 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 are applicable to each of its major Federal programs for the year ended June 30, 2007.

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

Internal Control Over Compliance

The 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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness on the School Board's internal control over compliance.

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

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

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

This report is intended solely for the information and use of management of the School Board, 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.



(A Professional Accounting Corporation)

December 21, 2007

MONROE, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	C.F.D.A. NUMBER	GRANT NUMBER	CURRENT YEAR EXPENDITURES
DIRECT PROGRAMS:			
U.S. DEPARTMENT OF DEFENSE			
R.O.T.C.	N/A	Not Available	\$ 164,404
U.S. DEPARTMENT OF EDUCATION			
Impact Aid	84.041	S0413-2007-2116	113,850
Gear UP	84.334A	P334A050088-06	559,921
Gear UP Carryover	84.334A	P334A050088 CO	143,871
Physical Education Program	84.215F	Q215F05007	253,040
Total U.S. Department of Education			<u>1,070,682</u>
Total Direct Programs			1,235,086
PASS THROUGH PROGRAMS:			
U. S. DEPARTMENT OF EDUCATION			
Passed through Louisiana			
Department of Education:			
Title I Grants to Local Educational Agencies			
Part A - Basic			
Regular Program	84.010A	S010A060018	5,761,869
School Improvement	84.010A	28-05-TS-65	120,319
School Improvement	84.010A	28-05-IB-65	185,642
School Improvement	84.010A	28-06-TA-65	104,753
Total Title I			<u>6,172,583</u>
SPECIAL EDUCATION CLUSTER:			
Special Education-Individuals With			
Disabilities Education Act IDEA B			
Preschool and School Programs:			
IDEA B	84.027A	H027A060033	1,933,117
Preschool	84.173A	H173A060082	55,185
Pre-GED/Skills Options Program/Transition	84.027A	H027A050033	16,600
Total Special Education Cluster			<u>2,004,902</u>
Emergency Impact Aid:			
Hurricane Relief-Education for Homeless Children and Youth	84.938B	S938C060045	7,922
			<u>7,922</u>
Title II - Part A, Teacher and Principal Training and Recruiting			
Regular Program	84.367A	S367A060017	1,115,756
Total Title II			<u>1,115,756</u>
Title IV - Safe and Drug-Free Schools and			
Communities - State Grants			
Regular Program	84.186A	Q186A060019	91,683
21st Century Community Learning Center	84.287C	28-06-1C-65	197,572
Total Title IV			<u>289,255</u>
Title V - Innovative Education Program Strategies			
Regular Program	84.298A	S298A60018	18,096
Total Title V			<u>18,096</u>

MONROE, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	C.F.D.A. NUMBER	GRANT NUMBER	CURRENT YEAR EXPENDITURES
Educational Technology State Grants			
SchoolTech Grant	84.318X	S318X050018	8,047
Technology Literacy Challenge Grant	84.318X	28-05-14-65	821
Technology Literacy Challenge Grant	84.318X	28-06-14-65	57,311
Technology Literacy Challenge Grant	84.318X	28-07-14-65	163,834
Enhancing Education Through Technology	84.318X	28-06-49-65	46,170
Enhancing Education Through Technology	84.318X	28-07-49-65	50,501
Enhancing Education Through Technology	84.318X	S318X060018	752
Total Educational Technology State Grants			327,436
Reading First	84.357A	S357A060019	810,409
Reading First	84.357A	S357A050019	166,447
Total Reading First			976,856
Math & Science Partnership	84.366B	2805 MP-65	119,535
Math & Science Partnership	84.366B	2806 MC-65	154,668
Total Math & Science Partnership			274,203
Carl Perkins Grant	84.048A	28-07-02-65	154,616
Tech Prep	84.048A	SD34-0607-TP	3,251
Carl Perkins Carryover Grant	84.048A	V048A050018	39,689
Total Vocational Education			197,556
Total U.S. Dept. of Education			11,384,565
U.S. DEPARTMENT OF AGRICULTURE (USDA)			
Passed through State Department of Education:			
Department of Education:			
CHILD NUTRITION CLUSTER:			
School Breakfast Program	10.553	Not Available	965,608
School Lunch Program	10.555	Not Available	2,368,101
School Snack Program	10.555	Not Available	5,933
Commodities	10.555	Not Available	222,853
Summer Feeding	10.559	Not Available	109,441
USDA Team Nutrition	10.574	28-06-FN-65	3,317
Total Child Nutrition Cluster			3,675,253
Total U.S. Dept. of Agriculture			3,675,253
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through State Department of Education:			
LA4 TANF/Preschool	93.558	28-07-35-65	61,820
Total U.S. Dept. of Health and Human Services			61,820
TOTAL PASS THROUGH PROGRAMS			15,121,638
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 16,356,724

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007**

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, 2007:

	<u>Title I</u>	<u>Special Education</u>	<u>Reading First</u>	<u>Vocational/ Adult Education</u>	<u>Other Federal Programs</u>	<u>Child Nutrition Cluster</u>
Total Expenditures	\$ 5,768,727	\$ 1,863,414	\$ 945,144	\$ 197,556	\$ 2,853,272	\$ 3,675,253
Transfer of Indirect Cost	<u>403,856</u>	<u>141,488</u>	<u>31,712</u>	<u>-</u>	<u>198,048</u>	<u>-</u>
Expenditures per Schedule	<u>\$ 6,172,583</u>	<u>\$ 2,004,902</u>	<u>\$ 976,856</u>	<u>\$ 197,556</u>	<u>\$ 3,051,320</u>	<u>\$ 3,675,253</u>

	<u>General Fund</u>		
	<u>Impact Aid</u>	<u>R.O.T.C.</u>	<u>Total</u>
Total Expenditures	\$ 113,850	\$ 164,404	\$ 15,581,620
Transfer of Indirect Cost	<u>-</u>	<u>-</u>	<u>775,104</u>
Expenditures per Schedule	<u>\$ 113,850</u>	<u>\$ 164,404</u>	<u>\$ 16,356,724</u>

Included in the Child Nutrition Cluster is \$222,853 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, 2007

Section 1 – Summary of Auditor’s Results

Financial Statements:

Type of Auditor’s Report Issued: Unqualified

Internal Control Over Financial Reporting:

Significant Deficiencies identified? Yes No

Significant Deficiencies identified not considered to be material weaknesses?
 Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards:

Internal Control Over Major Programs:

Material weakness(es) identified? Yes No

Significant Deficiencies identified not considered to be material weakness(es)?
 Yes None Reported

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 No

Dollar threshold used to distinguish between Type A and Type B programs \$490,702

Auditee qualified as low-risk auditee? Yes No

Identification of Major Programs:

<u>CFDA #</u>	<u>PROGRAM TITLE</u>
10.553	
10.555	
10.559	
10.578	Child Nutrition Cluster
84.367A	Title II

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2007

Section II – Financial Statement Findings and Questioned Costs:

07-01 Accounting for Capital Lease

Finding:

During the year ended June 30, 2007 the School Board entered into a capital lease for computer equipment totaling \$1,086,797. During our tests of long term obligations, we noted that the lease was not recorded in the governmental funds as required by generally accepted accounting principals. Although no money initially changed hands and there was no effect on the fund balance of the governmental funds, the lease should have been recorded as a capital expenditure and an other financing source in order to comply with generally accepted accounting principals for governmental entities. In addition, we noted that the equipment was not entered into the School Board's capital asset system. However, again to be in compliance with generally accepted accounting principals, equipment acquired through capital leases or other financing arrangements should be capitalized when at the inception of the lease when the School Board takes possession of the equipment.

Recommendation:

In the future, capital leases should be recorded as capital expenditures with an offsetting entry to other financing sources at the time the lease is entered into. In addition, the equipment acquired through the lease should be included in the capital asset system when the School Board places the equipment in service.

Management's Corrective Plan:

When we were informed of the need to record the capital lease, the required entry was immediately made in the general ledger and the equipment was entered into the capital asset system. In the future, all capital leases will be properly recorded and the equipment will be capitalized when acquired.

07-02 Accounting for E-Rate Revenues

Finding:

During the year ended June 30, 2007 the School Board began a project to upgrade telephone and internet services in its schools. The Schools and Libraries Division (SLD) of the Universal Service Administrative Company agreed to fund 81% of the cost of the project through its E-Rate program. The vendors involved in the project agreed to invoice the School Board for its share of the costs, 19%, and obtain their remaining balances due from SLD. As of June 30, 2007,

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2007

approximately \$1.4 million of costs related to the project had been incurred. The School Board had recorded its share of the cost of the program, approximately \$230,000, as capital expenditures. However the amount remitted directly to the vendors was not recorded as revenues and expenditures by the School Board. Although there was no effect on the net change in fund balance, local revenues and capital expenditures were understated by approximately \$1.2 million. To be in compliance with generally accepted accounting principals, the entire amount of equipment purchased and services provided should have been recorded as capital expenditures with the related E-Rate reimbursements to the vendors recorded as revenues to the School Board.

Recommendation:

In the future, the School Board should record the entire value of costs associated with the E-Rate program as capital expenditures and record a related revenue for the E-Rate share.

Management's Corrective Plan:

In the future, the district will record the entire value of capital projects as revenue and the entire cost as capital expenditures even though the funds are not received directly by the district, nor are the expenditures paid directly from district funds.

Section III – Federal Awards Findings and Questioned Costs:

None reported.

**CITY OF MONROE SCHOOL BOARD
SUMMARY STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2007**

The following is a summary of the status of the prior year audit findings included in the Luffey, Huffman & Monroe (APAC) audit report dated December 19, 2006 in connection with the audit of the financial statements of the City of Monroe School Board as of and for the year ended June 30, 2006.

06-01 Bank Reconciliations

The district has made tremendous progress in preparing and reconciling accounting records. This effort will be continued, with signatures and dates added to all reconciliation reports.



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MANAGEMENT LETTER

Members of the School Board City of Monroe School Board Monroe, Louisiana

In planning and performing our audit of the general purpose financial statements of the City of Monroe School Board (the School Board) for the year ended June 30, 2007, we considered its internal control structure in order to determine our auditing procedures for purposes of expressing our opinion on the general purpose 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 21, 2007 on the basic financial statements of the School Board.

Documentation of Internal Control

Finding:

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 adequate 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

**City of Monroe School Board
Monroe, Louisiana
Management Letter
Page 2 of 3**

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.

Recommendation:

We recommend that management of the School Board document the internal control over financial reporting using the COSO framework in order that they may more easily 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 *Checklist of Best Practices in Government* prepared by the Legislative Auditor's office.

Management's Corrective Action Plan:

The district has many existing procedures in place that provide for effective internal controls. The district will evaluate the internal control procedures and make sure that proper written documentation exists. The district will use all available resources, including the COSO framework and the Checklist of Best Practices in Government, to ensure proper internal controls.

Review of Bank Reconciliations

Finding:

The accounting staff has made substantial improvements in reconciling the School Board's various bank accounts in a timely manner. However, during our test of cash for the year ended June 30, 2007 we noted that the bank reconciliations did not contain a notation of supervisory review. In order to ensure that accurate reconciliations continue to be prepared in a timely manner, each should be reviewed by the Chief Accountant.

Recommendation:

The accountant preparing the bank reconciliations should initial and date the reconciliations when prepared and the Chief Accountant should review each one and agree it to the general ledger cash balance. The supervisor should also document the review by initialing and dating the reconciliation.

Management's Corrective Plan:

The district will continue to complete bank reconciliations in a timely manner. Reconciliation reports will be initialed and dated by both the accountant preparing the reconciliation and the accounting supervisor.

Personnel Files

Finding:

During our compliance test of payroll transactions, we noted several personnel files which did not contain required documentation. Of the sixty files which we observed, three did not contain a federal withholding form (W-4), thirty did not contain a state withholding form (L-4), and three did not contain an employment eligibility verification form (I-9). While part of this problem may be due to the transition from a one personnel file system to a two file system, it is important to retain all required documentation for each employee.

Recommendation:

School Board personnel should review personnel files to ensure that required documentation for all withholding amounts is 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 human resources department will begin a review of all employees' files to ensure that proper documentation is present in each file. Additionally, each employee will be offered new withholding forms at the beginning of each calendar year.



(A Professional Accounting Corporation)

December 21, 2007

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

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2007**

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

AGREED-UPON PROCEDURES

FISCAL YEAR ENDED JUNE 30, 2007

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**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2007**

**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 management of 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 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,

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

- Total State Revenue in Lieu of Taxes,
- Nonpublic Textbook Revenue, and
- Nonpublic Transportation Revenue.

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 3rd.
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 3rd 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 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 3rd 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.

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

Public School Staff Data (Schedule 5)

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

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

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 3rd roll books for those classes and determined if the class was properly classified on the schedule.

Louisiana Educational Assessment Program (LEAP) for the 21st Century (Schedule 7)

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

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

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

The Iowa and 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.

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

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 management of the Specified Users, the Louisiana Department of Education and the Louisiana Legislature 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.



(A Professional Accounting Corporation)

December 21, 2007

SCHEDULES REQUIRED BY STATE LAW

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

**General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
Fiscal Year Ended June 30, 2007**

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

Classroom Teacher Salaries	\$ 15,626,958	
Other Instructional Staff Activities	2,154,003	
Employee Benefits	7,906,573	
Purchased Professional and Technical Services	600	
Instructional Materials and Supplies	359,431	
Instructional Equipment	25,763	
Total Teacher and Student Interaction Activities		\$ 26,073,328
Other Instructional Activities		50,258
Pupil Support Activities	2,007,232	
Less: Equipment for Pupil Support Activities	-	
Net Pupil Support Activities		2,007,232
Instructional Staff Services	1,490,290	
Less: Equipment for Instructional Staff Services	1,550	
Net Instructional Staff Services		1,488,740
Total General Fund Instructional Expenditures		<u>\$ 29,619,558</u>

Total General Fund Equipment Expenditures **\$ 1,353,411**

Certain Local Revenue Sources**Local Taxation Revenue:**

Constitutional Ad Valorem Taxes	\$ 2,291,828
Renewable Ad Valorem Tax	7,255,624
Debt Service Ad Valorem Tax	3,549,046
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	256,350
Sales and Use Taxes	24,088,111
Total Local Taxation Revenue	<u>\$ 37,440,959</u>

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	<u>\$ -</u>

State Revenue in Lieu of Taxes:

Revenue Sharing-Constitutional Tax	\$ 326,807
Revenue Sharing-Other Taxes	-
Total State Revenue in Lieu of Taxes	<u>\$ 326,807</u>

Nonpublic Transportation Revenue \$ -

Nonpublic Textbook Revenue \$ 19,870

CITY OF MONROE SCHOOL BOARD
Education Levels of Public School Staff
As of October 1, 2006

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%	13	52%	-	-	-	-
Bachelor's Degree	333	57%	9	36%	-	-	-	-
Master's Degree	153	26%	2	8%	7	25%	-	-
Master's Degree +30	98	17%	1	4%	19	68%	-	-
Specialist in Education	2	0%	-	-	0	0%	-	-
Ph.D. or Ed.D.	1	0%	-	-	2	7%	-	-
Total	589	100%	25	100%	28	100%	-	-

CITY OF MONROE SCHOOL BOARD
Number and Type of Public Schools
Fiscal Year Ended June 30, 2007

<u>Type</u>	<u>Number</u>
Elementary	12
Middle/ Junior High	3
Secondary	3
Alternative/Expulsion (K-12)	1
Drop Out Recovery School	1
Total	<u><u>20</u></u>

CITY OF MONROE SCHOOL BOARD
Experience of Public Principals and Full-time
Classroom Teachers
As of October 1, 2006

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	-	-	1	1	1	1	4	8
Principals	-	-	0	4	5	2	9	20
Classroom Teachers	66	49	144	84	90	66	115	614
Total	66	49	145	89	96	69	128	642

CITY OF MONROE SCHOOL BOARD
Public School Staff Data
As of June 30, 2007

	All Classroom Teachers	Classroom Teachers Excluding ROTC and Rehired Retirees
Average Classroom Teachers' Salary Including Extra Compensation	\$46,287	\$46,064
Average Classroom Teachers' Salary Excluding Extra Compensation	\$45,802	\$45,587
Number of Teacher full-time Equivalents (FTEs) used in Computation of Average Salaries	643	628

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

CITY OF MONROE SCHOOL BOARD
Class Size Characteristics
As of October 1, 2006

School Type	Class Size Range											
	1 - 20		21-26		27 - 33		34+					
	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	50.3%	864	48.7%	837	0.8%	13	0.2%	3				
Elementary Activity Classes	54.2%	116	44.9%	96	0.9%	2	6.0%	0				
Middle/Jr. High	50.7%	277	32.4%	177	15.8%	86	1.1%	6				
Middle/Jr. High Activity Classes	74.6%	91	13.1%	16	8.2%	10	4.1%	5				
High	51.9%	445	22.4%	192	23.3%	200	2.4%	21				
High Activity Classes	73.5%	111	15.9%	24	4.6%	7	6.0%	9				
Combination	100.0%	95	0.0%	0	0.0%	0	0.0%	0				
Combination Activity Classes	100.0%	5	0.0%	0	0.0%	0	0.0%	0				

CITY OF MONROE SCHOOL BOARD
Louisiana Educational Assessment Program (LEAP) for the 21st Century
Three Fiscal Years Ended June 30, 2007

District Achievement Level Results	English Language Arts						Mathematics					
	2007		2006		2005		2007		2006		2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	25	5	23	4	31	4	27	5	27	4	6	1
Mastery	137	25	101	16	67	9	77	14	117	119	53	7
Basic	258	47	325	52	378	50	287	52	294	47	352	46
Approaching Basic	94	17	103	17	231	30	102	19	118	19	209	28
Unsatisfactory	35	6	72	12	53	7	55	10	68	11	140	18
Total	549		624		760		548		624		760	

District Achievement Level Results	Science						Social Studies					
	2007		2006		2005		2007		2006		2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	3	1	2	0	2	0	1	0	3	1	1	0
Mastery	32	6	35	6	30	5	27	5	27	5	39	6
Basic	165	29	165	28	188	29	191	33	233	40	244	38
Approaching Basic	204	35	239	41	234	37	200	35	181	31	158	25
Unsatisfactory	171	30	141	24	186	29	155	27	138	24	196	31
Total	575		582		640		574		582		638	

CITY OF MONROE SCHOOL BOARD
The Graduation Exit Exam (GEE) for the 21st Century
Three Fiscal Years Ended June 30, 2007

District Achievement Level Results	English Language Arts						Mathematics					
	2007		2006		2005		2007		2006		2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 10												
Advanced	4	1	4	1	5	1	19	4	39	9	29	6
Mastery	27	6	59	14	65	13	63	15	66	16	57	12
Basic	197	46	216	51	180	37	194	45	188	45	164	34
Approaching Basic	123	29	80	19	138	29	79	18	46	11	80	17
Unsatisfactory	76	18	61	15	95	20	74	17	79	19	147	31
Total	427		420		483		429		418		477	

District Achievement Level Results	Science						Social Studies					
	2007		2006		2005		2007		2006		2005	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 11												
Advanced	8	2	9	2	14	4	2	1	3	1	1	0
Mastery	34	10	30	7	54	15	30	9	22	5	27	7
Basic	140	40	140	35	133	36	186	53	187	46	157	42
Approaching Basic	113	32	120	30	102	27	84	24	98	24	102	27
Unsatisfactory	58	16	104	26	69	19	50	14	93	23	84	23
Total	353		403		372		352		403		371	

CITY OF MONROE SCHOOL BOARD
IOWA AND ILEAP Tests
Two Fiscal Years Ended June 30, 2007

	Composite	
	2005	2004
IOWA Test of Basic Skills (ITBS)		
Grade 3	57	53
Grade 5	52	45
Grade 6	39	39
Grade 7	37	38
IOWA Tests of Educational Development (ITED)		
Grade 9	42	37

Scores are reported by National Percentile Rank. A student's National Percentile Rank shows the student's relative position or rank as compared to a large, representative sample of students in the same grade from the entire nation. A student with a score of 72 indicates that the student scored the same or better than 72 percent of the students in the norm group.

iLEAP Tests

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2006		2006		2006		2006	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	18	3	17	3	10	2	13	2
Mastery	118	19	86	14	58	9	81	13
Basic	276	44	231	37	225	36	274	44
Approaching Basic	126	20	175	28	236	38	159	25
Unsatisfactory	89	14	118	19	98	16	100	16
Total	627		627		627		627	

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2006		2006		2006		2006	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	14	2	23	3	4	1	7	1
Mastery	88	13	65	9	45	7	38	6
Basic	272	40	283	41	216	31	260	38
Approaching Basic	175	25	144	21	263	38	204	30
Unsatisfactory	139	20	174	25	159	23	178	26
Total	688		689		687		687	

(Continued)

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2006		2006		2006		2006	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	17	3	23	3	11	2	20	3
Mastery	97	14	58	9	54	8	43	6
Basic	284	42	310	46	240	36	251	37
Approaching Basic	171	25	127	19	245	36	190	28
Unsatisfactory	104	15	156	23	123	18	169	25
Total	673		674		673		673	

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2006		2006		2006		2006	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	12	2	6	1	6	1	3	0
Mastery	63	8	26	3	26	3	30	4
Basic	270	35	266	35	189	25	274	36
Approaching Basic	259	34	218	28	292	38	237	31
Unsatisfactory	167	22	253	33	255	33	223	29
Total	771		769		768		767	

District Achievement Level Results	English Language Arts		Mathematics	
	2006		2006	
	Number	Percent	Number	Percent
Grade 9				
Advanced	6	1	19	3
Mastery	66	9	46	6
Basic	316	42	320	43
Approaching Basic	270	36	161	22
Unsatisfactory	91	12	195	26
Total	749		741	

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2007		2007		2007		2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	15	2	20	3	10	1	7	1
Mastery	139	20	91	13	58	8	95	13
Basic	319	45	332	47	283	40	319	45
Approaching Basic	160	23	168	24	279	40	185	26
Unsatisfactory	73	10	94	13	76	11	99	14
Total	706		705		706		705	

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2007		2007		2007		2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	17	3	23	4	7	1	11	2
Mastery	59	10	53	9	72	13	50	9
Basic	295	51	250	43	205	36	252	44
Approaching Basic	127	22	116	20	199	35	157	27
Unsatisfactory	77	13	133	23	92	16	105	18
Total	575		575		575		575	

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2007		2007		2007		2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	9	1	30	5	4	1	17	3
Mastery	81	13	69	11	57	9	31	5
Basic	310	49	300	47	246	39	290	46
Approaching Basic	138	22	115	18	218	34	178	28
Unsatisfactory	97	15	122	19	108	17	117	18
Total	635		636		633		633	

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2007		2007		2007		2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	18	3	16	2	6	1	3	0
Mastery	60	9	44	6	47	7	44	6
Basic	275	39	284	40	210	30	283	41
Approaching Basic	226	32	194	28	235	34	205	29
Unsatisfactory	121	17	164	23	201	29	162	23
Total	700		702		699		697	

District Achievement Level Results	English Language Arts		Mathematics	
	2007		2007	
	Number	Percent	Number	Percent
Grade 9				
Advanced	3	0	24	3
Mastery	58	7	44	6
Basic	365	45	300	38
Approaching Basic	308	38	207	26
Unsatisfactory	69	9	225	28
Total	803		800	